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 FEBRUARY 28, 2015**

☐ 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)

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 – 2,585,661 common shares as of April 13, 2015

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)

FEBRUARY 28, 2015

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

	February 28, 2015	August 31, 2014
ASSETS		
Current assets		
Cash	$ 12,193	$ 4,327,540
Accounts receivable, net of allowance of $Nil (August 31, 2014 - $Nil)	5,034,076	2,442,928
Inventory, net of allowance of $90,384 (August 31, 2014 - $111,756) (note 3)	11,102,996	9,154,129
Note receivable	1,700	15,000
Prepaid expenses	825,437	762,533
Prepaid income taxes	214,617	546,347
Total current assets	17,191,019	17,248,477
Property, plant and equipment, net (note 4)	2,058,754	2,147,387
Intangible assets, net (note 5)	259,603	295,956
Total assets	$ 19,509,376	$ 19,691,820

- 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)

	February 28, 2015	August 31, 2014
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Bank Indebtedness (note 7)	$ 875,386	$ -
Accounts payable	189,777	240,825
Litigation reserve (note 13(a))	104,138	117,387
Accrued liabilities	764,236	1,073,930
Total current liabilities	1,933,537	1,432,142
Deferred tax liability (note 6)	58,263	60,972
Total liabilities	1,991,800	1,493,114
Contingent liabilities and commitments (note 13)		
Stockholders' equity		
Capital stock (note 8)		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,585,661 common shares (August 31, 2014 – 2,704,630)	1,220,064	1,276,201
Additional paid-in capital	600,804	600,804
Retained earnings	15,696,708	16,321,701
Total stockholders' equity	17,517,576	18,198,706
Total liabilities and stockholders' equity	$ 19,509,376	$ 19,691,820

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 February 28,		Six Month Period Ended February 28,	
	2015	**2014**	**2015**	**2014**
SALES	$ 9,483,404	$ 9,732,649	$ 17,466,021	$ 17,738,930
COST OF SALES	7,581,284	7,974,979	13,693,878	14,131,481
GROSS PROFIT	1,902,120	1,757,670	3,772,143	3,607,449
OPERATING EXPENSES				
Selling, general and administrative expenses	511,375	446,900	972,823	838,786
Depreciation and amortization	70,600	69,531	139,683	139,550
Wages and employee benefits	853,441	832,421	1,663,034	1,676,371
	1,435,416	1,348,852	2,775,540	2,654,707
Income from operations	466,704	408,818	996,603	952,742
OTHER ITEMS				
Gain on sale of property, plant and equipment	-	-	-	4,109
Interest and other income	7,188	6,612	14,083	13,273
	7,188	6,612	14,083	17,382
Income before income taxes	473,892	415,430	1,010,686	970,124
Income tax expense	(190,332)	(178,032)	(399,339)	(400,147)
Net income	$ 283,560	$ 237,398	$ 611,347	$ 569,977
Basic earnings per common share	$ 0.11	$ 0.08	$ 0.23	$ 0.18
Diluted earnings per common share	$ 0.11	$ 0.08	$ 0.23	$ 0.18
Weighted average number of common shares outstanding:				
Basic	2,585,661	3,129,764	2,637,587	3,132,365
Diluted	2,585,661	3,129,764	2,637,587	3,132,365

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, 2012	3,135,942	$ 1,479,721	$ 600,804	$ 15,392,665	$ 17,473,190
Shares repurchased and cancelled (note 9)	(1,006)	(475)	-	(6,713)	(7,188)
Net income	-	-	-	3,132,019	3,132,019
August 31, 2013	3,134,936	1,479,246	600,804	18,517,971	20,598,021
Shares repurchased and cancelled (note 9)	(430,306)	(203,045)	-	(4,054,723)	(4,257,768)
Net income	-	-	-	1,858,453	1,858,453
August 31, 2014	2,704,630	1,276,201	600,804	16,321,701	18,198,706
Shares repurchased and cancelled (note 9)	(118,969)	(56,137)	-	(1,236,340)	(1,292,477)
Net income	-	-	-	611,347	611,347
February 28, 2015	2,585,661	$ 1,220,064	$ 600,804	$ 15,696,708	$ 17,517,576

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)

	Three Month Period Ended February 28,		Six Month Period Ended February 28,	
	2015	**2014**	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 283,560	$ 237,398	$ 611,347	$ 569,977
Items not involving an outlay of cash:				
Depreciation and amortization	70,600	69,531	139,683	139,550
Gain on sale of property, plant and equipment	-	-	-	(4,109)
Deferred income taxes	(6,426)	(3,802)	(2,709)	(8,366)
Interest income on litigation	(6,588)	(6,588)	(13,249)	(13,249)
Changes in non-cash working capital items:				
Increase in accounts receivable	(2,313,462)	(2,018,552)	(2,591,148)	(911,509)
(Increase) decrease in inventory	(358,245)	846,025	(1,948,867)	992,265
(Increase) decrease in note receivable	(1,700)	-	13,300	15,000
Increase in prepaid expenses	(255,461)	(1,205,662)	(62,904)	(1,501,225)
(Increase) decrease in prepaid income taxes	126,559	(448,288)	331,730	(221,609)
Increase (decrease) in accounts payable and accrued liabilities	(373,590)	837,196	(360,742)	(908,722)
Net cash used in operating activities	(2,834,753)	(1,692,742)	(3,883,559)	(1,851,997)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(13,417)	(17,457)	(14,697)	(75,375)
Proceeds from sale of property, plant and equipment	-	-	-	4,800
Net cash used in investing activities	(13,417)	(17,457)	(14,697)	(70,575)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank indebtedness	875,386	-	875,386	-
Redemption of common stock	-	(569,019)	(1,292,477)	(569,019)
Net cash provided by (used in) financing activities	875,386	(569,019)	(417,091)	(569,019)
Net decrease in cash	(1,972,784)	(2,279,218)	(4,315,347)	(2,491,591)
Cash, beginning of period	1,984,977	8,096,072	4,327,540	8,308,445
Cash, end of period	$ 12,193	$ 5,816,854	$ 12,193	$ 5,816,854

Supplemental disclosure with respect to cash flows (note 16)

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.

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 February 28, 2015 and August 31, 2014 and its results of operations and cash flows for the three and six month periods ended February 28, 2015 and February 28, 2014 in accordance with generally accepted accounting principles of the United States of America ("U.S. GAAP"). Operating results for the three and six month periods ended February 28, 2015 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements have been prepared in conformity with U.S. GAAP.

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 a maturity of three months or less at the time of issuance to be cash equivalents. At February 28, 2015, cash was $12,193 compared to $4,327,540 at August 31, 2014. At February 28, 2015 and August 31, 2014, there were no cash equivalents.

Accounts receivable

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

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

Inventory

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

Property, plant and equipment

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

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

Intangibles

The Company's intangible assets have a finite life and are recorded at cost. The most significant intangible assets are two patents related to gate support systems. Amortization is calculated using the straight-line method over the remaining lives of 36 months and 48 months, respectively, and are reviewed annually for impairment.

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 based only 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.

(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 six month periods ended February 28, 2015 and February 28, 2014 are as follows:

	Three Month Period Ended February 28,		Six Month Period Ended February 28,	
	2015	2014	2015	2014
Net income	$ 283,560	$ 237,398	$ 611,347	$ 569,977
Basic weighted average number of common shares outstanding	2,585,661	3,129,764	2,637,587	3,132,365
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	2,585,661	3,129,764	2,637,587	3,132,365

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 were granted during the six month period ended February 28, 2015, and there were no options outstanding on February 28, 2015.

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.

Notes receivable **-** the carrying amounts approximate fair value due to the short-term nature of the amount.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Bank indebtedness - the carrying amount approximates fair value due to the short-term nature of the obligation.

Accounts payable and accrued liabilities - the carrying amount approximates fair value due to the short-term nature of the obligations.

The estimated fair values of the Company's financial instruments as of February 28, 2015 and August 31, 2014 follows:

	February 28, 2015		August 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 12,193	$ 12,193	$4,327,540	$4,327,540
Accounts receivable, net of allowance	5,034,076	5,034,076	2,442,928	2,442,928
Note receivable	1,700	1,700	15,000	15,000
Bank indebtedness	875,386	875,386	-	-
Accounts payable and accrued liabilities	954,013	954,013	1,314,755	1,314,755

The following table presents information about the assets and liabilities that are measured at fair value on a recurring basis as of February 28, 2015, 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:

	February 28, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 12,193	$ 12,193	$ —	$ —
Bank indebtedness	875,386	875,386		

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 carryforwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 revenue in the consolidated statement of operations.

Revenue recognition

The Company recognizes revenue from the sales of lumber, building supply products, industrial wood products, specialty metal products, and other specialty products and tools, when the products are shipped, title passes, and the ultimate collection is reasonably assured. Revenue from the Company's seed operations is generated from seed processing, handling and storage services provided to seed growers, and by the sales of seed products. Revenue from the provision of these services and products is recognized when the services have been performed, products sold and collection of the amounts is reasonably assured.

Reclassifications

Certain reclassifications have been made to prior years' financial statements to conform to the classifications used in the current year.

Recent Accounting Pronouncements

Management has reviewed the new accounting guidance and determined that there is not a material impact on our financial statements.

3. INVENTORY

A summary of inventory is as follows:

	February 28, 2015	August 31, 2014
Wood products and metal products	$ 10,201,010	$ 8,219,574
Industrial tools	582,203	665,563
Agricultural seed products	319,783	268,992
	$ 11,102,996	$ 9,154,129

(Expressed in U.S. Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

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

	February 28, 2015	August 31, 2014
Office equipment	$ 563,703	$ 562,423
Warehouse equipment	1,493,362	1,482,278
Buildings	2,690,949	2,688,616
Land	761,924	761,924
	5,509,938	5,495,241
Accumulated depreciation	(3,451,184)	(3,347,854)
Net book value	$ 2,058,754	$ 2,147,387

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

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	February 28, 2015	August 31, 2014
Patent	$ 850,000	$ 850,000
Other	43,655	43,655
	893,655	893,655
Accumulated amortization	(634,052)	(597,699)
Net book value	$ 259,603	$ 295,956

6. DEFERRED INCOME TAXES

Deferred income tax liability as of February 28, 2015 of $58,263 (August 31, 2014 – $60,972) 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

Bank indebtedness under the Company’s $1,000,000 line of credit as of February 28, 2015 was $875,386 (August 31, 2014 - $Nil). Subsequent to February 28, 2015, the line of credit was increased to $3,000,000.

Bank indebtedness, when it exists, is secured by an assignment of accounts receivable and inventory. Interest is calculated solely on the one month LIBOR rate plus 175 basis points.

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 at the close of business on April 25, 2013. Shareholders received one additional common share for each common share held as of the record date. The stock split was effective as of May 2, 2013. 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 1st quarter of fiscal 2015 ended November 30, 2014, the Company repurchased and cancelled a total of 118,969 common shares under a 10b5-1 share repurchase plan. The total cost was $1,292,477 at an average price of $10.86 per share. The premium paid to acquire these shares over their per share book value in the amount of $1,236,340 was recorded as a decrease to retained earnings.

During the 4th quarter of fiscal 2014 ended August 31, 2014, the Company repurchased and cancelled a total of 45,048 common shares under a 10b5-1 share repurchase plan. The total cost was $454,050 at an average price of $10.08 per share. The premium paid to acquire these shares over their per share book value in the amount of $432,794 was recorded as a decrease to retained earnings.

During the 3rd quarter of fiscal 2014 ended May 31, 2014, the Company repurchased and cancelled a total of 327,078 common shares under a 10b5-1 share repurchase plan. The total cost was $3,234,699 at an average price of $9.89 per share. The premium paid to acquire these shares over their per share book value in the amount of $3,080,365 was recorded as a decrease to retained earnings.

During the 2nd quarter of fiscal 2014 ended February 28, 2014, the Company repurchased and cancelled a total of 58,180 common shares under a 10b5-1 share repurchase plan. The total cost was $569,019 at an average price of $9.78 per share. The premium paid to acquire these shares over their per share book value in the amount of $541,564 was recorded as a decrease to retained earnings.

10. STOCK OPTIONS

The Company has a stock option program under which stock options to purchase securities from the Company can be granted to directors and employees of the Company on terms and conditions acceptable to the regulatory authorities of Canada, notably the Ontario Securities Commission and the British Columbia Securities Commission.

Under the stock option program, stock options for up to 10% of the number of issued and outstanding common shares may be granted from time to time, provided that stock options in favor of any one individual may not exceed 5% of the issued and outstanding common shares. No stock option granted under the stock option program is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee. Generally, no option can be for a term of more than 10 years from the date of the grant.

The exercise price of all stock options, granted under the stock option program, must be at least equal to the fair market value (subject to regulated discounts) of such common shares on the date of grant. Options vest at the discretion of the Board of Directors.

The Company had no stock options outstanding as of February 28, 2015 and August 31, 2014.

11. EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

The Company formerly sponsored an ESOP that covered all U.S. employees who were employed by the Company on August 31 of each year and who had at least one thousand hours with the Company in the twelve months preceding that date. The ESOP formerly held common shares of the Company and granted to participants in the plan certain ownership rights in, but not possession of, or voting control of, any common stock of the Company held by the Trustee of the Plan. Shares of common stock were allocated annually to participants in the ESOP pursuant to a prescribed formula. The Company recorded compensation expense based on the market price of the Company's shares when they were allocated. Any dividends on allocated ESOP shares were recorded as a reduction of retained earnings. Beginning in fiscal 2010, the ESOP began its investment in diversified mutual funds. During fiscal 2011 and 2012, all of the Company's shares held by the ESOP were sold, with the majority repurchased by the Company and cancelled under the 10b5-1 share repurchase plans. Effective June 30, 2012, the ESOP was terminated, subject to the approval of the Internal Revenue Service. No further contributions were made to the ESOP. On October 18, 2013, the Internal Revenue Service issued a favorable determination letter for the termination of the ESOP, and the Plan has distributed the remaining assets to participants.

ESOP compensation expense was $Nil and $Nil for the fiscal years ended August 31, 2014 and 2013, respectively. No shares were owned by the ESOP at August 31, 2014 or 2013.

12. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 12 months of service pending a semi-annual enrolment time. The plan allows for a non-elective discretionary contribution based on the first $60,000 of eligible compensation. For the six month periods ended February 28, 2015 and 2014, the 401(k) compensation expense was $111,365 and $94,392, respectively.

13. CONTINGENT LIABILITIES AND COMMITMENTS

a) A subsidiary was a plaintiff in a lawsuit filed in Portland, Oregon, entitled, Greenwood Products, Inc. et al v. Greenwood Forest Products, Inc. et al., Case No. 05-02553 (Multnomah County Circuit Court).

During fiscal 2002 the Company entered into a purchase agreement to acquire inventory over a 15 month period with an initial estimated value of $7,000,000 from Greenwood Forest Products, Inc. During the year ended August 31, 2003, the Company completed the final phase of the inventory acquisition. As partial consideration for the purchase of the inventory the Company issued two promissory notes, based on its understanding of the value of the inventory purchased. The Company believes it overpaid the obligation by approximately $820,000. The holder counterclaimed for approximately $2,400,000.

Litigation was completed on March 5, 2007, with the court's general judgment and money award. The net effect was money judgment in favor of Greenwood Forest Products, Inc. for $242,604. The Company accrued reserves to cover the money judgment related to this dispute. Both parties filed appeals for review of the court's opinion.

During the 1st quarter of fiscal 2011, the Oregon Court of Appeals ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of the defendants should stand. The judgment in favor of the Company was for $819,000 plus attorneys fees. The judgment against the plaintiffs is for $1,187,137. The Company appealed the decision to the Oregon Supreme Court. During the 1st quarter of fiscal 2011, the Company recorded a litigation loss of $962,137 and interest of $391,988 in addition to the existing litigation reserve of $225,000. Additional interest of $48,790 was recorded during the remainder of fiscal 2011. During the 1st quarter of fiscal 2012 ended November 30, 2011, additional interest of $16,204 was accrued.

In February 2012, the Company received the decision from the Oregon Supreme Court which was favorable to Jewett Cameron as plaintiff. As a result, the Company has reversed $1,459,832 of the litigation reserve and accrued interest during the 2nd quarter of fiscal 2012 ended February 29, 2012. The reversal was treated as a one-time gain during the quarter.

In July 2014, upon remand from the Oregon Supreme Court, the Oregon Court of Appeals has concluded that Greenwood Forest Products, Inc. as defendants are entitled to a new trial, and, as a consequence, ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of defendants should stand. The judgment in favor of the Company was for $819,000 plus attorney's fees. The judgment against plaintiffs was for $1,187,137. On August 7, 2014, the Company filed a petition with the Oregon Supreme Court for a review of the Oregon Court of Appeals notice. The petition requests the Oregon Supreme Court review the most recent ruling by the Oregon Court of Appeals, reverse the decision, and affirm the original judgment of the trial court. In December 2014, the Company received notice that the Oregon Supreme Court has accepted the case for review. As of the date of this filing, the potential exposure to the Company of this new ruling is $1,900,000.

During the year ended August 31, 2014, the Company recorded $26,716 of interest income due to the favorable difference in interest rates between the judgments. During the six months ended February 28, 2015, the Company recorded $13,249 of interest income.

(Expressed in U.S. Dollars)

13. CONTINGENT LIABILITIES AND COMMITMENTS (cont'd…)

A summary of the litigation reserve is as follows:

	February 28, 2015	August 31, 2014
Litigation reserve	$ 117,387	$ 144,103
Interest income	(13,249)	(26,716)
Total	$ 104,138	$ 117,387

b) At February 28, 2015 the un-utilized portion under the Company's $1,000,000 line-of-credit was $124,614 (August 31, 2014 - $1,000,000) (note 7). The line-of-credit has certain financial covenants. The Company is in compliance with these covenants.

14. 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.

Effective September 1, 2013, the Company reorganized certain of its subsidiaries. The majority of fixed and intangible assets, and certain Corporate and administrative functions which were formerly contained within the "Lawn, garden, pet and other" reporting segment are now classified as "Corporate and administrative."

Following is a summary of segmented information for the six month periods ended February 28:

	2015	**2014**
Sales to unaffiliated customers:		
Industrial wood products	$ 2,120,203	$ 3,404,951
Lawn, garden, pet and other	12,733,854	11,929,856
Seed processing and sales	1,687,137	1,678,862
Industrial tools and clamps	924,827	725,261
	$ 17,466,021	$ 17,738,930
Income (loss) before income taxes:		
Industrial wood products	$ 43,322	$ (32,349)
Lawn, garden, pet and other	419,690	499,003
Seed processing and sales	129,211	108,661
Industrial tools and clamps	47,540	45,225
Corporate and administrative	370,923	349,584
	$ 1,010,686	$ 970,124

(Expressed in U.S. Dollars)

14. SEGMENT INFORMATION (cont'd…)

	2015	2014
Identifiable assets:		
Industrial wood products	$ 1,641,934	$ 1,366,293
Lawn, garden, pet and other	13,490,158	10,989,146
Seed processing and sales	747,635	632,061
Industrial tools and clamps	845,180	669,639
Corporate and administrative	2,784,469	9,071,339
	$ 19,509,376	$ 22,728,478
Depreciation and amortization:		
Industrial wood products	$ 490	$ 490
Lawn, garden, pet and other	27,675	21,194
Seed processing and sales	5,473	6,508
Industrial tools and clamps	1,401	2,974
Corporate and administrative	104,644	108,384
	$ 139,683	$ 139,550
Capital expenditures:		
Industrial wood products	$ -	$ -
Lawn, garden, pet and other	-	-
Seed processing and sales	-	-
Industrial tools and clamps	-	1,300
Corporate and administrative	14,697	74,075
	$ 14,697	$ 75,375
Interest expense:		
Lawn, garden, pet and other	$ -	$ -

The following table lists sales made by the Company to customers which were in excess of 10% of total sales for the six months ended February 28, 2015 and 2014:

	2015	2014
Sales	$ 7,734,187	$ 7,604,958

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 six months ended February 28, 2015 and 2014:

	2015	2014
United States	$ 16,438,761	$ 16,275,299
Canada	533,745	349,275
Mexico/Latin America	462,805	987,524
Europe	-	126,832
Asia/Pacific	30,710	-

All of the Company's significant identifiable assets were located in the United States as of February 28, 2015 and 2014.

(Expressed in U.S. Dollars)

15. 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 February 28, 2015, one customer accounted for accounts receivable greater than 10% of total accounts receivable at 38%. At February 28, 2014, three customers accounted for accounts receivable greater than 10% of total accounts receivable at 57%. 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 six months ended February 28, 2015, there were three suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $9,460,114. For the six months ended February 28, 2014, there were two suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $5,871,611.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the six months ended February 28, 2015 and 2014 are summarized as follows:

	2015	2014
Cash paid during the periods for:		
Interest	$ -	$ -
Income taxes	$ 70,198	$ 630,122

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

17. SUBSEQUENT EVENTS

a) Subsequent to the quarter ended February 28, 2015, the Company increased its line of credit from $1,000,000 to $3,000,000.

b) During the month of March 2015, the Company re-purchased and is in the process of cancelling a total of 1,103 shares of its common stock pursuant to the Company's 10b5-1 share re-purchase plan, previously announced on February 11, 2015. The total cost was $11,406 at an average share price of $10.34 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 February 28, 2015 and August 31, 2014 and its results of operations and cash flows for the three and six month periods ended February 28, 2015 and February 28, 2014 in accordance with U.S. GAAP. Operating results for the three and six month periods ended February 28, 2015 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2015.

The Company's operations are classified into four reportable segments, which were determined based on the nature of the products offered along with the markets being served. The segments are as follows:

- Industrial wood products
- Lawn, garden, pet and other
- Seed processing and sales
- Industrial tools

Effective September 1, 2013, the Company reorganized certain of its subsidiaries. Jewett-Cameron Lumber Corporation (JCLC) was changed to JC USA Inc. (JC USA), which has the following four wholly-owned subsidiaries.

The industrial wood products segment reflects the business conducted by Greenwood Products, Inc. (Greenwood), Greenwood is a processor and distributor of industrial wood products. A major product category is treated plywood that is sold to boat manufacturers and the transportation industry.

The lawn, garden, pet and other segment reflects the business of the newly incorporated Jewett-Cameron Company (JCC), which is a manufacturer and distributor of specialty metal products and a wholesaler of wood products formerly conducted by JCLC. Wood products include fencing and landscape timbers, while metal products include dog kennels, proprietary gate support systems, perimeter fencing, and greenhouses. JCC uses contract manufacturers to make the specialty metal products. Some of the products that JCC distributes flow through the Company's distribution center located in North Plains, Oregon, and some are shipped direct to the customer from the manufacturer. Primary customers are home centers and other retailers.

The seed processing and sales segment reflects the business of Jewett-Cameron Seed Company (JCSC). JCSC processes and distributes agricultural seed. Most of this segment's sales come from selling seed to distributors with a lesser amount of sales derived from cleaning seed.

The industrial tools segment reflects the business of MSI-PRO (MSI). MSI imports and distributes products including pneumatic air tools, industrial clamps, and saw blades; that are primarily sold to retailers that in turn sell to contractors and end users.

RESULTS OF OPERATIONS

Three Months Ended February 28, 2015 and February 28, 2014

For the three months ended February 28, 2015, sales decreased $249,245 to $9,483,404 from $9,732,649. This represents a decrease of 3%.

Sales at Greenwood were $1,127,521 for the three months ended February 28, 2015 compared to sales of $1,947,704 for the three months ended February 28, 2014, which was a decrease of $820,183, or 42%. Much of the decline was due to the Company's sale of its excess inventory related to the marine industry in an arm's length transaction in February 2014. The Company does not anticipate a significant marine industry recovery in the near future. Nevertheless, the Company will maintain a readiness to participate in the marine segment when, and if, the market rebounds. Greenwood is continuing to develop new customer relationships and establish additional uses for its products. For the three months ended February 28, 2015, Greenwood had operating income of $25,255 compared to an operating loss of ($20,926) for the three months ended February 28, 2014. The improvement in income for the current quarter was partially due to sales to the transportation industry that had been delayed from prior quarters.

Sales at JCC were $6,844,945 for the three months ended February 28, 2015 compared to sales of $6,485,914 for the three months ended February 28, 2014. This represents an increase of $359,031, or 6%. The operating results of JCC are historically seasonal with the first two quarters of the fiscal year being slower than the final two quarters of the fiscal year. During the current quarter, sales were negatively affected by prolonged winter weather across much of the United States which delayed retailers from stocking lawn and garden products. In addition, the US West Coast marine ports suffered serious slowdowns and temporary shutdowns due to labor issues between longshoreman and port management. This impacted the delivery of many of the Company's products which are manufactured in China and delivered by sea, and resulted in sales order delays and increased freight costs. The prior year quarter's results were negatively affected by a delay in orders caused by manufacturing capacity constraints at the Company's suppliers around the Chinese New Year. These constraints led to a delay in shipments and also pushed back the targeted rollout dates of several new products. Operating income for the current quarter was $499,026 compared to $441,859 for the quarter ended February 28, 2014. JCC also continues to be affected by an increase in overall market competitiveness and higher raw material prices, which have resulted in lower margins.

Sales at JCSC were $982,243 for the three months ended February 28, 2015 compared to sales of $938,119 for the three months ended February 28, 2014, which was an increase of 5%. Product seed sales have been slow to recover after the departure of the Company's lead salesman during 2013. Revenue levels continue to be lower than in prior periods as seed cleaning service revenue has declined as more growers have begun to clean in-house. There has also been an overall reduction in grass seed acreage as higher grain prices have encouraged growers to shift acreage to higher margin food crops. Operating income at JCSC for the quarter was $46,290, an increase of $6,532 from income of $39,758 in the prior year's quarter. The increase in operating income was consistent with the higher level of sales.

Sales at MSI were $528,695 for the three months ended February 28, 2015 compared to sales of $360,912 for the three months ended February 28, 2014, which was an increase of $167,783 or 46%. Sales have rebounded since management reorganized MSI's product offerings in fiscal 2014 by ending sales of lower margin products and focusing on key specialty products with higher inventory turnover. Operating income for the quarter was $16,788 compared to operating income of $14,772 for the comparative quarter in the prior year.

Gross margin for the three months ended February 28, 2015 was 20.1% compared to 18.1% for the three months ended February 28, 2014.

Operating expenses increased by $86,564 to $1,435,416 from $1,348,852 for the three months ended February 28, 2014. Selling, General and Administrative Expenses rose to $511,375 from $446,900, which was primarily due to added labor, travel and marketing expense in effort to capture market share for new and existing products. Wages and Employee Benefits increased slightly by $21,020 to $853,441 from $832,421. Depreciation and Amortization increased to $70,600 from $69,531.

Income tax expense for the three month period ended February 28, 2015 was $190,332 compared to $178,032 for the three month period ended February 28, 2014. The Company estimates income tax expense for the quarter based on combined federal and state rates that are currently in effect.

Net income for the quarter ended February 28, 2015 was $283,560, or $0.11 per basic and diluted share, compared to net income of $237,398, or $0.08 per basic and diluted share, for the quarter ended February 28, 2014. The net income per share in the current quarter was positively affected the repurchase of common shares which lowered the weighted average number of common shares used to compute net income per share.

Six Months Ended February 28, 2015 and February 28, 2014

For the six months ended February 28, 2015, sales decreased by $272,909, or 2%, to $17,466,021 from sales of $17,738,930 recorded in the six month period ended February 28, 2014. The decrease is primarily due to sales delays caused by disruptions in receiving inventory from suppliers.

Sales at Greenwood were $2,120,203 for the six months ended February 28, 2015 compared to sales of $3,404,951 for the six months ended February 28, 2014. Sales declined due to the continued slowdown in demand from many of the market segments served by Greenwood, and the sale of the Company's excess inventory related to the marine industry in an arm's length transaction in February 2014. The Company does not anticipate a significant marine industry recovery in the near future. Nevertheless, the Company will maintain a readiness to participate in the marine segment when, and if, the market rebounds. Greenwood is continuing to develop new customer relationships and establish additional uses for its products. Operating income for Greenwood for the six months ended February 28, 2015 was $43,322 compared to an operating loss of ($32,349) for the six months ended February 28, 2014.

Sales at JCC were $12,733,854 for the six months ended February 28, 2015, compared to sales of $11,929,856 for the six months ended February 28, 2014, which was an increase of $803,998 or 7%. Sales during the current period were impacted by the slowdown and shutdowns of US West Coast Marine ports. These disruptions caused delays and higher freight costs in the shipping of many of JCC's products from the manufacturers in China to the Company, and resulted in sales delays from the Company to their retail customers. Although the ports and labor unions reached an agreement to end the slowdowns in February 2015, the effects of the port and marine shipping disruptions are expected to continue into the Company's third quarter. Sales for the prior year six month period were negatively affected by manufacturing capacity constraints at the Company's suppliers around the Chinese New Year. These product delays resulted in a delay in fulfilling customer orders and also pushed back the targeted rollout dates of several new products. Operating income at JCC was $893,201 compared to $896,785 for the six months ended February 28, 2014. Higher raw material prices and an increase in market competitiveness have continued to pressure segment margins. Overall, the operating results of JCLC 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 JCSC for the six months ended February 28, 2015 were $1,687,137, which was relatively flat compared to sales of $1,678,862 for the six months ended February 28, 2014. The sales environment for the segment remains challenging due to the decline in seed cleaning services from more growers cleaning in-house, and an overall reduction in grass seed acreage as higher grain prices have encouraged growers to shift acreage to higher margin food crops. Operating income was $139,106 for the six months ended February 28, 2015 compared to operating income of $117,035 for the six months ended February 28, 2014.

Sales at MSI were $924,827 for the six months ended February 28, 2015, which was an increase of $199,566, or 28%, from sales of $725,261 for the six months ended February 28, 2014. The Company has wound down certain sales programs of its lower margin products and has concentrated on selling more profitable products. Operating income was $63,182 for the current six month period compared to operating income of $58,187 for the six months ended February 28, 2014.

Gross margin for the six month period ended February 28, 2015 was 21.6% compared to 20.3% for the six months ended February 28, 2014.

Operating expenses increased by $120,833, or 5%, to $2,775,540 from $2,654,707 recorded in the six month period ended February 28, 2014. Selling, General and Administrative Expenses rose to $972,823 from $838,786. Wages and Employee Benefits declined slightly to $1,663,034 from $1,676,371, and Depreciation and Amortization was flat at $139,683 compared to $139,550.

Other items in the current six month period ended February 28, 2015 were interest and other income of $14,083. In the six months ended February 28, 2014, other items included the gain on sale of property, plant and equipment of $4,109 and interest and other income of $13,273.

Income tax expense in the current six month period was $399,339 compared to $400,147 for the six months ended February 28, 2014. 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 six months ended February 28, 2015 was $611,347, or $0.23 per basic and diluted share, compared to net income of $569,977, or $0.18 per basic and diluted share, for the six months ended February 28, 2014. The net income per share in the current period was positively affected the repurchase of common shares which lowered the weighted average number of common shares used to compute net income per share.

LIQUIDITY AND CAPITAL RESOURCES

As of February 28, 2015, the Company had working capital of $15,257,482 compared to working capital of $15,816,335 as of August 31, 2014, a decrease of $558,853. The decrease was largely due to the Company's repurchase of common shares. Cash declined to $12,193, a decrease of $4,315,347. The decrease in the Company's cash position was due to the repurchase of shares as well as the increase in inventory, which rose to $11,102,996 from $9,154,129. Inventory rose due to prolonged winter weather across much of the United States and the slowdown at West Coast ports, which delayed the delivery of products from the manufacturers in China to the Company and resulted in significant sales order delays to the Company's customers. The timing of sales and collection of receivables were responsible for much of the increase in the Company's accounts receivable, which increased to $5,034,076 from $2,442,928 as many sales occurred at the end of the period and were not due until the fiscal third quarter. Prepaid expenses, which are largely related to down payments for future inventory purchases, increased to $825,437 from $762,533 as shipments of additional inventory have been delayed. Note receivable declined to $1,700 from $15,000 as the original note was repaid and a new note was issued. Accounts payable declined to $189,777 due to the seasonal cycle of payments to inventory suppliers. Bank indebtedness increased to $875,386 from $Nil, as the Company utilized its line of credit during the current period. Accrued liabilities declined by $309,694. Litigation reserve declined by $13,249 as differences in interest rates resulted in a reduction in the amount reserved.

As of February 28, 2015, accounts receivable and inventory represented 94% of current assets and 83% of total assets. For the three months ended February 28, 2015, the accounts receivable collection period, or DSO, was 48 compared to 39 for the three months ended February 28, 2014. For the six month period ended February 28, 2015, the DSO was 52 compared to 43 for the six months ended February 28, 2014. Inventory turnover for the three months ended February 28, 2015 was 130 days compared to 90 days for the three months ended February 28, 2014. For the six months ended February 28, 2015, inventory turnover was 134 compared to 103 days for the six months ended February 28, 2014.

External sources of liquidity include a line of credit from U.S. Bank of $1,000,000 of which $124,614 was available as of February 28, 2015. Subsequent to the end of the six month period ended February 28, 2015, the Company increased the line of credit to $3,000,000. 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 February 28, 2015, the one month LIBOR rate plus 175 basis points was 1.92% (0.17% + 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. On January 13, 2014, the Company announced the Board of Directors had authorized a Rule 10b5-1 share repurchase plan to purchase for cancellation up to 313,493 common shares through the facilities of NASDAQ. Transactions may involve Company insiders or their affiliates executed in compliance with the Company'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 the Company'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 share repurchase plan commenced on January 20, 2014 and terminated on March 24, 2014. A total of 313,493 common shares were repurchased under this plan. The total cost of the shares acquired was $3,055,591 at an average price of $9.75 per share.

On April 9, 2014, the Company announced the Board of Directors had authorized a share repurchase plan to purchase for cancellation up to 300,000 common shares through the facilities of NASDAQ under similar terms as the January 13, 2014 repurchase plan. This share repurchase plan commenced on April 14, 2014 and terminated on November 14, 2014. Under the Plan, the Company repurchased a total of 235,782 common shares at a cost of $2,494,654 which is an average price of $10.58 per share.

On February 11, 2015, the Company announced the Board of Directors had authorized a new share repurchase plan to purchase for cancellation up to 300,000 common shares through the facilities of NASDAQ under similar terms to the January 13, 2014 repurchase plan. The plan commenced on February 17, 2015 and will remain in place until August 14, 2015 but may be limited or terminated at any time without prior notice. During the second quarter of fiscal 2015, no common shares were repurchased under the plan. Subsequent to the end of the second quarter, a total of 1,103 common shares were repurchased during the month of March 2015 at a cost of $11,406 which is an average price of $10.34 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.

<u>Risks Related to Our Common Stock</u>

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 common shares also formerly traded on the Toronto Stock Exchange (“TSX”) in Canada until the Company voluntarily delisted from the TSX on October 11, 2012. The average daily trading volume of our common stock on NASDAQ was 2,352 shares for the six months ended February 28, 2015. With this limited trading volume, investors could find it difficult to purchase or sell our common stock.

The Company is currently in default of NASDAQ Capital Market Continued Listing Standards

Ted Sharp, an Independent Member of the Board of Directors and chairman of the Company’s Audit Committee, died on March 20, 2015. Due to the death of Mr. Sharp, the Company’s Board of Directors currently consists of 3 members, of which 2 are Independent, and the Company’s Audit Committee consists of the 2 Independent Directors. Under NASDAQ Listing Rule 5605, the Company’s Audit Committee must consist of at least 3 Directors, all of which must be Independent. The Company has a cure period to regain compliance by appointing a qualified independent director to the Audit Committee and naming a new Audit Committee Chairman. This cure period extends until (i) the earlier of the Company’s next annual shareholders’ meeting or March 20, 2016; or (ii) if the next annual shareholders’ meeting is held before September 16, 2015, then the Company must evidence compliance no later than September 16, 2015. If the Company is unable to appoint a new Independent Director and regain compliance with NASDAQ’s continued listing standards, the Company’s common stock will be subject to delisting which would likely have a negative effect on the price and trading volume of the Company’s common shares.

<u>Risks Related to Our Business</u>

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 six months ended February 28, 2015, our top ten customers represented 69% 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.

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 $1,000,000 as of February 28, 2015, of which approximately $100,000 was available as of that date. We are currently in compliance with the requirements of our existing line of credit. If we lost this credit it could become impossible to pay some of our creditors on a timely basis.

If we fail to maintain an effective system of internal controls, we may not be able to detect fraud or report our financial results accurately, which could harm our business and we could be subject to regulatory scrutiny.

We have completed a management assessment of internal controls as prescribed by Section 404 of the Sarbanes-Oxley Act, which we were required to do in connection with our year ended August 31, 2014. 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 February 28, 2015. 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 as well as interest paid on debt.

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 conducted in currencies other than U.S. dollars. Also, to the extent that the Company uses contract manufacturers in China, currency exchange rates can influence the Company's purchasing costs.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer and the Chief 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 Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Chief 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

a) One of our subsidiaries was a plaintiff in a lawsuit filed in Portland, Oregon, entitled, Greenwood Products, Inc. et al v. Greenwood Forest Products, Inc. et al., Case No. 05-02553 (Multnomah County Circuit Court).

   During fiscal 2002 the Company entered into a purchase agreement to acquire inventory over a 15 month period with an initial estimated value of $7,000,000 from Greenwood Forest Products, Inc. During the year ended August 31, 2003, the Company completed the final phase of the inventory acquisition. As partial consideration for the purchase of the inventory the Company issued two promissory notes, based on its understanding of the value of the inventory purchased. The Company believes it overpaid the obligation by approximately $820,000. The holder counterclaimed for approximately $2,400,000.

   Litigation was completed on March 5, 2007, with the court's general judgment and money award. The net effect was money judgment in favor of Greenwood Forest Products, Inc. for $242,604. The Company accrued reserves to cover the money judgment related to this dispute. Both parties filed appeals for review of the court's opinion.

   During the 1st quarter of fiscal 2011, the Oregon Court of Appeals ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of the defendants should stand. The judgment in favor of the Company was for $819,000 plus attorney's fees. The judgment against the plaintiffs is for $1,187,137. The Company appealed the decision to the Oregon Supreme Court. During the 1st quarter of fiscal 2011, the Company recorded a litigation loss of $962,137 and interest of $391,988 in addition to the existing litigation reserve of $225,000. Additional interest of $48,790 was recorded during the remainder of fiscal 2011. During the 1st quarter of fiscal 2012 ended November 30, 2011, additional interest of $16,204 was accrued.

   In February 2012, the Company received the decision from the Oregon Supreme Court which was favorable to Jewett Cameron as plaintiff. As a result, the Company has reversed $1,459,832 of the litigation reserve and accrued interest during the 2nd quarter of fiscal 2012 ended February 29, 2012. The reversal was treated as a one-time gain during the quarter.

   In July 2014, upon remand from the Oregon Supreme Court, the Oregon Court of Appeals has concluded that Greenwood Forest Products, Inc. as defendants are entitled to a new trial, and, as a consequence, ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of defendants should stand. The judgment in favor of the Company was for $819,000 plus attorney's fees. The judgment against plaintiffs was for $1,187,137. On August 7, 2014, the Company filed a petition with the Oregon Supreme Court for a review of the Oregon Court of Appeals notice. The petition requests the Oregon Supreme Court review the most recent ruling by the Oregon Court of Appeals, reverse the decision, and affirm the original judgment of the trial court. In December 2014, the Company received notice that the Oregon Supreme Court has accepted the case for review. As of the date of this filing, the potential exposure to the Company of this new ruling is $1,900,000.

During the year ended August 31, 2014, the Company recorded $26,716 of interest income due to the favorable difference in interest rates between the judgments. During the six months ended February 28, 2015, the Company recorded $13,249 of interest income.

b) In January 2013, the Company's subsidiary JC USA Inc. (formerly Jewett-Cameron Lumber Corporation) reached a settlement with the State of Oregon Department of Transportation in the Circuit Court of the State of Oregon for Washington County, Case No. C122901CV. Under the settlement agreement, the Company agreed to sell approximately 1.64 acres of land to the Department of Transportation for $410,000. The land had a cost basis of $56,148, and the Company recorded a gain on sale of property plant and equipment of $353,852 during the fiscal year ended August 31, 2013.

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 pursuant to Section 302 of the Sarbanes-Oxley Act, Donald M. Boone
31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act, Murray G. Smith.
32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Donald M. Boone
32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Murray G. Smith

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)

April 13, 2015	*/s/ "Donald M. Boone"* Donald M. Boone, President/CEO/Director
April 13, 2015	*/s/ "Murray G. Smith"* Murray G. Smith, Chief Financial Officer

CERTIFICATIONS

I, Donald M. Boone, 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. The registrant's other certifying officer and I are 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 principals;

   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 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. The registrant's other certifying officer and I have disclosed, based on our 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: April 13, 2015

By: */s/ "Donald M. Boone"*
Donald M. Boone,
Chief Executive Officer

CERTIFICATIONS

I, Murray G. Smith, 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. The registrant's other certifying officer and I are 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 principals;

    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 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. The registrant's other certifying officer and I have disclosed, based on our 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: April 13, 2015

By: */s/ "Murray G. Smith"*
Murray G. Smith,
Chief 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 February 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers 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: April 13, 2015 Signed: */s/ “Donald M. Boone”*

Donald M. Boone,
President and CEO

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 February 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers 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: April 13, 2015 Signed: */s/ “Murray G. Smith”*

Murray G. Smith,
Chief Financial Officer