

Jewett-Cameron Announces 3rd Quarter Financial Results

NORTH PLAINS, Ore., July 14, 2016 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine month periods of fiscal 2016 ended May 31, 2016.

Sales for the third quarter of fiscal 2016 totaled \$14.5 million compared to sales of \$13.3 million for the third quarter of fiscal 2015. Income from operations was \$1,504,952 compared to \$779,340 for the third quarter ended May 31, 2015. Net income after other items and income taxes for the current quarter was \$908,730, or \$0.37 per share, compared to \$461,100, or \$0.18 per share, in the year-ago quarter.

For the nine months ended May 31, 2016, Jewett-Cameron reported sales of \$37.6 million compared to sales of \$30.8 million for the nine months ended May 31, 2015. Net income was \$1,572,935, or \$0.64 per share, compared to net income of \$1,072,447, or \$0.41 per share, in the first nine months of fiscal 2015.

“The new products we have introduced over the last 12 months continue to be well received by our customers,” said CEO Don Boone. “We have also begun construction of a warehouse expansion at our North Plains headquarters which will allow us to introduce additional new product lines going forward.”

As of May 31, 2016, the Company’s cash position was \$6.3 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.

On March 7, 2016, the Company announced the Board of Directors approved a share repurchase plan to purchase for cancellation up to 250,000 common shares under Rule 10b5-1 of the U.S. Securities Exchange Act of 1934. During the 3rd quarter of fiscal 2016 ended May 31, 2016, the Company repurchased and cancelled 63,386 common shares at a cost of \$745,878 which is an average price of \$11.77. Subsequent to the end of the period, the Company repurchased and cancelled an additional 42,742 common shares at a cost of \$489,274 which is an average price of \$11.45 per share. Donald M. Boone, CEO, President and Director, has also voluntarily returned 15,000 common shares to the Company’s treasury for cancellation in June 2016, which was in addition to the 15,000 common shares he returned to the Company for cancellation in August 2015. The Company paid no consideration for these 30,000 shares.

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)

	May 31, 2016	August 31, 2015
ASSETS		
Current assets		
Cash	\$ 6,285,575	\$ 4,416,297
Accounts receivable, net of allowance of \$Nil (August 31, 2015 - \$Nil)	4,382,438	3,688,247
Inventory, net of allowance of \$189,761 (August 31, 2015 - \$120,824) (note 3)	7,297,894	8,351,575
Note receivable	-	1,310
Prepaid expenses	780,708	719,459
Prepaid income taxes	-	26,570
Total current assets	18,746,615	17,203,458
Property, plant and equipment, net (note 4)	2,138,800	2,231,711
Intangible assets, net (note 5)	168,720	223,250
Total assets	\$ 21,054,135	\$ 19,658,419
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,304,549	\$ 984,955
Litigation reserve (note 12(a))	-	90,671
Accrued liabilities	1,394,191	1,024,358

Total current liabilities	2,698,740	2,099,984
Deferred tax liability (note 6)	4,203	34,300
Total liabilities	2,702,943	2,134,284
Contingent liabilities and commitments (note 12)		
Stockholders' equity		
Capital stock (note 8)		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,413,446 common shares (August 31, 2015 - 2,476,832)	1,138,590	1,168,712
Additional paid-in capital	600,804	600,804
Retained earnings	16,611,798	15,754,619
Total stockholders' equity	18,351,192	17,524,135
Total liabilities and stockholders' equity	\$ 21,054,135	\$ 19,658,419

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2016	2015	2016	2015
SALES	\$ 14,458,713	\$ 13,289,408	\$ 37,588,354	\$ 30,755,429
COST OF SALES	11,281,973	11,047,607	29,996,180	24,741,485
GROSS PROFIT	3,176,740	2,241,801	7,592,174	6,013,944
OPERATING EXPENSES				
Selling, general and administrative expenses	542,581	465,864	1,616,796	1,438,687
Depreciation and amortization	82,978	71,211	226,961	210,894
Wages and employee benefits	1,046,229	925,386	3,017,643	2,588,420
	(1,671,788)	(1,462,461)	(4,861,400)	(4,238,001)
Income from operations	1,504,952	779,340	2,730,774	1,775,943
OTHER ITEMS				
Gain on sale of property, plant and equipment	-	-	5,600	-
Interest and other income	2,978	8,534	13,538	22,617
Interest expense	-	(658)	(27)	(658)
Litigation expense (Note 12(a))	-	-	(115,990)	-
	2,978	7,876	(96,879)	21,959
Income before income taxes	1,507,930	787,216	2,633,895	1,797,902

Income tax expense	(599,200)	(326,116)	(1,060,960)	(725,455)
Net income	\$ 908,730	\$ 461,100	\$ 1,572,935	\$ 1,072,447
Basic earnings per common share	\$ 0.37	\$ 0.18	\$ 0.64	\$ 0.41
Diluted earnings per common share	\$ 0.37	\$ 0.18	\$ 0.64	\$ 0.41
Weighted average number of common shares outstanding:				
Basic	2,458,170	2,561,702	2,470,566	2,612,199
Diluted	2,458,170	2,561,702	2,470,566	2,612,199

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 908,730	\$ 461,100	\$ 1,572,935	\$ 1,072,447
Items not involving an outlay of cash:				
Depreciation and amortization	82,978	71,211	226,961	210,894
Gain on sale of property, plant and equipment	-	-	(5,600)	-
Deferred income tax expense (recovery)	(33,601)	(2,163)	(30,097)	(4,872)
Interest income on litigation	-	(6,734)	(6,661)	(19,983)
Decrease in litigation reserve	-	-	(84,010)	-
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	(597,843)	107,980	(694,191)	(2,483,168)
Decrease in inventory	213,122	2,485,712	1,053,681	536,845

(Increase) decrease in note receivable	-	275	1,310	13,575
(Increase) decrease in prepaid expenses	(271,860)	104,098	(61,249)	41,194
(Increase) decrease in prepaid income taxes	159,031	19,133	26,570	350,863
Increase (decrease) in accounts payable and accrued liabilities	974,527	631,547	689,427	270,805
Net cash provided by (used in) operating activities	1,435,084	3,872,159	2,689,076	(11,400)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(31,618)	(70,543)	(79,520)	(85,240)
Proceeds from sale of property, plant and equipment	-	-	5,600	-
Net cash used in investing activities	(31,618)	(70,543)	(73,920)	(85,240)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank indebtedness	-	-	-	875,386
Repayment of bank indebtedness	-	(875,386)	-	(875,386)
Redemption of common stock	(745,878)	(1,101,574)	(745,878)	(2,394,051)
Net cash used in financing activities	(745,878)	(1,976,960)	(745,878)	(2,394,051)
Net increase (decrease) in cash	\$ 657,588	\$ 1,824,656	\$ 1,869,278	\$ (2,490,691)
Cash, beginning of period	\$ 5,627,987	\$ 12,193	\$ 4,416,297	\$ 4,327,540
Cash, end of period	\$ 6,285,575	\$ 1,836,849	\$ 6,285,575	\$ 1,836,849

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