

Jewett-Cameron Announces 1st Quarter Financial Results

NORTH PLAINS, Ore., Jan. 16, 2018 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the first quarter of fiscal 2018 ended November 30, 2017.

Sales for the first quarter of fiscal 2018 totaled \$9.4 million compared to sales of \$10.4 million for the first quarter of fiscal 2017. Net income was \$322,433, or \$0.14 per share, compared to \$485,920, or \$0.21 per share, in the year-ago quarter.

During the current quarter, the Company was advised by a customer for whom we annually source and supply a “Black Friday” item that is not related to our core products that they had experienced returns due to breakage. Since it was a child’s product, we jointly decided with the customer to immediately stop selling the product and take the added precaution of destroying all remaining inventory. In addition, we advised through direct email as well as public announcement that we were aware of a defect that may or may not be apparent on the products consumers had purchased, but that they could return the item to the retailer for refund. We also advised the Consumer Products Safety Commission of our voluntary actions and are awaiting further guidance. This entire incident applied to only one retail source and one product, but it caused significant impact on our first quarter results as we recognized the financial costs of this incident during the period. Based on our continuing analysis, we anticipate limited additional costs related to the issue.

As of November 30, 2017, the Company’s cash position was approximately \$5.6 million, and there was no borrowing against its \$3.0 million line of credit. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value, and the Board of Directors will consider implementing new share repurchase plans in the future.

Jewett-Cameron Trading Company is a holding company that, through its subsidiaries, operates out of facilities located in North Plains, Oregon. Jewett-Cameron Company’s business consists of the manufacturing and distribution of patented and patent pending specialty metal products, wholesale distribution of wood products, seed processing and sales, and sales of industrial tools and clamps. The Company’s brands include Lucky Dog, Animal House and AKC licensed products in the expanding pet market; fencing products under the Adjust-A-Gates, Fit-Right, Perimeter Patrol, and INFINITY Euro fence systems brands; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. Additional information about the Company and its products can be found the Company’s website at www.jewettcameron.com.

Forward-looking Statements

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

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	November 30, 2017	August 31, 2017
ASSETS		
Current assets		
Cash	\$ 5,560,066	\$ 5,912,250
Accounts receivable, net of allowance of \$Nil (August 31, 2017 - \$1,725)	3,363,541	3,565,055
Inventory, net of allowance of \$186,713 (August 31, 2017 - \$156,713)	9,120,135	8,807,545
Prepaid expenses	1,040,558	595,776
Total current assets	19,084,300	18,880,626
Property, plant and equipment, net	3,201,768	3,222,572
Intangible assets, net	60,323	77,837
Deferred income taxes	10,221	-
Total assets	\$ 22,356,612	\$ 22,181,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 544,736	\$ 638,128
Accrued liabilities	1,765,072	1,807,192
Total current liabilities	2,309,808	2,445,320
Deferred tax liability	-	11,344
Total liabilities	2,309,808	2,456,664
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,234,494 common shares (August 31, 2017 - 2,234,494)	1,054,316	1,054,316
Additional paid-in capital	600,804	600,804
Retained earnings	18,391,684	18,069,251
Total stockholders' equity	20,046,804	19,724,371
Total liabilities and stockholders' equity	\$ 22,356,612	\$ 22,181,035

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)
(Unaudited)

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

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

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

Net increase (decrease) in cash	(352,184)	379,440
Cash, beginning of period	5,912,250	4,519,922
Cash, end of period	\$ 5,560,066	\$ 4,899,362

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