

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, 2017

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
(State or Incorporation or Organization)

N/A
(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 28, 2017 = \$15,581,976

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of November 9, 2017:

2,234,494

Jewett-Cameron Trading Company Ltd.

Form 10-K Annual Report

Fiscal Year Ended August 31, 2017

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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 \$47.7 million and \$48.1 million during fiscal years ended August 31, 2017 and 2016, 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 Charles Hopewell, President, Chief Executive Officer, 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, 2017 and November 9, 2017, there were 2,234,494 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, current Chairman and Director and the former President, Chief Executive Officer, Treasurer, 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.

Lawn, Garden, Pet and Other – JCC

The lawn, garden, pet and other segment reflects the business of the recently 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 are primarily fencing, while metal products include pet enclosures and kennels, proprietary gate support systems, perimeter fencing, greenhouses, canopies and umbrellas. Examples of the Company's brands include Lucky Dog, Animal House and AKC (used under license from the American Kennel Club) for pet enclosures and kennels; Adjust-A-Gate, Fit-Right, and Perimeter Patrol for gates and fencing; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. JCC uses contract manufacturers to make the specialty metal products. Some of the products that JCC distributes flow through the Company's facility in North Plains, Oregon, and some are shipped direct to the customer from the manufacturer. Primary customers are home centers and other retailers.

The 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 2017, the Company applied for 3 new patents (fiscal 2016 – 4), while 4 other patents were granted (fiscal 2016 – 4). 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.

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 2017 and 2016 were 8% and 10% 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.

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. MSI brands include MSI-Pro, Avenger, and ProMax.

Customer Concentration

The top ten customers were responsible for 79% and 78% of total Company sales for the years ended August 31, 2017 and August 31, 2016, respectively. Also, the Company's single largest customer was responsible for 32% and 33% of total Company sales for the years ended August 31, 2017 and August 31, 2016 respectively.

Employees

As of August 31, 2017 the Company had 59 full-time employees (August 31, 2016 – 52 full-time employees). By segment these employees were located as follows: Greenwood 2, JCC 29, JCSC 9, MSI 5, and JC USA 14. 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 2,460 shares on NASDAQ for the fiscal year ended August 31, 2017. 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, 2017 our top ten customers represented 79% of our total sales, and our single largest customer was responsible for 32% 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, 2017. Based on this process we did not identify any material weaknesses. Although we believe our internal controls are operating effectively, we cannot guarantee that in the future we will not identify any material weaknesses in connection with this ongoing process.

ITEM 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 55,250 square feet of covered space (6,000 office and 49,250 warehouse), a little over three acres of paved yard space, and was originally completed in October 1995. A 12,000 square foot warehouse expansion was completed in fiscal 2017 which the Company is using for several new product lines. 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.

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.

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

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

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

ITEM 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				
9/30/17	12,000	\$ 14.10	\$ 13.51	\$ 13.87
Quarterly				
8/31/17	205,900	\$ 14.46	\$ 11.45	\$ 13.95
5/31/17	74,800	\$ 12.85	\$ 10.80	\$ 11.50
2/28/17	110,600	\$ 13.10	\$ 11.02	\$ 12.05
11/30/16	227,400	\$ 13.40	\$ 10.60	\$ 11.80
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
Annually				
8/31/17	618,700	\$ 14.46	\$ 10.60	\$ 13.95
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

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 9, 2017 there were 2,234,494 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, 2017 and 2016, the Company has repurchased common shares through share repurchase plans approved by the Board of Directors in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934.

On March 7, 2016, the Company announced the Board of Directors had authorized a share repurchase plan to purchase for cancellation up to 250,000 common shares through the facilities of NASDAQ. Transactions may involve Jewett-Cameron insiders or their affiliates executed in compliance with Jewett-Cameron's Insider Trading Policy. The share repurchase plan was effected in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934, which contains restrictions on the number of shares that may be purchased on a single day, subject to certain exceptions for block purchases, based on the average daily trading volumes ("ADTV") of Jewett-Cameron's shares on NASDAQ. Purchases shall be limited to one "Block" purchase per week in lieu of the 25% of ADTV limitation for compliance with Rule 10b-18(b)(4). A "block" as defined under Rule 10b-18(a)(5) means a quantity of stock that, among other things, is at least 5,000 shares and has a purchase price of at least US\$50,000. The plan commenced on March 10, 2016 and terminated on August 25, 2016. Under the Plan, the Company repurchased a total of 175,538 common shares at a cost of \$2,124,579 which is an average price of \$12.10.

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

The following table details the Company's repurchase of its common shares during the fourth quarter of fiscal 2017 ended August 31, 2017.

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	27,989	\$ 12.35	27,989	197,011
July	13,476	\$ 13.09	41,465	183,535
August	335	\$ 14.15	41,800	- ⁽¹⁾
Total	41,800	\$ 12.61	41,800	-

⁽¹⁾ The current Plan terminated on August 31, 2017.

In addition to the Rule 10b-18 share repurchases, Donald M. Boone, Chairman and former President and CEO, voluntarily returned 15,000 common shares to the Company's treasury for cancellation in June 2016. In February 2017, Mr. Boone voluntarily returned an additional 10,000 to treasury for cancellation. The Company paid no consideration for these shares.

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 2017 and fiscal 2016. (Figures are thousands of dollars except per share amounts.)

	For the Year Ended August 31, 2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Sales	\$ 10,422	\$ 9,499	\$ 16,718	\$ 11,062	\$ 47,701
Gross profit	2,394	2,129	3,812	2,744	11,079
Net income	486	309	1,206	726	2,727
Basic earnings per share	\$ 0.21	\$ 0.14	\$ 0.53	\$ 0.32	\$ 1.20
Diluted earnings per share	\$ 0.21	\$ 0.14	\$ 0.53	\$ 0.32	\$ 1.20

	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

Fiscal 2017 quarterly per share earnings were calculated using weighted average number of common shares outstanding of 2,272,522 (2016 - 2,435,650).

RESULTS OF OPERATIONS

Fiscal Years Ended August 31, 2017 and August 31, 2016

Fiscal 2017 sales totaled \$47,701,056 compared to sales of \$48,110,998 in fiscal 2016, which was a decrease of \$409,942, or 1%. The decrease in sales was primarily due to a decline in industrial wood product sales at Greenwood.

Gross margin rose to 23.2% in fiscal 2017 compared to 20.2% in fiscal 2016 due to a more favorable mix of product sales.

Operating expenses rose by \$520,086 to \$6,641,532 in fiscal 2017 from \$6,121,446 in fiscal 2016. The increase was due to an increase in wages and employee benefits, which rose to \$4,349,542 from \$4,055,948 as the Company hired additional personnel during fiscal 2017, including a new President and CEO. Selling, general and administrative rose to \$2,016,776 from \$1,789,230 as the Company has additional warehouse space to support the introduction of new products, and depreciation fell slightly to \$275,214 from \$276,268. Income from operations rose to \$4,437,751 in fiscal 2017 from \$3,615,146 in fiscal 2016.

Including other items, income before income taxes was \$4,465,251 in fiscal 2017 compared to \$3,519,893 in fiscal 2016. Other items included loss on sale of property, plant and equipment of \$394 compared to a gain of \$5,600 in fiscal 2016. Interest and other income rose to \$27,894 in fiscal 2017 compared to \$15,164 in fiscal 2016. Litigation loss of \$115,990 in fiscal 2016 was related to the settlement of the litigation between the Company and Greenwood Forest Products, Inc. Interest expense in fiscal 2017 was \$Nil compared to \$27 in fiscal 2016. Income tax expense was \$1,738,594 in fiscal 2017 compared to \$1,394,794 in fiscal 2016. The Company calculates income tax expense based on combined federal and state rates that are currently in effect.

Net income for fiscal 2017 was \$2,726,657, or \$1.20 per basic and diluted share, compared to net income of \$2,125,099, or \$0.87 per basic and diluted share, for fiscal 2016. The income per share was positively affected by the repurchase and cancellation of common shares during both fiscal 2017 and 2016, and the weighted number of shares outstanding were 2,272,522 in fiscal 2017 and 2,435,650 in fiscal 2016.

Lawn, Garden, Pet and Other - JCC

Sales at JCC were \$39,273,206 in fiscal 2017 compared to sales of \$39,286,126 in fiscal 2016. Operating income at JCC for 2017 was \$3,548,177 compared to \$3,253,673 in fiscal 2016, which was an increase of \$294,504, or 9%. Although the level of sales for the current year were flat compared to fiscal 2016, the increase in operating income was due to a more favorable mix of higher margin product sales as management has worked to establish new sales channels through both eCommerce and internationally. 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.

<u>Fiscal Year</u>	<u>Sales in Millions of Dollars</u>			<u>Percent of Total Sales</u>		
	<u>Metal</u>	<u>Wood</u>	<u>Total</u>	<u>Metal</u>	<u>Wood</u>	<u>Total</u>
2017	\$30.0	\$ 9.3	\$39.3	76%	24%	100%
2016	\$26.4	\$12.9	\$39.3	67%	33%	100%

Industrial Wood Products - Greenwood

Sales at Greenwood in fiscal 2017 were \$3,804,672, which was a decrease of \$899,415, or 19%, from sales of \$4,704,087 in fiscal 2016. Sales during the first half of fiscal 2017 were slow as several primary customers delayed orders, but began to rebound during the second half. Historically, a large portion of Greenwood's sales were in the marine industry, but the Company sold its excess marine industry inventory in fiscal 2014. The Company will maintain a readiness to participate in the marine segment when the market rebounds. Greenwood recorded an operating loss of \$175,504 in fiscal 2017 compared to a loss of \$8,898 in fiscal 2016.

Seed Processing and Sales - JCSC

Sales at JCSC were \$3,108,454 in fiscal 2017 compared to sales of \$2,927,408 in fiscal 2016 which represents an increase of \$181,046, or 6%. The rebound in residential housing demand in the United States has resulted in higher demand and prices for grass seed. Management has also worked to improve its seed cleaning and seed sales operations, which have contributed to the improved results. Operating loss at JCSC for the year was \$23,809 compared to an operating loss of \$193,208 in fiscal 2016.

Industrial Tools and Clamps - MSI

Sales at MSI were \$1,514,724 in fiscal 2017 compared to sales of \$1,193,377 in fiscal 2016, which was an increase of \$321,347, or 27%. During fiscal 2017, management has worked to increase eCommerce sales and to build stronger relationships with distributors. Sales in fiscal 2016 were negatively affected by increased competitiveness in certain segments which led to lower operating margins. Operating income at MSI was \$85,501 for fiscal 2017 compared to an operating loss of \$100,986 in fiscal 2016.

LIQUIDITY AND CAPITAL RESOURCES

Fiscal Year Ended August 31, 2017

As of August 31, 2017, the Company had working capital of \$16,435,306 compared to working capital of \$14,450,870 as of August 31, 2016, which is a increase of \$1,984,436. The largest changes affecting working capital include an increase in cash of \$1,392,328, increase in accounts receivable of \$222,851, and an increase in inventory of \$738,528. Prepaid expenses declined by \$237,119.

Accounts payable decreased by \$201,844 to \$638,128 which is related to the timing of payments due to suppliers. Accrued liabilities rose to \$1,807,192 from \$1,473,792, an increase of \$333,400. The ratio of current assets to current liabilities, or current ratio, was 7.7 as of August 31, 2017.

For the fiscal year ended August 31, 2017, the accounts receivable collection period or DSO was 27 days compared to 25 days for the year ended August 31, 2016. Inventory turnover for the year ended August 31, 2017 was 84 days compared to 78 days for the year ended August 31, 2016.

Purchase of property, plant and equipment used cash of \$474,359. During the year the Company repurchased and cancelled 41,800 common shares which used cash of \$526,941. An additional 10,000 common shares were voluntarily returned by the Company's Chairman and cancelled.

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. 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, 2017 the one month LIBOR rate plus 175 basis points was 2.99% (1.24% + 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 2017 or 2016. 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, 2017, 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, 2017, 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.

Audited Consolidated Financial Statements: fiscal 2017 and 2016

Report of Independent Registered Accounting Firm dated November 8, 2017

Consolidated Balance Sheets

Balance Sheets at August 31, 2017 and August 31, 2016

Consolidated Statements of Operations

For the years ended August 31, 2017 and August 31, 2016

Consolidated Statements of Stockholders' Equity

For the years ended August 31, 2017 and August 31, 2016

Consolidated Statements of Cash Flows

For the years ended August 31, 2017 and August 31, 2016

Notes to Financial Statements

Report of Independent Registered Accounting Firm dated November 8, 2017

Schedule II: Valuation and Qualifying Accounts

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

AUGUST 31, 2017

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, 2017 and 2016, 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, 2017 and 2016, 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 8, 2017



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

	2017	2016
ASSETS		
Current assets		
Cash	\$ 5,912,250	\$ 4,519,922
Accounts receivable, net of allowance of \$1,725 (August 31, 2016 - \$Nil)	3,565,055	3,342,204
Inventory, net of allowance of \$156,713 (August 31, 2016 - \$176,717) (note 3)	8,807,545	8,069,017
Prepaid expenses	595,776	832,895
Prepaid income taxes	-	596
Total current assets	18,880,626	16,764,634
Property, plant and equipment, net (note 4)	3,222,572	2,954,595
Intangible assets, net (note 5)	77,837	150,543
Total assets	\$ 22,181,035	\$ 19,869,772

- 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

	<u>2017</u>	<u>2016</u>
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 638,128	\$ 839,972
Accrued liabilities	<u>1,807,192</u>	<u>1,473,792</u>
Total current liabilities	2,445,320	2,313,764
Deferred tax liability (note 6)	<u>11,344</u>	<u>31,353</u>
Total liabilities	2,456,664	2,345,117
Contingent liabilities and commitments (note 12)		
Stockholders' equity		
Capital stock (note 8, 9)		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,234,494 common shares (August 31, 2016 – 2,286,294)	1,054,316	1,078,759
Additional paid-in capital	600,804	600,804
Retained earnings	<u>18,069,251</u>	<u>15,845,092</u>
Total stockholders' equity	<u>19,724,371</u>	<u>17,524,655</u>
Total liabilities and stockholders' equity	<u>\$ 22,181,035</u>	<u>\$ 19,869,772</u>

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

	<u>2017</u>	<u>2016</u>
SALES	\$ 47,701,056	\$ 48,110,998
COST OF SALES	<u>36,621,773</u>	<u>38,374,405</u>
GROSS PROFIT	<u>11,079,283</u>	<u>9,736,593</u>
OPERATING EXPENSES		
Selling, general and administrative	2,016,776	1,789,231
Depreciation and amortization	275,214	276,268
Wages and employee benefits	<u>4,349,542</u>	<u>4,055,948</u>
	<u>6,641,532</u>	<u>6,121,447</u>
Income from operations	<u>4,437,751</u>	<u>3,615,146</u>
OTHER ITEMS		
(Loss) gain on sale of property, plant and equipment	(394)	5,600
Interest and other income	27,894	15,164
Interest expense	-	(27)
Litigation expense (Note 12(a))	-	(115,990)
	<u>27,500</u>	<u>(95,253)</u>
Income before income taxes	4,465,251	3,519,893
Income taxes (note 6)		
Current	1,758,603	1,397,741
Deferred (recovery)	<u>(20,009)</u>	<u>(2,947)</u>
Net income for the year	<u>\$ 2,726,657</u>	<u>\$ 2,125,099</u>
Basic earnings per common share	\$ 1.20	\$ 0.87
Diluted earnings per common share	\$ 1.20	\$ 0.87
Weighted average number of common shares outstanding:		
Basic	2,272,522	2,435,650
Diluted	<u>2,272,522</u>	<u>2,435,650</u>

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, 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
Shares repurchased and cancelled (note 9)	(51,800)	(24,443)	-	(502,498)	(526,941)
Net income	-	-	-	2,726,657	2,726,657
August 31, 2017	2,234,494	\$ 1,054,316	\$ 600,804	\$ 18,069,251	\$ 19,724,371

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

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 2,726,657	\$ 2,125,099
Items not affecting cash:		
Depreciation and amortization	275,214	276,268
Loss (gain) on sale of property, plant and equipment	394	(5,600)
Deferred income taxes	(20,009)	(2,947)
Interest income on litigation	-	(6,661)
Decrease in litigation reserve	-	(84,010)
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(222,851)	346,043
Decrease in note receivable	-	1,310
(Increase) decrease in inventory	(738,528)	282,558
Decrease (increase) in prepaid expenses	237,119	(113,436)
Decrease in prepaid income taxes	596	25,974
Increase in accounts payable and accrued liabilities	131,556	304,451
Net cash provided by operating activities	<u>2,390,148</u>	<u>3,149,049</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property, plant and equipment	3,480	5,600
Purchase of property, plant and equipment	<u>(474,359)</u>	<u>(926,445)</u>
Net cash used in investing activities	<u>(470,879)</u>	<u>(920,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	<u>(526,941)</u>	<u>(2,124,579)</u>
Net cash used in financing activities	<u>(526,941)</u>	<u>(2,124,579)</u>
Net increase in cash	1,392,328	103,625
Cash, beginning of year	<u>4,519,922</u>	<u>4,416,297</u>
Cash, end of year	<u>\$ 5,912,250</u>	<u>\$ 4,519,922</u>

Supplemental disclosure with respect to cash flows (note 15)

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

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.

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, 2017, cash was \$5,912,250 compared to \$4,519,922 at August 31, 2016. At August 31, 2017 and 2016, there were no cash equivalents.

Accounts receivable

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

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

Inventory

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

Property, plant and equipment

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

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

Intangibles

The Company's intangible assets have a finite life and are recorded at cost. The most significant intangible assets are two patents related to gate support systems. Amortization is calculated using the straight-line method over the remaining lives of 6 months and 18 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.

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

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 primarily based 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, 2017 and 2016 are as follows:

	2017	2016
Net income	\$ 2,726,657	\$ 2,125,099
Basic weighted average number of common shares outstanding	2,272,522	2,435,650
Effect of dilutive securities Stock options	-	-
Diluted weighted average number of common shares outstanding	2,272,522	2,435,650
Basic and diluted earnings per common share	\$ 1.20	\$ 0.87

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.

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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, 2017 and 2016, and there were no options outstanding on August 31, 2017 or 2016.

Financial instruments

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

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

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

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, 2017 and 2016 follows:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$5,912,250	\$5,912,250	\$4,519,922	\$4,519,922
Accounts receivable, net of allowance	3,565,055	3,565,055	3,342,204	3,342,204
Accounts payable and accrued liabilities	2,445,320	2,445,320	2,313,764	2,313,764

The following table presents information about the assets that are measured at fair value on a recurring basis as of August 31, 2017, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	August 31, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 5,912,250	\$ 5,912,250	\$ —	\$ —

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

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.

Recent Accounting Pronouncements

In January 2015, an ASU was issued to simplify the income statement presentation requirements in Subtopic 225-20 by eliminating the concept of extraordinary items. Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Eliminating the extraordinary classification simplifies income statement presentation by altogether removing the concept of extraordinary items from consideration. This ASU is effective for annual periods beginning after December 15, 2015, including interim periods within those annual periods. An entity may apply this ASU prospectively or retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. The Company adopted this ASU on April 1, 2016, prospectively.

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

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

Recent Accounting Pronouncements (cont'd...)

In November 2015, an ASU was issued to simplify the presentation of deferred income taxes. The amendments in this ASU require that deferred tax liabilities and assets be classified as non-current on the balance sheet as compared to the current requirements to separate deferred tax liabilities and assets into current and non-current amounts. This ASU is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Earlier application is permitted. This ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The adoption of this new guidance is not expected to have a material impact on the Company's consolidated financial statements.

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

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

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

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

3. INVENTORY

A summary of inventory as of August 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Wood products and metal products	\$ 8,184,921	\$ 7,374,255
Industrial tools	434,871	450,924
Agricultural seed products	<u>187,753</u>	<u>243,838</u>
	<u>\$ 8,807,545</u>	<u>\$ 8,069,017</u>

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant, and equipment as of August 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 561,090	\$ 615,031
Warehouse equipment	1,290,838	1,498,960
Buildings	4,097,438	3,697,100
Land	<u>761,924</u>	<u>761,924</u>
	6,711,290	6,573,015
Accumulated depreciation	<u>(3,488,718)</u>	<u>(3,618,420)</u>
Net book value	<u>\$ 3,222,572</u>	<u>\$ 2,954,595</u>

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

5. INTANGIBLE ASSETS

A summary of intangible assets as of August 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Patent	\$ 850,000	\$ 850,000
Other	<u>43,655</u>	<u>43,655</u>
	893,655	893,655
Accumulated amortization	<u>(815,818)</u>	<u>(743,112)</u>
Net book value	<u>\$ 77,837</u>	<u>\$ 150,543</u>

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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:

	<u>2017</u>	<u>2016</u>
Computed tax at the federal statutory rate	\$ 1,516,880	\$ 1,194,943
State taxes, net of federal benefit	217,184	169,869
Depreciation	(22,800)	(5,834)
Inventory reserve	39,357	32,269
Other	7,982	6,494
Provision for income taxes	\$ 1,758,603	\$ 1,397,741
Current income taxes	\$ 1,758,603	\$ 1,397,741
Deferred income taxes	(20,009)	(2,947)
	<u>\$ 1,738,594</u>	<u>\$ 1,394,794</u>

Deferred income tax liability as of August 31, 2017 of \$11,344 (August 31, 2016 – \$31,353) 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.

	<u>2017</u>	<u>2016</u>
Deferred tax assets:		
Allowance for inventory	\$ 116,300	\$ 78,237
Allowance for bad debts	1,294	-
Difference between book and tax depreciation	9,121	28,469
Total deferred tax assets	126,715	106,706
Valuation allowance	-	-
Net deferred tax assets	126,715	106,706
Net deferred tax liability	(138,059)	(138,059)
Combined net deferred tax liability	\$ (11,344)	\$ (31,353)

7. BANK INDEBTEDNESS

There was no bank indebtedness under the Company's line-of-credit as of August 31, 2017 or August 31, 2016. At August 31, 2017, 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 2017 ended August 31, 2017, the Company repurchased and cancelled a total of 41,800 common shares under a 10b5-1 share repurchase plan. The total cost was \$526,941 at an average price of \$12.61 per share. The premium paid to acquire these shares over their per share book value in the amount of \$507,217 was recorded as a decrease to retained earnings.

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

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

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

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, 2017 and August 31, 2016.

11. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 12 months of service pending a monthly enrollment time. The plan allows for a non-elective discretionary contribution based on the first \$50,000 of eligible compensation, which was decreased from the prior \$60,000 of eligible compensation during the second quarter of fiscal 2017. During the second quarter of fiscal 2016 ended February 29, 2016, the Company made an additional 10% contribution for all eligible employees as a one-time compensation bonus.

For the years ended August 31, 2017 and 2016 the 401(k) compensation expense was \$336,473 and \$571,551, 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.

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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"). During the nine months ended May 31, 2016 and year ended August 31, 2016, litigation expense of \$115,990 was recorded. As a result, to the date of settlement during the year ended August 31, 2016, the Company 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, 2017	August 31, 2016
Litigation settlement ⁽¹⁾	\$ -	\$ (84,010)
Litigation reserve	-	84,010
Interest expense	-	-
Interest income	-	-
Total	\$ -	\$ -

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

- b) At August 31, 2017 and August 31, 2016, the Company had an un-utilized line-of-credit of \$3,000,000 (Note 7). The line-of-credit has certain financial covenants. The Company is in compliance with these covenants.

13. SEGMENT INFORMATION

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

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

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

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

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

	2017	2016
Sales to unaffiliated customers:		
Industrial wood products	\$ 3,804,672	\$ 4,704,087
Lawn, garden, pet and other	39,273,206	39,286,126
Seed processing and sales	3,108,454	2,927,408
Industrial tools and clamps	1,514,724	1,193,377
	<u>\$ 47,701,056</u>	<u>\$ 48,110,998</u>
Income (loss) before income taxes:		
Industrial wood products	\$ (175,504)	\$ (8,898)
Lawn, garden, pet and other	3,548,177	3,253,673
Seed processing and sales	(23,809)	(193,208)
Industrial tools and clamps	85,501	(100,986)
Corporate and administrative	1,030,886	569,312
	<u>\$ 4,465,251</u>	<u>\$ 3,519,893</u>
Identifiable assets:		
Industrial wood products	\$ 1,153,802	\$ 787,093
Lawn, garden, pet and other	10,706,686	10,325,984
Seed processing and sales	296,579	359,070
Industrial tools and clamps	535,093	559,582
Corporate and administrative	9,488,875	7,838,043
	<u>22,181,035</u>	<u>19,869,772</u>
Depreciation and amortization:		
Industrial wood products	\$ 330	\$ 655
Lawn, garden, pet and other	26,920	41,283
Seed processing and sales	12,978	10,783
Industrial tools and clamps	1,314	1,856
Corporate and administrative	233,672	221,691
	<u>275,214</u>	<u>\$ 276,268</u>
Capital expenditures:		
Industrial wood products	\$ -	\$ -
Lawn, garden, pet and other	-	910,713
Seed processing and sales	12,495	15,732
Industrial tools and clamps	-	-
Corporate and administrative	461,864	-
	<u>\$ 474,359</u>	<u>\$ 926,445</u>
Interest expense:	\$ -	\$ (27)

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(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:

	<u>2017</u>	<u>2016</u>
Sales	\$ 23,442,308	\$ 23,725,076

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:

	<u>2017</u>	<u>2016</u>
United States	\$ 44,740,560	\$ 44,568,899
Canada	1,727,758	1,465,208
Mexico/Latin America	843,667	1,963,994
Europe	68,752	6,926
Asia/Pacific	320,319	94,285
Middle East	-	11,686
	<u>\$ 47,701,056</u>	<u>\$ 48,110,998</u>

All of the Company's significant identifiable assets were located in the United States as of August 31, 2017 and 2016.

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, 2017, three customers accounted for accounts receivable greater than 10% of total accounts receivable for a total of 66%. At August 31, 2016, two customers accounted for accounts receivable greater than 10% of total accounts receivable for a total of 62%. 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, 2017, there were two suppliers which each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to \$20,111,921. 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.

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

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the years ended August 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>		<u>2016</u>	
Cash paid during the year for:				
Interest	\$	-	\$	-
Income taxes	\$	1,718,725	\$	1,371,707

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, 2017 and 2016 and for the years then ended is included on Page 17 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, 2017 and 2016 included in this Form 10-K.

In our opinion, the consolidated financial statement schedule referred to above for the years ended August 31, 2017 and 2016, 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 8, 2017



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JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENT SCHEDULE
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
AUGUST 31, 2017

	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, 2017					
Allowance deducted from related Balance sheet account:					
Inventory	\$ 176,717	\$ -	\$ 20,004	\$ -	\$ 156,713
Accounts Receivable	\$ -	\$ 1,725	\$ -	\$ -	\$ 1,725

August 31, 2016

Allowance deducted from related Balance sheet account:					
Inventory	\$ 120,824	\$ 55,893	\$ -	\$ -	\$ 176,717

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, 2017.

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 9, 2017 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. All of the Directors are citizens of the United States.

Table No. 4
Directors

Name	Age	Date First Elected Or Appointed
Donald M. Boone	77	July 1987
Geoff Guilfooy (1) (2)	67	May 2017
Charles Hopewell	61	February 2017
Sarah Johnson (2)	38	July 2017
Frank G. Magdlen (1) (2)	70	January 2013

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

Table No. 5 lists, as of November 9, 2017, 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
Charles Hopewell	President and Chief Executive Officer	61	February 2017
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 was Chief Executive Officer of the Company since its beginning in 1987 until his retirement in February 2017. Before establishing Jewett Cameron, he worked for companies including Sunrise Forest Products, Oregon Pacific Industries, and Tektronix.

Charles E. Hopewell has over 35 years of experience in senior management positions with manufacturing companies, including serving as CEO of Sunset Manufacturing Inc and CEO of Aluminite Corporation. He received a degree in Finance from the University of Oregon and an MBA from Willamette University's Atkinson School of Management.

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.

Geoff Guilfooy is a management consultant with over 40 years of experience, including over 20 years in management consulting, 17 years in State Government management, and an additional 4 years in the private and non-profit sectors. Prior to founding Lumen Leaders LLC in 2013, he was the partner in charge of the management consulting group at AKT LLP, a regional CPA and business consulting firm. He has a Bachelor of Science, Management (Accounting) from San Jose State University and an MBA from Willamette University.

Sarah Johnson has significant experience in supply chain management and best practices, including the planning and implementation of improvements to both the manufacturing and supply processes. She serves as the Global Buying Manager at Columbia Sportswear and is a graduate of Gonzaga University in Spokane, Washington.

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.

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, the Company 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) and Geoff Guilfooy. 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 2016 and one time in fiscal 2017.

On August 11, 2017, the Company received notice from NASDAQ that since the Company currently has only 2 independent directors on the Audit Committee, it is not in compliance with NASDAQ’s audit committee requirements under Listing Rule 5605. NASDAQ has granted the Company a cure period to regain compliance which extends until (i) the earlier of the Company’s next annual shareholders’ meeting or July 24, 2018; or (ii) if the next annual shareholders’ meeting is held before January 22, 2018, then the Company must evidence compliance no later than January 22, 2018.

At the next annual meeting, the Company will ask shareholders to authorize additional directors. This authorization will permit the addition of the required Independent Director to the Board and to the Audit Committee, and will return the Company into compliance with Listing Rule 5605 before the required date.

Compensation Committee

The Company has a Compensation Committee which recommends to the Board of Directors on compensation matters for the Company, including compensation plans and benefits of executive officers and directors. This includes determining the compensation for senior management, the form and amounts of Director compensation, the size and recipients of bonuses, and equity incentive plans, including the grant of options and other awards. The Committee will also recommend executive appointments and complete annual performance evaluations of the Chief Executive Officer and Chief Financial Officer. The Committee also advises on succession plan matters, and has the authority to retain outside advisors or consultants.

The Committee operates under a written charter, which requires the Committee to consist of at least three members appointed by the Board. The members shall be independent directors, and the Board will designate one member as Chairman of the Committee. The Committee shall meet a minimum of one time per year.

Current members of the Compensation Committee are Geoff Guilfooy, Sarah Johnson, and Frank Magdlen. The Committee met one time in fiscal 2017.

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.

Management has determined that the Form 3 filed by Geoff Guilfooy on May 23, 2017 and the Form 3 filed by Sarah Johnson on August 25, 2017 were filed late. It was also determined that 8 small purchase transactions by Donald Boone in June 2017 exceeded the market value limit exemption under Rule 16a-6 and therefore were reported late on Form 5.

Other than the filings 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 2017, 2016 and 2015 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.

Name and Principal Position	Fiscal Year	Annual Compensation		Other Annual Comp.	Long-term Compensation				
		Salary	Bonus		Restricted Stock Awards	Securities Underlying Options/ SARS (#)	Payouts	All Other Comp.	
Charles Hopewell, President, Chief Executive Officer, Principal Financial Officer	2017	\$134,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donald Boone, President, Chief Executive Officer, Treasurer, Principal Financial Officer (1) (2)	2017	\$ 9,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,940
	2016	\$ 19,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,207
	2015	\$ 29,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,040
Michael Nasser, Corporate Secretary	2017	\$177,000	\$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
	2016	\$177,000	\$50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
	2015	\$177,000	\$24,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400
Murray Smith, Former Chief Financial Officer (3)	2015	\$ 68,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400

- (1) Effective April 1, 2015, Donald Boone voluntarily reduced his salary from \$36,000 annually to \$9.25 hourly.
- (2) Donald Boone resigned his officer positions effective February 7, 2017.
- (3) 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 \$50,000 of eligible compensation, which was decreased from the prior \$60,000 of eligible compensation during the second quarter of fiscal 2017.

Other than participation in the Company's stock option plan and 401(k), no funds were set aside or accrued during fiscal 2017 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 and approved by the Board of Directors.

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 2017 or fiscal 2016, and as of August 31, 2017 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 \$50,000 of eligible compensation, which was decreased from the first \$60,000 of eligible compensation during the second quarter of fiscal 2017. 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, 2017 and 2016 the 401(k) compensation expense was \$336,473 and \$571,551, respectively. The contributions for Donald Boone were \$4,940 and \$6,207 for the fiscal years ended August 31, 2017 and 2016 respectively. The contributions for Michael Nasser were \$15,000 and \$15,000 for the fiscal years ended August 31, 2017 and 2016 respectively. The contribution for Charles Hopewell was \$Nil for the fiscal year ended August 31, 2017. There are no un-funded liabilities.

Long-Term Incentive Plan / Defined Benefit or Actuarial Plan

During fiscal 2017 the Company had no Long-Term Incentive Plan ("LTIP") and no LTIP awards were made. Also, during fiscal 2017 the Company had no Defined Benefit or Actuarial Plan.

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee consists 3 independent directors. None of the members of the Compensation Committee served as an officer or director of the Company in the prior fiscal year.

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 2017 the following cash payments were paid to directors to compensate them for board meetings attended: Donald Boone \$Nil (2016 - \$Nil); Frank Magdlen \$6,600 (fiscal 2016 - \$4,200), Ralph Lodewick \$4,200 (fiscal 2016 - \$4,200), Adrian Russell-Falla \$4,800 (fiscal 2016 - \$1,800), Geoff Guilfooy \$800; and Sarah Johnson \$400.

Executive Officer Compensation

The Company's Compensation Committee provides advice and recommendations to the Board of Directors on compensation and benefits for executive officers. As in prior years all judgments regarding executive compensation for fiscal 2017 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 2017 compensation considered each executive officer's level of responsibility and performance. As noted above, specific decisions involving 2017 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 basis for Donald Boone's compensation as President and CEO was set many years ago, and this compensation remained unchanged at his request. This amount of compensation was 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 until his resignation from his executive officer positions effective February 7, 2017.

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 9, 2017.

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

Class	Name and Address of Beneficial Owner	Amount of Beneficial and Voting Ownership	Percent of Class (1)
Common	Donald M. Boone	713,390	31.9%
Common	Michael C. Nasser	229,694	10.2%
Common	Charles E. Hopewell	5,000	0.2%
Common	Geoff Guilfooy	Nil	-
Common	Sarah Johnson	Nil	-
Common	Frank Magdlen	Nil	-
Total directors, executive officers, and 5% shareholders		948,084	42.4%

(1) Based on 2,234,494 shares outstanding as of November 9, 2017.

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	
	2017	2016
Audit fees	\$ 90,000	\$ 90,000
Tax fees	6,750	8,500
All other fees (1)	24,750	24,750
Total	\$ 121,500	\$ 123,250
(1) FY2017:	\$8,250 to review the Q1 Form 10Q \$8,250 to review the Q2 Form 10Q \$8,250 to review the Q3 Form 10Q	
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	

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 9, 2017

By: /s/ "Charles E. Hopewell"
Charles E. Hopewell,
President, CEO and 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 9, 2017

By: /s/ "Charles E. Hopewell"
Charles E. Hopewell,
President, CEO and Principal
Financial Officer

Dated: November 9, 2017

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

Dated: November 9, 2017

By: /s/ "Donald M. Boone"
Donald M. Boone,
Director

Dated: November 9, 2017

By: /s/ "Geoff Guilfoxy"
Geoff Guilfoxy,
Director

Dated: November 9, 2017

By: /s/ "Sarah Johnson"
Sarah Johnson,
Director

Dated: November 9, 2017

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