

Jewett-Cameron Announces 2nd Quarter Financial Results

NORTH PLAINS, Ore., April 13, 2017 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2017 ended February 28, 2017.

Sales for the second quarter of fiscal 2017 totaled \$9.5 million compared to sales of \$11.2 million for the second quarter of fiscal 2016. Income from operations was \$548,234 compared to income of \$340,617 for the quarter ended February 29, 2016. Net income was \$309,013, or \$0.14 per share, compared to net income of \$131,960, or \$0.05 per share, in the year-ago quarter.

For the six months ended February 28, 2017, sales totaled \$19.9 million compared to sales of \$23.1 million for the six months ended February 29, 2016, and income from operations was \$1,340,739 compared to \$1,225,821. Net income was \$794,933, or \$0.35 per share, compared to net income of \$664,205, or \$0.27 per share, in the first six months of fiscal 2016. Net income in the three and six month periods ended February 29, 2016 were negatively affected by the Company's one-time litigation expense of \$115,990 from the settlement of all its litigation with Greenwood Forest Products Inc.

"We have begun stocking our new warehouse expansion with products in preparation for our historically busier second half of the fiscal year", said CEO Charlie Hopewell. "We have also begun several initiatives to increase our eCommerce and International revenues, including negotiating new sales and distribution agreements."

As of February 28, 2017, the Company's cash position was \$2.0 million, and there was no borrowing against the Company's \$3.0 million line of credit.

About Jewett-Cameron Trading Company Ltd.

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 specialty metal products and wholesale distribution of wood products to home centers and other retailers located primarily in the United States. Greenwood Products 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-PRO is an importer and distributor of pneumatic air tools, industrial clamps, and the Avenger Products line of sawblades and other products. Jewett-Cameron Seed Company is a processor and distributor of agricultural seeds. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

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)

	February 28, 2017	August 31, 2016
ASSETS		
Current assets		
Cash	\$ 2,018,532	\$ 4,519,922
Accounts receivable, net of allowance of \$1,308 (August 31, 2016 - \$Nil)	4,547,741	3,342,204
Inventory, net of allowance of \$167,057 (August 31, 2016 - \$176,717)	8,886,243	8,069,017
Prepaid expenses	807,693	832,895
Prepaid income taxes	149,487	596
Total current assets	16,409,696	16,764,634
Property, plant and equipment, net	3,175,002	2,954,595
Intangible assets, net	114,190	150,543
Total assets	\$ 19,698,888	\$ 19,869,772
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 302,684	\$ 839,972
Accrued liabilities	1,049,803	1,473,792
Total current liabilities	1,352,487	2,313,764
Deferred tax liability	26,813	31,353
Total liabilities	1,379,300	2,345,117
Contingent liabilities and commitments		
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,286,294 common shares (August 31, 2016 - 2,286,294)	1,078,759	1,078,759
Additional paid-in capital	600,804	600,804
Retained earnings	16,640,025	15,845,092
Total stockholders' equity	18,319,588	17,524,655
Total liabilities and stockholders' equity	\$ 19,698,888	\$ 19,869,772

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)
(Unaudited)

	Three Month Periods to the end of February		Six Month Periods to the end of February	
	2017	2016	2017	2016
SALES	\$ 9,499,286	\$ 11,188,133	\$ 19,921,089	\$ 23,129,641
COST OF SALES	7,370,224	9,152,554	15,397,585	18,714,207
GROSS PROFIT	2,129,062	2,035,579	4,523,504	4,415,434
OPERATING EXPENSES				
Selling, general and administrative expenses	453,668	531,423	1,004,717	1,074,216
Depreciation and amortization	69,368	68,470	138,007	143,983
Wages and employee benefits	1,057,792	1,095,069	2,040,041	1,971,414
	1,580,828	1,694,962	3,182,765	3,189,613
Income from operations	548,234	340,617	1,340,739	1,225,821
OTHER ITEMS				
(Loss) gain on sale of property, plant and equipment	(393)	5,600	(393)	5,600
Interest and other income	2,000	1,800	3,820	10,534
Litigation expense	-	(115,990)	-	(115,990)
	1,607	(108,590)	3,427	(99,856)
Income before income taxes	549,841	232,027	1,344,166	1,125,965
Income tax expense	(240,828)	(100,067)	(549,233)	(461,760)
Net income	\$ 309,013	\$ 131,960	\$ 794,933	\$ 664,205
Basic earnings per common share	\$ 0.14	\$ 0.05	\$ 0.35	\$ 0.27
Diluted earnings per common share	\$ 0.14	\$ 0.05	\$ 0.35	\$ 0.27
Weighted average number of common shares outstanding:				
Basic	2,286,294	2,476,832	2,286,294	2,476,832
Diluted	2,286,294	2,476,832	2,286,294	2,476,832

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Month Period to the end of February		Six Month Period to the end of February	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 309,013	\$ 131,960	\$ 794,933	\$ 664,205
Items not involving an outlay of cash:				

Depreciation and amortization	69,368	68,470	138,007	143,983
Loss (gain) on sale of property, plant and equipment	393	(5,600)	393	(5,600)
Deferred income taxes	7,705	(9,301)	4,540	3,504
Interest income on litigation	-	-	-	(6,661)
Decrease in litigation reserve	-	(84,010)	-	(84,010)
Changes in non-cash working capital items:				
Decrease (increase) in accounts receivable	(1,161,352)	535,231	(1,205,537)	(96,348)
Decrease (increase) in inventory	(1,197,634)	651,225	(817,226)	840,559
Decrease in note receivable	-	360	-	1,310
Decrease in prepaid expenses	54,425	543,620	25,202	210,611
Increase in prepaid income taxes	(149,487)	(159,031)	(148,891)	(132,461)
Decrease in accounts payable and accrued liabilities	(396,374)	(373,786)	(961,277)	(285,100)
Decrease in income taxes payable	(310,974)	-	-	-
Net cash provided by (used in) operating activities	(2,774,917)	1,299,138	(2,169,856)	1,253,992
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(109,393)	(37,376)	(335,014)	(47,902)
Proceeds from sale of property, plant and equipment	3,480	5,600	3,480	5,600
Net cash used in investing activities	(105,913)	(31,776)	(331,534)	(42,302)
Net increase (decrease) in cash	(2,880,830)	1,267,362	(2,501,390)	1,211,690
Cash, beginning of period	4,899,362	4,360,625	4,519,922	4,416,297
Cash, end of period	\$ 2,018,532	\$ 5,627,987	\$ 2,018,532	\$ 5,627,987

Contact: Charlie Hopewell, President & CEO, (503) 647-0110

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/jewett-cameron-announces-2nd-quarter-financial-results-300439630.html>

SOURCE Jewett-Cameron Trading Company Ltd.