UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MAY 31. 2019**

☐ 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.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA	**NONE**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
32275 N.W. Hillcrest, North Plains, Oregon	**97133**
(Address Of Principal Executive Offices)	(Zip Code)

(503) 647-0110

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, no par value	JCTCF	NASDAQ Capital Market

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 12 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 is a large accelerated filer, an 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 Exchange Act).
Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, no par value – 3,979,096 common shares as of July 15, 2019.

Jewett-Cameron Trading Company Ltd.

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

MAY 31, 2019

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

		May 31, 2019		August 31, 2018
ASSETS				
Current assets				
Cash and cash equivalents	$	3,437,995	$	6,097,463
Accounts receivable, net of allowance of $Nil (August 31, 2018 - $Nil)		7,125,024		4,152,492
Inventory, net of allowance of $67,276 (August 31, 2018 - $75,336) (note 3)		8,629,973		9,803,197
Note receivable		1,597		4,000
Prepaid expenses		325,983		347,251
Prepaid income taxes		180,285		114,310
Total current assets		19,700,857		20,518,713
Property, plant and equipment, net (note 4)		2,751,058		3,105,260
Intangible assets, net (note 5)		3,183		3,590
Total assets	$	22,455,098	$	23,627,563

- Continued -

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

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	May 31, 2019	August 31, 2018
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 643,340	$ 377,092
Accrued liabilities	1,446,811	1,795,207
Total current liabilities	2,090,151	2,172,299
Deferred tax liability (note 6)	85,850	81,853
Total liabilities	2,176,001	2,254,152
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		
4,015,396 common shares (August 31, 2018 – 4,314,659)	947,310	1,017,908
Additional paid-in capital	600,804	600,804
Retained earnings	18,730,983	19,754,699
Total stockholders' equity	20,279,097	21,373,411
Total liabilities and stockholders' equity	$ 22,455,098	$ 23,627,563

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

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Month Period Ended May 31, 2019	Three Month Period Ended May 31, 2018	Nine Month Period Ended May 31, 2019	Nine Month Period Ended May 31, 2018
SALES	$ 16,692,241	$ 19,934,709	$ 33,615,516	$ 42,690,017
COST OF SALES	13,054,487	15,944,995	25,907,388	33,877,749
GROSS PROFIT	3,637,754	3,989,714	7,708,128	8,812,268
OPERATING EXPENSES				
Selling, general and administrative expenses	759,708	596,830	1,721,743	1,658,781
Depreciation and amortization	47,141	71,560	143,413	266,970
Wages and employee benefits	1,324,267	1,312,479	3,799,700	3,587,126
	(2,131,116)	(1,980,869)	(5,664,856)	(5,512,877)
Income from operations	1,506,638	2,008,845	2,043,272	3,299,391
OTHER ITEMS				
Gain (loss) on sale of property, plant and equipment	-	-	105,366	(27,022)
Interest and other income	7,033	8,156	33,368	16,639
	7,033	8,156	138,734	(10,383)
Income before income taxes	1,513,671	2,017,001	2,182,006	3,289,008
Income tax expense	(415,461)	(627,792)	(614,472)	(1,069,068)
Net income	$ 1,098,210	$ 1,389,209	$ 1,567,534	$ 2,219,940
Basic earnings per common share	$ 0.27	$ 0.31	$ 0.36	$ 0.50
Diluted earnings per common share	$ 0.27	$ 0.31	$ 0.36	$ 0.50
Weighted average number of common shares outstanding:				
Basic	4,022,587	4,468,988	4,318,128	4,468,988
Diluted	4,022,587	4,468,988	4,318,128	4,468,988

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

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Capital Stock				
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2017	4,468,988	$ 1,054,316	$ 600,804	$ 18,069,251	$ 19,724,371
Net income	-	-	-	2,219,940	2,219,940
May 31, 2018	4,468,988	$ 1,054,316	$ 600,804	$ 20,289,191	$ 21,944,311
Shares repurchased and cancelled (note 9)	(154,329)	(36,408)	-	(1,235,191)	(1,271,599)
Net income	-	-	-	700,699	700,699
August 31, 2018	4,314,659	$ 1,017,908	$ 600,804	$ 19,754,699	$ 21,373,411
Shares repurchased and cancelled (note 9)	(299,263)	(70,598)	-	(2,591,250)	(2,661,848)
Net income	-	-	-	1,567,534	1,567,534
May 31, 2019	4,015,396	$ 947,310	$ 600,804	$ 18,730,983	$ 20,279,097

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

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Nine Month Period Ended May 31, 2019	Nine Month Period Ended May 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,567,534	$ 2,219,940
Items not involving an outlay of cash:		
Depreciation and amortization	143,413	266,970
(Gain) loss on sale of property, plant and equipment	(105,366)	27,022
Deferred income tax expense	3,997	41,435
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(2,972,532)	(3,527,471)
Decrease in inventory	1,173,224	1,094,535
Decrease (increase) in prepaid expenses	21,268	(180,143)
(Increase) in prepaid income taxes	(65,975)	(114,413)
(Decrease) increase in accounts payable and accrued liabilities	(82,148)	609,313
Net cash (used in) provided by operating activities	(316,585)	437,188
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,112)	(99,437)
Proceeds from sale of property, plant and equipment	327,077	1,000
Net cash provided by (used in) investing activities	318,965	(98,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(2,661,848)	-
Net (decrease) increase in cash	(2,659,468)	338,751
Cash, beginning of period	6,097,463	5,912,250
Cash, end of period	$ 3,437,995	$ 6,251,001

Supplemental disclosure with respect to cash flows (note 14)

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

1. NATURE OF OPERATIONS

Jewett-Cameron Trading Company Ltd. was incorporated in British Columbia on July 8, 1987 as a holding company for Jewett-Cameron Lumber Corporation ("JCLC"), incorporated September 1953. Jewett-Cameron Trading Company, Ltd. acquired all the shares of JCLC through a stock-for-stock exchange on July 13, 1987, and at that time JCLC became a wholly owned subsidiary. Effective September 1, 2013, the Company reorganized certain of its subsidiaries. JCLC's name was changed to JC USA Inc. ("JC USA"), and a new subsidiary, Jewett-Cameron Company ("JCC"), was incorporated.

JC USA has the following wholly owned subsidiaries: MSI-PRO Co. ("MSI"), incorporated April 1996, Jewett-Cameron Seed Company, ("JCSC"), incorporated October 2000, Greenwood Products, Inc. ("Greenwood"), incorporated February 2002, and Jewett-Cameron Company, incorporated September 2013. Jewett-Cameron Trading Company Ltd. and its subsidiaries (the "Company") have no significant assets in Canada.

The Company, through its subsidiaries, operates out of facilities located in North Plains, Oregon. JCC's business consists of the manufacturing and distribution of specialty metal products and wholesale distribution of wood products to home centers and other retailers located primarily in the United States. Greenwood is a processor and distributor of industrial wood and other specialty building products principally to customers in the marine and transportation industries in the United States. MSI is an importer and distributor of pneumatic air tools and industrial clamps in the United States. JCSC is a processor and distributor of agricultural seeds in the United States. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

On May 29, 2018, the Company completed a 2-for-1 forward stock split of its common shares. All share and per share amounts have been retroactively restated (Note 8).

These unaudited financial statements are those of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying Consolidated Financial Statements of Jewett-Cameron Trading Company Ltd., contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state its financial position as of May 31, 2019 and August 31, 2018 and its results of operations and cash flows for the three month and nine month periods ended May 31, 2019 and 2018 in accordance with generally accepted accounting principles of the United States of America ("U.S. GAAP"). Operating results for the three and nine month periods ended May 31, 2019 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2019.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. At May 31, 2019, cash and cash equivalents was $3,437,995 compared to $6,097,463 at August 31, 2018.

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. Amortization is calculated using the straight-line method over the remaining life of the asset. The intangible assets are reviewed annually for impairment.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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 number of common shares outstanding has been adjusted for a 2 for 1 forward stock split effective May 29, 2018 (Note 8).

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings per share (cont'd…)

The earnings per share data for the three and nine month periods ended May 31, 2019 and 2018 are as follows:

	Three Month Periods ended May 31,		Nine Month Periods ended May 31,	
	2019	2018	2019	2018
Net income	$ 1,098,210	$ 1,389,209	$ 1,567,534	$ 2,219,940
Basic weighted average number of common shares outstanding	4,022,587	4,468,988	4,318,128	4,468,988
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	4,022,587	4,468,988	4,318,128	4,468,988

Comprehensive income

The Company has no items of other comprehensive income in any period presented. Therefore, net income presented in the consolidated statements of operations equals comprehensive income.

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 or restricted shares were granted during the nine month period ended May 31, 2019, and there were no options or restricted shares outstanding on May 31, 2019.

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The estimated fair values of the Company's financial instruments as of May 31, 2019 and August 31, 2018 follows:

	May 31, 2019		August 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$3,437,995	$3,437,995	$6,097,463	$6,097,463
Accounts receivable, net of allowance	7,125,024	7,125,024	4,152,492	4,152,492
Accounts payable and accrued liabilities	2,090,151	2,090,151	2,172,299	2,172,299

The following table presents information about the assets that are measured at fair value on a recurring basis as of May 31, 2019 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:

	May 31, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 3,437,995	$ 3,437,995	$ —	$ —

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

Income taxes

A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry-forwards. 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 goods sold in the consolidated statement of operations. All costs billed to the customer are included as sales in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 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 adopted this ASU effective September 1, 2018, using the full retrospective approach, prospectively. The adoption had no material impact on its financial statements on adoption as the sale of goods by the Company is performed on a standalone basis and revenue is recognized when the customer obtains control of the goods and in an amount that considers the impact of estimated returns, discounts and after allowances that are variable in nature.

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 June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The accounting standard changes the methodology for measuring credit losses on financial instruments and the timing when such losses are recorded. ASU No. 2016-14 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2019. The Company is currently evaluating the impact of ASU No. 2016-13 on its financial position, results of operations and liquidity.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows: Restricted Cash (Topic 230): 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. Topic 230 will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. The Company adopted this ASU on September 1, 2018, prospectively. There was no material impact on the Company's financial statements on adoption.

(Expressed in U.S. Dollars)

3. INVENTORY

A summary of inventory is as follows:

		May 31, 2019		August 31, 2018
Wood products and metal products	$	7,937,329	$	9,189,772
Industrial tools		378,974		378,163
Agricultural seed products		313,670		235,262
	$	8,629,973	$	9,803,197

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant, and equipment is as follows:

		May 31, 2019		August 31, 2018
Office equipment	$	478,419	$	473,702
Warehouse equipment		1,248,532		1,313,714
Buildings		4,072,741		4,090,527
Land		559,065		761,924
		6,358,757		6,639,867
Accumulated depreciation		(3,607,699)		(3,534,607)
Net book value	$	2,751,058	$	3,105,260

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.

During the nine months ended May 31, 2019, the Company sold its non-core Manning property and buildings in an arms-length transaction. The Manning property was originally acquired as an investment and had been leased to a third-party. Proceeds from the sale totaled $324,674, which is a gain of $105,365.

(Expressed in U.S. Dollars)

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	May 31, 2019	August 31, 2018
Trademarks, trade names and other	$ 43,655	$ 43,655
Accumulated amortization	(40,472)	(40,065)
Net book value	$ 3,183	$ 3,590

During the year ended August 31, 2018, the Company wrote off the remaining capitalized costs of $43,635 as a result of two patents expiring.

6. DEFERRED INCOME TAXES

Deferred income tax liability as of May 31, 2019 of $85,850 (August 31, 2018 - $81,853) reflect 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.

7. BANK INDEBTEDNESS

There was no bank indebtedness under the Company’s $3,000,000 line of credit as of May 31, 2019 or August 31, 2018.

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.

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.

Common Stock Split

The Company declared a two for one stock split of its common stock with a record date of the close of business on May 25, 2018. Shareholders received one additional common share for each common share held as of the record date. The stock split was effective as of May 29, 2018. Share and per share data have been retroactively adjusted to reflect the effects of the stock split.

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 3rd quarter of fiscal 2019 ended May 31, 2019, the Company repurchased a total of 195,142 shares under a 10b-18 share repurchase plan originally announced on February 7, 2019. The total cost was $1,704,543 at an average share price of $8.73 per share. The premium paid to acquire those shares over their per share book value in the amount of $1,658,509 was recorded as a decrease to retained earnings.

During the 2nd quarter of fiscal 2019 ended February 28, 2019, the Company repurchased a total of 8,450 shares under the February 2019 10b-18 share repurchase plan. The total cost was $63,929 at an average share price of $7.57 per share. The premium paid to acquire those shares over their per share book value in the amount of $61,936 was recorded as a decrease to retained earnings.

During the 1st quarter of fiscal 2019 ended November 30, 2018, the Company repurchased and cancelled a total of 95,671 shares under a 10b-18 share repurchase plan originally announced on June 6, 2018. The total cost was $893,376 at an average share price of $9.34 per share. The premium paid to acquire those shares over their per share book value in the amount of $870,805 was recorded as a decrease to retained earnings.

During the 4th quarter of fiscal 2018 ended August 31, 2018, the Company repurchased and cancelled a total of 154,329 common shares. The total cost was $1,271,599 at an average price of $8.24 per share. The premium paid to acquire these shares over their per share book value in the amount of $1,235,191 was recorded as a decrease to retained earnings.

10. SHARE-BASED INCENTIVE PLANS

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 May 31, 2019 and August 31, 2018.

(Expressed in U.S. Dollars)

10. SHARE-BASED INCENTIVE PLANS (cont'd…)

Restricted Share Plan

The Company has a Restricted Share Plan (the "Plan") as approved by shareholders on February 8, 2019. The Plan allows the Company to grant, from time to time, restricted shares as compensation to directors, officers, employees and consultants of the Company. The Restricted Shares are subject to restrictions, including the period under which the shares will be restricted (the "Restricted Period") and subject to forfeiture which is determined by the Board at the time of the grant. The recipient of Restricted Shares is entitled to all of the rights of a shareholder, including the right to vote such shares and the right to receive any dividends, except that the shares granted under the Plan are nontransferable during the Restricted Period.

The maximum number of Common Shares reserved for issuance under the Plan will not exceed 1% of the then issued and outstanding number of Common Shares at the time of the grant. As of May 31, 2019, the maximum number of shares available to be issued under the Plan was 40,153.

As of May 31, 2019 and August 31, 2018, there were no Restricted Shares outstanding. However, the Company has agreed to issue Restricted Shares under the Plan to the Company's CEO as a portion of his earned fiscal 2018 bonus as approved by the Board. The value of this award is $28,055, which is expected to be satisfied through the issuance of Restricted Shares during the fourth quarter of fiscal 2019. The number of shares to be issued under the Plan to satisfy the award will be computed based upon the closing price of the stock on the day of the grant.

11. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 6 months of service pending a monthly enrolment time. The plan allows for a non-elective discretionary contribution plus matching employee contributions up to a specific limit. The percentages of contribution remain the discretion of the Board and are reviewed with management annually. For the nine months ended May 31, 2019 and 2018 the 401(k) compensation expense was $227,379 and $269,594, respectively.

12. 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.

Following is a summary of segmented information for the nine month periods ended May 31, 2019 and 2018:

		2019		**2018**
Sales to unaffiliated customers:				
Industrial wood products	$	2,993,653	$	2,510,763
Lawn, garden, pet and other		28,435,820		37,514,801
Seed processing and sales		1,551,427		1,911,588
Industrial tools and clamps		634,616		752,865
	$	33,615,516	$	42,690,017

(Expressed in U.S. Dollars)

12. SEGMENT INFORMATION (cont'd…)

	2019	2018
Income (loss) before income taxes:		
Industrial wood products	$ 53,624	$ (30,241)
Lawn, garden, pet and other	1,300,444	2,556,910
Seed processing and sales	(121,164)	84,474
Industrial tools and clamps	(20,604)	(9,833)
Corporate and administrative	969,706	687,698
	$ 2,182,006	$ 3,289,008
Identifiable assets:		
Industrial wood products	$ 1,149,255	$ 684,944
Lawn, garden, pet and other	13,703,422	13,977,679
Seed processing and sales	469,466	376,440
Industrial tools and clamps	450,888	460,438
Corporate and administrative	6,682,067	9,552,222
	$ 22,455,098	$ 25,051,723
Depreciation and amortization:		
Industrial wood products	$ -	$ 193
Lawn, garden, pet and other	16,585	58,108
Seed processing and sales	6,134	5,751
Industrial tools and clamps	367	848
Corporate and administrative	120,327	202,070
	$ 143,413	$ 266,970
Capital expenditures:		
Industrial wood products	$ -	$ -
Lawn, garden, pet and other	-	-
Seed processing and sales	-	18,547
Industrial tools and clamps	-	-
Corporate and administrative	8,112	80,890
	$ 8,112	$ 99,437
Interest expense:	$ -	$ -

The following table lists sales made by the Company to customers which were in excess of 10% of total sales for the nine months ended May 31, 2019 and 2018:

	2019	2018
Sales	$ 15,042,055	$ 23,678,847

(Expressed in U.S. Dollars)

12. SEGMENT INFORMATION (cont'd…)

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 nine months ended May 31, 2019 and 2018:

	2019	2018
United States	$ 32,343,957	$ 41,148,757
Canada	979,510	1,139,399
Mexico / Latin America / Caribbean	176,858	192,539
Middle East	-	12,209
Europe	36,138	27,095
Asia/Pacific	79,053	170,018

All of the Company's significant identifiable assets were located in the United States as of May 31, 2019 and 2018.

13. 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 May 31, 2019, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 66%. At May 31, 2018, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 53%. 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 nine months ended May 31, 2019, there were two suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $14,139,344. For the nine months ended May 31, 2018, there were three suppliers that each accounted for 10% of total purchases, and the aggregate purchases amounted to $21,281,697.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the nine months ended May 31 are summarized as follows:

	2019	2018
Cash paid during the periods for:		
Interest	$ -	$ -
Income taxes	$ 676,000	$ 1,184,983

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

15. SUBSEQUENT EVENTS

Subsequent to the end of the period, the Company repurchased an additional 36,300 common shares pursuant to the share repurchase plan announced on February 7, 2019. The total cost was $308,137 at an average price of $8.49 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

These unaudited financial statements are those of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying consolidated financial statements of Jewett-Cameron Trading Company Ltd., contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state its financial position as of May 31, 2019 and August 31, 2018 and its results of operations and cash flows for the three and nine month periods ended May 31, 2019 and May 31, 2018 in accordance with U.S. GAAP. Operating results for the three and nine month periods ended May 31, 2019 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2019.

The Company's operations are classified into four reportable operating segments and the parent corporate and administrative segment, 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
- Corporate and administration

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 primarily to the transportation industry.

The lawn, garden, pet and other segment reflects the business of Jewett-Cameron Company (JCC), which 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, Perimeter Patrol, and LIFETIME POST 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 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 segment reflects the business of MSI-PRO (MSI). MSI imports and distributes products including pneumatic air tools, industrial clamps, saw blades, digital calipers, and laser guides. MSI brands include MSI-Pro, Avenger, and ProMax.

JC USA Inc. ("JC USA") is the parent company for the four wholly-owned subsidiaries as described above. JC USA provides professional and administrative services, including warehousing, accounting and credit services, to its subsidiary companies.

Tariffs

The Company's metal products are manufactured in China and are imported into the United States. The Office of the United States Trade Representative ("USTR") has now instituted new tariffs on the importation of a number of products into the United States from China effective September 24, 2018. These new tariffs are a response to what the USTR considers to be certain unfair trade practices by China. The tariffs began at 10%, and subsequently were increased to 25% as of May 10, 2019. A number of the Company's products manufactured in China are now subject to these new duties of 25% when imported into the United States.

Management is currently working with its suppliers as well as its customers to help outline and, where possible, mitigate the impact of the new tariffs on our customer's markets. However, if the Company is unable to successfully pass through the additional cost of these tariffs, or if the higher prices reduce consumer demand for the Company's products, it will have a negative effect on the Company's sales and gross margins.

RESULTS OF OPERATIONS

Many of the external factors which negatively affected the Company during the second quarter continued into the third quarter. The extremely wet weather present across much of North America extended deep into the third quarter, which delayed purchases of outdoor merchandise. The US tariffs on certain Chinese manufactured goods increased from 10% to 25% during the quarter, which included a number of the Company's products. However, the Company's strong working capital position and accelerated purchases of pre-tariff inventory has been important in helping mitigate these impacts. Dryer and warmer weather across the United States is now signaling the start of the delayed summer outdoor season, and both the wholesale and retail markets are beginning to adjust to the realities of the new tariffs and its effect on end prices.

The Company continues to develop products that complement their presence in multiple product and sales channels. The company debuted a new patented steel fence post, LIFETIME POST™ at the National FenceTech show in early March. The product was very well received and continues to position the company firmly in the fencing market. The product was specifically designed to complement Jewett Cameron's already long running, successful Adjust-A-Gate™ products, thus building a stronger branding in this market segment. Shipments of this product to major retailers, new distributors and users are now underway.

During the third quarter, the Company suffered the loss of its Chairman of the Board, Donald Boone, who passed away on May 9th, 2019. Mr. Boone was co-founder of the Company and served as President, CEO and as a Director from 1984 to 2017. As Chairman, Mr. Boone oversaw the successful transition and integration of experienced new management and Directors in order to strengthen the Company and continue its success well into the future. These changes included the addition of Charles Hopewell as the new President and CEO in 2017, and several accomplished Directors added to the Board. In place of Mr. Boone, the Company named Michael Nasser, the other co-founder of the Company and current Corporate Secretary, to the Board of Directors and approved Mr. Hopewell as the new Chairman. The entire Company will continue to operate with the same core principles and commitment of service to its customers, suppliers, employees and shareholders that Mr. Boone established.

Management continues to add personnel to support new marketing and sales initiatives. A new Chief Revenue Officer has recently been hired. Mike Ulwelling will focus on integrating marketing strategy and sales, including the introduction of new products, opening new sales channels, and expanding international sales. The Company has also begun to implement new inventory management and distribution software designed to improve product management and shipping procedures and allow the Company to better scale these processes now and in the future as the Company grows with new products and customers.

Management and the Board have begun a strategic review of the Company's secondary business operations and assets. The Company is focusing on expanding its product lines and international sales opportunities in the lawn, garden and pet segments. The industrial tools and seed segments have seen stagnant growth for several years due to increased competition in these markets and a general shift in wholesale buying patterns. This strategic review could result in significant changes to these operations, which may include the repositioning, repurposing, or outright sale of certain assets in these two segments. During the second quarter of fiscal 2019, the Company sold its Manning property and buildings to an arms-length party that had a contiguous business and will use the property for their expansion. The Manning property was originally acquired as an investment and the property was not in close proximity to any of the Company's current business operations. Once purchased, the company had leased it to a third party. Proceeds from the sale totaled $324,674, which represents a gain of $105,365 over the property's original purchase price net closing costs. This one piece of property was not a significant part of the total land valuation as outlined in Note 4. Management believes there is significant value in the Company's real estate, as the 2018 Market Value Tax Opinion from Washington County (excluding the Manning property) was $6,804,940 compared to the book value as of May 31, 2019 of $2,520,366.

During the third period, 195,142 additional common shares were repurchased and cancelled under the current share repurchase plan announced on February 7, 2019. The Company's cash position remains strong, totaling $3,437,995 as of May 31st. The current repurchase plan is scheduled to run through August 31, 2019. The Board may consider utilizing a portion of the Company's cash position to repurchase additional shares under new plans in the future.

Three Months Ended May 31, 2019 and May 31, 2018

For the three months ended May 31, 2019, sales totaled $16,692,241 compared to sales of $19,934,709 for the three months ended May 31, 2018, which was a decrease of $3,242,468, or 16%.

Sales at JCC were $14,983,164 for the three months ended May 31, 2019 compared to sales of $18,191,284 for the three months ended May 31, 2018. This represents a decrease of $3,208,120, or 18%. Sales during the current quarter continued to be negatively affected by the unseasonably cold and wet weather prevailing across most of the United States, which resulted in retailers delaying their purchases of outdoor lawn, garden and patio products for the season. The quarter over quarter sales were also distorted by much higher sales of cedar fencing in the year-ago period which were shipped to areas of the Gulf Coast affected by severe storms which were not duplicated in the current quarter. Operating income for the current quarter was $1,286,352 compared to income of $1,707,128 for the quarter ended May 31, 2018.

Sales at Greenwood were $1,030,836 for the three months ended May 31, 2019 compared to sales of $995,388 for the three months ended May 31, 2018, which was an increase of $35,448, or 4%. Demand for Greenwood's products has begun to increase, and continuing to move sales direct to end users has improved Greenwood's margins. For the three months ended May 31, 2019, Greenwood had operating income of $27,136 compared to operating income of $16,942 for the three months ended May 31, 2018.

Sales at JCSC were $461,947 for the three months ended May 31, 2019 compared to sales of $518,146 for the three months ended May 31, 2018. This is a decrease of $56,199, or 11%. Sales in the current year's quarter were negatively affected by the very late arrival of Spring weather in many agricultural areas of the United States which delayed or curtailed planting schedules. Farmers primarily purchase the Company's clover seed for use as cover crops which was significantly affected by the poor weather. For the quarter ended May 31, 2019, JCSC had an operating loss of ($60,370) compared to an operating loss of ($6,020) in the quarter ended May 31, 2018.

Sales at MSI for the three months ended May 31, 2019 were $216,294 compared to sales of $229,891 for the three months ended May 31, 2018, which was a decline of $13,597, or 6%. Conditions in this segment remain challenging due to increased competition. MSI had an operating loss of ($1,244) compared to an operating loss of ($6,055) for the three month period ended May 31, 2018.

JC USA is the holding company for the wholly-owned operating subsidiaries. For the quarter ended May 31, 2019, JC USA had operating income of $281,017 compared to operating income of $305,006 for the quarter ended May 31, 2018. The decrease is due to decreased rental and administrative fees charged to its subsidiaries related to lower inventory levels during the period. The results of JC USA are eliminated on consolidation.

Gross margin for the three months ended May 31, 2019 was 21.8% compared to 20.0% for the three months ended May 31, 2018. Margins in the current quarter improved due to the Company's stocking of additional pre-tariff inventory from its Chinese suppliers.

Operating expenses increased by $150,247 to $2,131,116 from $1,980,869 for the three months ended May 31, 2018. Selling, General and Administrative rose to $759,708 from $596,830 as the Company has been increasing its marketing efforts, including the planned introduction of new products. Wages and Employee Benefits rose slightly to $1,324,267 from $1,312,479, and Depreciation fell to $47,141 from $71,560. Interest and Other Income was $7,033 compared to $8,156 for the year-ago quarter.

Income tax expense for the three months ended May 31, 2019 was $415,461 compared to $627,792 for the three month period ended May 31, 2018. The Company estimates income tax expense for the quarter based on combined federal and state rates that are currently in effect, and the decrease in taxes is consistent with the income for the current quarter.

Net income for the quarter ended May 31, 2019 was $1,098,210, or $0.27 per basic and diluted share, compared to $1,389,209, or $0.31 per basic and diluted share, for the quarter ended May 31, 2018 after adjustment for the 2-for-1 stock split effective May 28, 2018.

Nine Months Ended May 31, 2019 and May 31, 2018

For the nine months ended May 31, 2019, sales totaled $33,615,516 compared to sales of $42,690,017 for the nine months ended May 31, 2018. This represents a decrease of $9,074,501, or 21%.

Sales at JCC were $28,435,820 for the nine months ended May 31, 2019 compared to sales of $37,514,801 for the nine months ended May 31, 2018, which was a decrease of $9,078,981, or 24%. A significant portion of the decrease in sales is attributable to lower sales of specialty lumber, which was higher in the previous year's period due to demand from areas in the Southern US that were damaged by tropical storms which did not occur in the current nine-month period. The Company also experienced lower demand for metal products during the current period as retailers stocked up on extra inventory last year ahead of the announced tariffs on Chinese made products. The new tariffs on the importation of a number of products manufactured in China into the United States became effective at a 10% rate, and then rose to a 25% rate, during the current nine-month period. The tariffs have caused uncertainly in the marketplace and had a negative effect on the sales of the Company's affected products. The Company has implemented some price increases to mitigate the new tariffs where possible, and recent sales of affected metal products have begun to improve as retailers have sold through their stockpiles of pre-tariff inventory. Wetter and colder than normal weather across much of the United States in calendar 2019 also led to a slow start to the usual Spring and Summer sales season and delayed anticipated purchases of lawn, garden and patio products by the Company's customers during the second and third quarters of the current year. Operating income at JCC was $1,300,444 for the nine months ended May 31, 2019 compared to operating income of $2,556,910 for the nine months ended May 31, 2018, which was a decrease of $1,256,466, or 49%. 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.

Sales at Greenwood were $2,993,653 for the nine months ended May 31, 2019 compared to sales of $2,510,763 for the nine months ended May 31, 2018. This represents an increase of $482,890, or 19%. Management's efforts to broaden its customer base, including adding new customers in the transportation market, and to focus on the most in demand products with sales directly to end users, have improved revenue and margins. For the nine months ended May 31, 2019, Greenwood had operating income of $53,624 compared to an operating loss of ($30,241) for the nine months ended May 31, 2018.

Sales at JCSC for the nine months ended May 31, 2019 were $1,551,427, which was a decrease of $360,161, or 19%, from sales of $1,911,588 for the nine months ended May 31, 2018. Demand for clover seed, the Company's largest product, in the United States was significantly impacted due to the prolonged wet weather in important agricultural regions. Many farmers either delayed, or entirely eliminated, their usual planting of clover as a cover crop in 2019 due to the delayed Spring. For the nine-month period ended May 31, 2019, JCSC had an operating loss of ($121,164) compared to operating income of $84,474 for the nine months ended May 31, 2018.

Sales at MSI were $634,616 for the nine months ended May 31, 2019 compared to sales of $752,865 for the nine months ended May 31, 2018, which was a decrease of $118,249, or 16%. Conditions in the sector remain difficult due to higher competition. Management continues to review this business unit, products, sales channels and market differentiation. This review may result in additional write-offs and adjustments to the business during the remainder of fiscal 2019. For the nine months ended May 31, 2019, MSI had an operating loss of ($20,604) compared to an operating loss of ($9,833) for the nine months ended May 31, 2018.

JC USA, the holding company that provides professional and administrative services for the wholly-owned operating subsidiaries had operating income of $1,027,455 for the nine months ended May 31, 2019 compared to operating income of $687,698 for the nine months ended May 31, 2018. The increase is due to higher rental and administrative fees charged to its subsidiaries related to inventory levels. The results of JC USA are eliminated on consolidation.

Gross margin for the nine-month period ended May 31, 2019 was 22.9% compared to 20.6% for the nine months ended May 31, 2018. The higher margin in the current period was primarily due to sales from inventory of metal products acquired prior to the implementation of tariffs on Chinese products.

Operating expenses rose by $151,979 to $5,664,856 from operating expenses of $5,512,877 in the nine month period ended May 31, 2018. Selling, general and administrative expenses increased to $1,721,743 from $1,658,781, an increase of $62,962. Wages and employee benefits increased to $3,799,700 from $3,587,126, with the increase of $212,574 due to the higher costs of casual and contract labor incurred in the current tight labor market. The Company has also begun to add additional personal to support the increased focused on sales and marketing. Depreciation and amortization declined to $143,413 from to $266,970. During the nine-month period ended May 31, 2018, the Company conducted a periodic review of its patents and determined that two of its patents had expired. The Company immediately amortized the remaining book value of the patents and derecognized the assets.

Other items in the current nine-month period ended May 31, 2019 was gain on sale of property, plant and equipment of $105,366 which was primarily due to the sale of the Manning property. Interest and other income totaled $33,368. Other items in the nine-months ended May 31, 2018 were loss on the sale of property, plant and equipment of ($27,022) and interest and other income of $16,639.

Income tax expense in the current nine month period was $614,472 compared to $1,069,068 for the nine months ended May 31, 2018. The Company estimates income tax expense for the period based on combined federal and state rates that are currently in effect.

Net income for the nine months ended May 31, 2019 was $1,567,534, or $0.36 per basic and diluted share, compared to net income for the nine month ended May 31, 2018 of $2,219,940, or $0.50 per basic and diluted share, after adjustment for the 2-for-1 stock split effective May 28, 2018.

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2019, the Company had working capital of $17,610,706 compared to working capital of $18,346,414 as of August 31, 2018, a decrease of $735,708. The Company's strong working capital position is a demonstration of our core strengths. Cash and cash equivalents totaled $3,437,995, a decrease of $2,659,468. Inventory fell to $8,629,973 from $9,803,197. The amount of inventory was higher than normal as of August 31, 2018 due to the Company adding additional metal products to attempt to protect themselves and their customers from the impacts of tariffs on Chinese manufactured goods. Accounts receivable rose to $7,125,024 from $4,152,492 due to the higher seasonal sales recorded near the end of the current period. Prepaid expenses, which is largely related to down payments for future inventory purchases, declined by $21,268. Accounts payable rose by $266,248 and accrued liabilities declined by $348,396.

As of May 31, 2019, accounts receivable and inventory represented 80% of current assets and 70% of total assets. For the three months ended May 31, 2019, the accounts receivable collection period, or DSO, was 39 compared to 33 for the three months ended May 31, 2018. For the nine-month period ended May 31, 2019, the DSO was 58 compared to 45 for the nine months ended May 31, 2018. Inventory turnover for the three months ended May 31, 2018 was 72 days compared to 49 days for the three months ended May 31, 2018. For the nine months ended May 31, 2019, inventory turnover was 97 days compared to 67 days for the nine months ended May 31, 2018.

External sources of liquidity include a line of credit from U.S. Bank of $3,000,000. As of May 31, 2019, the Company had no borrowing balance leaving the entire amount 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 May 31, 2019, the one month LIBOR rate plus 175 basis points was 4.20% (2.45% + 1.75%). The line of credit has certain financial covenants. The Company is in compliance with these covenants.

The Company has been utilizing its cash position by repurchasing common shares under formal repurchase plans in order to increase shareholder value. During the nine-month period ended May 31, 2019 and the fiscal year ended August 31, 2018, 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 June 6, 2018, 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 June 11, 2018 and terminated upon the completion of the 250,000 share repurchase on October 25, 2018. Under the Plan, the Company repurchased and cancelled a total of 250,000 common shares at a total cost of $2,164,975 which was an average price of $8.66 per share.

On February 7, 2019, the Board of Directors approved a new share repurchase plan to purchase up to 250,000 common shares under similar terms as the June 6, 2018 Plan. The new plan commenced on February 18, 2019 and will remain in place until August 31, 2019 but may be limited or terminated at any time without prior notice.

During the second quarter of fiscal 2019 ended February 28, 2019, the Company repurchased 8,450 shares at an average price of $7.57. During the third quarter ended May 31, 2019, the Company repurchased 195,142 common shares. The total cost was $1,704,543 at an average share price of $8.73 per share.

The following table details the Company's repurchase of its common shares during the third quarter of fiscal 2019 ended May 31, 2019.

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
March	133,912	$8.64	142,362	107,638
April	48,969	$9.11	191,331	58,669
May	12,261	$8.31	203,592	46,408
Total*	**195,142**	**$8.73**	**203,592**	**46,408**

*Subsequent to the end of the nine-month period ended May 31, 2019 through July 12, 2019, the Company has repurchased an additional 36,300 common shares at a total cost of $308,137, which is an average price of $8.49 per share

Business Risks

This quarterly report includes "forward–looking statements" as that term is defined in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates," or "hopeful," or the negative of those terms or other comparable terminology, or by discussions of strategy, plans or intentions. For example, this section contains numerous forward-looking statements. All forward-looking statements in this report are made based on management's current expectations and estimates, which involve risks and uncertainties, including those described in the following paragraphs.

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.

Our shareholders could experience significant dilution if we issue our authorized 10,000,000 preferred shares.

The Company's common shares currently trade within the NASDAQ Capital Market in the United States. The average daily trading volume of our common stock on NASDAQ was approximately 5,800 shares for the nine months ended May 31, 2019. 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 nine months ended May 31, 2019, our top ten customers represented 77% 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 the U.S., Canada and Mexico and are primarily in the retail home improvement industry.

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.

Governmental actions, such as tariffs, and/or foreign policy actions could adversely and unexpectedly impact our business.

Since the bulk of our products are supplied from other countries, political actions by either our trading country or our own domestic policy could impact both availability and cost of our products. Currently, we see this in regard to tariffs being levied on foreign sourced products entering into the United States, including from China. The recent implementation of higher tariffs by the United States on certain Chinese goods include some of our products which we purchase from suppliers in China. The company has multiple options to assist in mitigating the cost impacts of these government actions. However, we cannot control the duration or depth of such actions which may increase our product costs which would reduce our margins and potentially decrease the competitiveness of our products. These actions could have a negative effect on our business, results of operations, or financial condition.

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 $3,000,000 of which $3,000,000 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.

Our information technology systems are susceptible to certain risks, including cyber security breaches, which could adversely impact our operations and financial condition.

Our operations involve information technology systems that process, transmit and store information about our suppliers, customers, employees, and financial information. These systems face threats including telecommunication failures, natural disasters, and cyber security threats, including computer viruses, unauthorized access to our systems, and other security issues. While we have taken aggressive steps to implement security measures to protect our systems and initiated an ongoing training program to address many of the primary causes of cyber threat with all our employees, such threats change and morph almost daily. There is no guarantee our actions will secure our information systems against all threats and vulnerabilities. The compromise or failure of our information systems could have a negative effect on our business, results of operations, or financial condition.

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, 2018. 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 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not have any derivative financial instruments as of May 31, 2019. However, the Company is exposed to interest rate risk.

The Company's interest income and expense are most sensitive to changes in the general level of U.S. interest rates. In this regard, changes in U.S. interest rates affect the interest earned on the Company's cash.

The Company has a line of credit whose interest rate 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 currently conducted in currencies other than U.S. dollars, and the Company may experience an increase in foreign exchange risk as they expand their international sales. Also, to the extent that the Company uses contract manufacturers in China, currency exchange rates can influence the Company's purchasing costs.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, including the Company's Principal Executive and Financial Officer, have evaluated 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 Principal Executive and Financial Officer has 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 our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a named party in a Civil Action in Pennsylvania. The matter is an action seeking compensation for personal injuries and is based on theories of product liability as to Jewett-Cameron. The matter arises out of a dog allegedly escaping from a Jewett-Cameron kennel product and causing personal injuries to three individuals. Jewett-Cameron is currently one of three named Defendants. As of this date, no formal responses have been made and no dates have been established governing the litigation proceedings. This matter is in its early stages making it speculative to predict as to its outcome. It is the Company's intention to vigorously defend the lawsuit. Jewett-Cameron's applicable liability insurer is providing a defense covering Jewett-Cameron's legal fees and costs, and at this time it appears that the insurance estate is sufficient to cover the liability exposure.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds
---No Disclosure Required---

Item 3. Defaults Upon Senior Securities
---No Disclosure Required---

Item 4. Mine Safety Disclosures
---No Disclosure Required---

Item 5. Other Information
---No Disclosure Required---

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of Jewett-Cameron Lumber Corporation -= Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 =-
3.2	Articles of Incorporation of Jewett-Cameron Company. -= Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 =-
31.1	Certification of Chief Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act, Charles Hopewell
32.1	Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Charles Hopewell

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

SIGNATURES

Pursuant to the requirements 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)

Date: July 15, 2019	*/s/ "Charles Hopewell"*
	Charles Hopewell, President/CEO/CFO

CERTIFICATIONS

I, Charles Hopewell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jewett-Cameron Trading Company Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 15, 2019

By: */s/ "Charles Hopewell"*
Charles Hopewell,
Chief Executive Officer and President,
and Principal Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended May 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 15, 2019

Signed: */s/ "Charles Hopewell"*
Charles Hopewell,
Chief Executive Officer and President,
and Principal Financial Officer