UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2012**

[ ] 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. **[X] 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 [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] **No [X]**

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 – 1,609,870 common shares as of April 11, 2012.

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 29, 2012

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

	February 29, 2012	August 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,310,547	$ 6,774,127
Accounts receivable, net of allowance of $6,299 (August 31, 2011 - $Nil)	3,954,043	3,897,086
Inventory, net of allowance of $192,810 (August 31, 2011 - $204,860) (note 3)	6,483,367	5,815,593
Note receivable	61,500	41,500
Prepaid expenses	1,201,725	848,341
Prepaid income taxes	-	682,527
Total current assets	16,011,182	18,059,174
Property, plant and equipment, net (note 4)	1,793,962	1,850,037
Intangible assets, net (note 5)	484,932	510,771
Deferred income taxes (note 6)	156,305	157,862
Total assets	$ 18,446,381	$ 20,577,844

- 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 29 2012	**August 31, 2011**
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 994,410	$ 519,265
Litigation reserve (note 12(a))	184,286	1,627,915
Accrued liabilities	891,752	941,846
Accrued income taxes	228,358	-
Total current liabilities	2,298,806	3,089,026
Contingent liabilities and commitments (note 12)		
Stockholders' equity		
Capital stock (note 8)		
Authorized		
20,000,000 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
1,609,870 common shares (August 31, 2011 - 1,908,457)	1,519,261	1,801,043
Additional paid-in capital	600,804	600,804
Retained earnings	14,027,510	15,086,971
Total stockholders' equity	16,147,575	17,488,818
Total liabilities and stockholders' equity	$ 18,446,381	$ 20,577,844

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 Periods to the End of February		Six Month Periods to the End of February	
	2012	**2011**	**2012**	**2011**
SALES	$ 11,751,797	$11,860,014	$ 18,992,407	$ 17,945,065
COST OF SALES	9,660,496	9,734,195	15,434,911	14,373,452
GROSS PROFIT	2,091,301	2,125,819	3,557,496	3,571,613
OPERATING EXPENSES				
Selling, general and administrative expenses	460,595	418,217	888,944	898,401
Depreciation and amortization	64,297	65,757	125,495	131,134
Wages and employee benefits	893,973	886,508	1,707,686	1,708,047
	1,418,865	1,370,482	2,722,125	2,737,582
Income from operations	672,436	755,337	835,371	834,031
OTHER ITEMS				
Gain (loss) on sale of property, plant and equipment	-	(1,114)	-	4,336
Interest and other income	-	-	-	26
Interest expense (note 12(a))	16,203	(16,023)	-	(408,014)
Litigation reserves (note 12(a))	1,443,629	-	1,443,629	(962,137)
	1,459,832	(17,137)	1,443,629	(1,365,789)
Income (loss) before income taxes	2,132,268	738,200	2,279,000	(531,758)
Income tax (expense) recovery	(844,494)	(241,251)	(927,193)	182,372
Net income (loss)	$ 1,287,774	$ 496,949	$ 1,351,807	$ (349,386)
Basic earnings (loss) per common share	$ 0.71	$ 0.25	$ 0.73	$ (0.16)
Diluted earnings (loss) per common share	$ 0.71	$ 0.25	$ 0.73	$ (0.16)
Weighted average number of common shares outstanding:				
Basic	1,823,423	2,014,865	1,861,819	2,162,580
Diluted	1,823,423	2,014,865	1,861,819	2,162,580

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)

	Common Stock				
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2009	2,390,977	$ 2,256,112	$ 600,804	$ 15,755,990	$ 18,612,906
Shares repurchased and cancelled (note 9)	(79,040)	(74,298)	-	(474,853)	(549,151)
Net income	-	-	-	1,982,814	1,982,814
August 31, 2010	2,311,937	2,181,814	600,804	17,263,951	20,046,569
Shares repurchased and cancelled (note 9)	(403,480)	(380,771)	-	(3,079,374)	(3,460,145)
Net income	-	-	-	902,394	902,394
August 31, 2011	1,908,457	1,801,043	600,804	15,086,971	17,488,818
Shares repurchased and cancelled (note 9)	(298,587)	(281,782)	-	(2,411,268)	(2,693,050)
Net income	-	-	-	1,351,807	1,351,807
February 29, 2012	1,609,870	$ 1,519,261	$ 600,804	$ 14,027,510	$ 16,147,575

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)

	Six Month Periods to the End of February 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,351,807	$ (349,386)
Items not involving an outlay of cash:		
Depreciation and amortization	125,495	131,134
Gain (loss) on sale of property, plant and equipment	-	(4,336)
Deferred income taxes	1,557	8,232
Changes in non-cash working capital items:		
Increase in accounts receivable	(56,957)	(2,062,853)
(Increase) decrease in inventory	(667,774)	(353,377)
Increase in note receivable	(20,000)	-
Increase in prepaid expenses	(353,385)	(104,470)
(Increase) decrease in prepaid income taxes	682,527	(567,112)
Increase in taxes receivable	-	(200,941)
Increase (decrease) in accounts payable and accrued liabilities	(1,018,578)	2,007,459
Increase in accrued income taxes	228,358	-
Net cash provided by (used in) operating activities	273,050	(1,495,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30,531)	(35,569)
Purchase of intangible assets and other	(13,050)	-
Proceeds from sale of property, plant and equipment	-	5,450
Net cash used in investing activities	(43,581)	(30,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(2,693,049)	(2,450,844)
Net cash used in financing activities	(2,693,049)	(2,450,844)
Net decrease in cash and cash equivalents	(2,463,580)	(3,976,613)
Cash and cash equivalents, beginning of period	6,774,127	8,710,314
Cash and cash equivalents, end of period	$ 4,310,547	$ 4,733,701

Supplemental disclosure with respect to cash flows (note 15)

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. JCLC has the following wholly owned subsidiaries: MSI-PRO Co. ("MSI"), incorporated April 1996, Jewett-Cameron Seed Company, ("JCSC"), incorporated October 2000, and Greenwood Products, Inc. ("Greenwood"), incorporated February 2002. 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. JCLC's business consists of warehouse distribution and direct sales of wood products and specialty metal 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.

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 29, 2012 and August 31, 2011 and its results of operations and cash flows for the three and six month periods ended February 29, 2012 and February 28, 2011 in accordance with U.S. GAAP. Operating results for the three and six month periods ended February 29, 2012 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2012.

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, JCLC, 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.

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Cash and cash equivalents

The Company considers cash and cash equivalents to be highly liquid in nature. At February 29, 2012, cash and cash equivalents were $4,310,547 compared to $6,774,127 at August 31, 2011.

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	5-7 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 72 months and 84 months, respectively, and are reviewed annually for impairment.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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. Any amounts expressed in Canadian dollars are indicated as such.

The Company does not have non-monetary or monetary assets and liabilities that are in a currency other than the U.S. dollar. Any income statement 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 earnings (loss) per share data for the periods ended on February 29, 2012 and February 28, 2011 are as follows:

	Three Month Periods to the End of February		Six Month Periods to the End of February	
	2012	2011	2012	2011
Net income (loss)	$ 1,287,774	$ 496,949	$ 1,351,807	$ (349,386)
Basic weighted average number of common shares outstanding	1,823,423	2,014,865	1,861,819	2,162,580
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	1,823,423	2,014,865	1,861,819	2,162,580

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 29, 2012, and there were no options outstanding on February 29, 2012.

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 and cash equivalents - 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.

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 29, 2012 and August 31, 2011 follows:

	February 29, 2012		**August 31, 2011**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Cash and cash equivalents	$4,310,547	$4,310,547	$6,774,127	$6,774,127
Accounts receivable	3,954,043	3,954,043	3,897,086	3,897,086
Note receivable	61,500	61,500	41,500	41,500
Accounts payable and accrued liabilities	1,886,162	1,886,162	1,461,111	1,461,111

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The following table presents information about the assets that are measured at fair value on a recurring basis as of February 29, 2012, 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 29, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 4,310,547	$ 4,310,547	$ —	$ —

The fair values of cash and cash equivalents 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.

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.

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Revenue recognition

The Company recognizes revenue from the sales of lumber, building supply products, industrial wood products and 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 and products sold and collection of the amounts is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Reclassifications

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

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, "Improving Disclosures about Fair Value Measurements," which amends existing disclosure requirements under ASC 820. ASU No. 2010-06 requires new disclosures for significant transfers between Levels 1 and 2 in the fair value hierarchy and separate disclosures for purchases, sales, issuances, and settlements in the reconciliation of activity for Level 3 fair value measurements. This ASU also clarifies the existing fair value disclosures regarding the level of disaggregation and the valuation techniques and inputs used to measure fair value. ASU No. 2010-06 will only impact disclosures and is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures on purchases, sales, issuances and settlements in the roll forward of activity for Level 3 fair value measurements. Those disclosures are effective for interim and annual periods beginning after December 15, 2010. Other than requiring additional disclosures, adoption of this new guidance did not have and is not expected to have a material impact on the Company's financial statements.

In May 2011, the FASB issued ASU No. 2011-04, "Fair Value Measurement Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS", which provides guidance to achieve common fair value measurement and disclosure requirements between GAAP and International Financial Reporting Standards. This guidance amends current fair value measurement and disclosure guidance to include increased transparency around valuation inputs and investment categorization. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on the Company's financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income" which provides guidance regarding presentation of other comprehensive income in the financial statements. This guidance will eliminate the option under GAAP to present other comprehensive income in the statement of changes in equity. Under the guidance, the Company will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on the Company's financial statements.

In September 2011, the FASB issued ASU 2011-08 "Testing Goodwill for Impairment", which gives companies the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before performing the two-step test mandated prior to this update. This ASU also provides companies with a revised list of examples of events and circumstances to consider, in their totality, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If a company concludes that this is the case, it must perform the two-step test. Otherwise, a company may skip the two-step test. Companies are not required to perform the qualitative assessment and may instead proceed directly to the first step of the two-part test. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on the Company's consolidated financial statements.

(Expressed in U.S. Dollars)

3. INVENTORY

A summary of inventory is as follows:

	February 29, 2012	August 31, 2011
Wood products and metal products	$ 5,957,031	$ 4,926,121
Industrial tools	425,480	456,523
Agricultural seed products	100,856	432,949
	$ 6,483,367	$ 5,815,593

4. PROPERTY, PLANT AND EQUIPMENT

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

	February 29, 2012	August 31, 2011
Office equipment	$ 610,625	$ 612,709
Warehouse equipment	1,168,617	1,136,002
Buildings	2,339,815	2,339,815
Land	615,213	615,213
	4,734,270	4,703,739
Accumulated depreciation	(2,940,308)	(2,853,702)
Net book value	$ 1,793,962	$ 1,850,037

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.

(Expressed in U.S. Dollars)

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	February 29, 2012	August 31, 2011
Patent	$ 850,000	$ 850,000
Other	43,665	30,605
	893,665	880,605
Accumulated amortization	(408,733)	(369,834)
Net book value	$ 484,932	$ 510,771

6. DEFERRED INCOME TAXES

Deferred income tax assets as of February 29, 2012 of $156,305 (August 31, 2011 - $157,862) 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 line of credit as of February 29, 2012 or August 31, 2011.

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 200 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.

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 paid-in-capital in excess of stated value.

During the 2nd quarter of fiscal 2012 ended February 29, 2012, the Company repurchased and cancelled a total of 248,587 shares of its common stock under a 10b5-1 share repurchase plan. The total cost was $2,238,929 at an average share price of $9.01 per share. The premium paid to acquire these shares over their per share book value in the amount of $2,004,334 was recorded as a decrease to retained earnings.

9. CANCELLATION OF CAPITAL STOCK (cont'd…)

During the 1st quarter of fiscal 2012 ended November 30, 2011, the Company repurchased and cancelled a total of 50,000 shares of its common stock under a 10b5-1 share repurchase plan. The total cost was $454,120 at an average share price of $9.08 per share. The premium paid to acquire these shares over their per share book value in the amount of $406,934 was recorded as a decrease to retained earnings.

During the 4th quarter of Fiscal 2011, the Company repurchased and cancelled a total of 10,500 shares of its common stock under a 10b5-1 share re-purchase plan. The total cost was $98,175 at an average share price of $9.35 per share. The premium paid to acquire these shares over their per share book value in the amount of $88,266 was recorded as a decrease to retained earnings.

During the 3rd quarter of Fiscal 2011, the Company repurchased and cancelled a total of 95,908 shares of its common stock under a 10b5-1 share re-purchase plan. The total cost was $911,126 at an average share price of $9.50 per share. The premium paid to acquire these shares over their per share book value in the amount of $820,616 was recorded as a decrease to retained earnings.

During the 1st quarter of Fiscal 2011, the Company repurchased and cancelled a total of 297,072 shares of its common stock under a 10b5-1 share re-purchase plan. The total cost was $2,450,844 at an average share price of $8.25 per share. The premium paid to acquire these shares over their per share book value in the amount of $2,170,492 was recorded as a decrease to retained earnings.

During the 4th quarter of Fiscal 2010, the Company re-purchased and cancelled a total of 79,040 shares of its common stock under a 10b5-1 share re-purchase plan. The total cost was $549,151 at an average share price of $6.95 per share. The premium paid to acquire these shares over their per share book value in the amount of $474,853 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 Toronto Stock Exchange ("TSX"), 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 29, 2012 and August 31, 2011.

(Expressed in U.S. Dollars)

11. EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

The Company sponsors an ESOP that covers all U.S. employees who are employed by the Company on August 31 of each year and who have at least one thousand hours with the Company in the twelve months preceding that date. The ESOP grants to participants in the plan certain ownership rights in, but not possession of, or voting control of, the common stock of the Company held by the Trustee of the Plan. Shares of common stock are allocated annually to participants in the ESOP pursuant to a prescribed formula. The Company records compensation expense based on the market price of the Company's shares when they are allocated. Any dividends on allocated ESOP shares are recorded as a reduction of retained earnings. ESOP compensation expense was $141,518 and $146,677 for the fiscal years ended August 31, 2011 and 2010, respectively, and is included in wages and employee benefits. The ESOP shares are as follows:

	February 29, 2012	**August 31, 2011**
Shares owned by ESOP	8,651	224,939

12. 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 defendants should stand. The judgment in favor of the Company was for $819,000 plus attorneys fees. The judgment against 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 has been treated as a one-time gain during the quarter.

(Expressed in U.S. Dollars)

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

A summary of the litigation reserve is as follows:

	February 29, 2012	August 31, 2011
Litigation loss	$ -	$ 962,137
Litigation reserve	184,286	225,000
Interest	-	440,778
Total	$ 184,286	$ 1,627,915

b) At February 29, 2012 and August 31, 2011, the Company had an un-utilized line-of-credit of $5,000,000 (note 7). The line-of-credit has certain financial covenants. The Company is in compliance with these covenants.

13. 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 six month periods ended February 29, 2012 and February 28, 2011:

	2012		2011	
Sales to unaffiliated customers:				
Industrial wood products	$ 3,707,195		$ 3,950,434	
Lawn, garden, pet and other	10,950,187		10,707,328	
Seed processing and sales	3,260,536		2,353,401	
Industrial tools and clamps	1,074,489		933,902	
	$ 18,992,407		$ 17,945,065	
Income (loss) before income taxes:				
Industrial wood products	$ (120,214)		$ (243,156)	
Lawn, garden, pet and other	879,921	*	983,154	*
Seed processing and sales	120,593		113,225	
Industrial tools and clamps	9,548		40,824	
Unallocated overhead	(54,477)		(55,654)	
	$ 835,371		$ 838,393	
Identifiable assets:				
Industrial wood products	$ 2,293,515		$ 2,716,702	
Lawn, garden, pet and other	15,102,911		16,605,723	
Seed processing and sales	380,542		848,392	
Industrial tools and clamps	611,423		612,665	
Unallocated overhead	57,990		74,347	
	$ 18,446,381		$ 20,857,829	

(Expressed in U.S. Dollars)

13. SEGMENT INFORMATION (cont'd…)

Depreciation and amortization:		
Industrial wood products	$ 806	$ 931
Lawn, garden, pet and other	113,017	119,062
Seed processing and sales	9,367	9,871
Industrial tools and clamps	2,305	1,270
	$ 125,495	$ 131,134
Capital expenditures:		
Industrial wood products	$ -	$ -
Lawn, garden, pet and other	19,053	1,590
Seed processing and sales	1,478	33,979
Industrial tools and clamps	10,000	-
	$ 30,531	$ 35,569
Interest expense:		
Lawn, garden, pet and other	$ -	$ 16,023

* For comparability purposes, the 2012 amount excludes reversal of litigation reserve of $1,443,629. The 2011 amount excludes one-time charges for litigation reserve of ($962,137) and related interest of ($408,014).

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 29, 2012 and February 28, 2011:

	2012	**2011**
Sales	$ 3,025,478	$ 5,428,364

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 29, 2012 and February 28, 2011:

	2012	**2011**
United States	$ 17,124,159	$ 15,814,213
Canada	1,078,507	1,381,387
Mexico	449,967	125,013
Europe	260,345	215,953
Asia/Pacific	79,429	346,843
Africa	-	34,381
South America	-	27,275

All of the Company's significant identifiable assets were located in the United States as of February 29, 2012 and February 28, 2011.

(Expressed in U.S. Dollars)

14. CONCENTRATIONS

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents 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 29, 2012, three customers accounted for accounts receivable greater than 10% of total accounts receivable at 58%. At February 28, 2011, three customers accounted for accounts receivable greater than 10% of total accounts receivable at a combined total of 62%. 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 29, 2012, there were two suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $6,634,034. For the six months ended February 28, 2011, there were three suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $6,898,933.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the six months ended February 29, 2012 and February 28, 2011 are summarized as follows:

	2012	2011
Cash paid during the periods for:		
Interest	$ -	$ -
Income taxes	$ -	$ 558,979

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

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 29, 2012 and August 31, 2011 and its results of operations and cash flows for the six month periods ended February 29, 2012 and February 28, 2011 in accordance with U.S. GAAP. Operating results for the three and six month periods ended February 29, 2012 are not necessarily indicative of the results that may be experienced for the full fiscal year ending August 31, 2012.

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

The industrial wood products segment reflects the business conducted by Greenwood Products, Inc. (Greenwood), a wholly owned subsidiary of Jewett-Cameron Lumber Corporation (JCLC). Greenwood is a processor and distributor of industrial wood and other specialty building 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 Jewett-Cameron Lumber Corporation, which is a manufacturer and distributor of specialty metal products and a wholesaler of wood products. Wood products include fencing and landscape timbers, while metal products include dog kennels, a proprietary gate support system, perimeter fencing, and greenhouses. JCLC uses contract manufacturers to make the specialty metal products. Some of the products that JCLC 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 large retailers.

The seed processing and sales segment reflects the business of Jewett-Cameron Seed Company (JCSC), a wholly owned subsidiary of JCLC. 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), a wholly owned subsidiary of JCLC. 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. Some of these products carry the Avenger Products brand label.

RESULTS OF OPERATIONS

Three Months Ended February 29, 2012 and February 28, 2011

For the three months ended February 29, 2012, sales decreased $108,217 to $11,751,797 from $11,860,014 for the three months ended February 28, 2011. This represents a decrease of 1%.

Sales at Greenwood were $2,219,421 for the three months ended February 29, 2012 which was a slight increase compared to sales of $2,114,737 for the three months ended February 28, 2011. The boat manufacturing industry remained weak, which has resulted in lower demand for Greenwood's industrial wood products, although the Company is developing new industry relationships in other industries. Operating loss before taxes at Greenwood was $18,858 for the three months ended February 29, 2012 compared to a net loss of $89,245 for the three months ended February 28, 2011.

Sales at JCLC were $7,375,821 for the three months ended February 29, 2012 compared to sales of $7,809,322 for the three months ended February 28, 2011. This represents a decrease of $433,501, or 6%. Operating income for the current quarter was $659,302, which was a decrease of $112,715, or 15%, compared to operating income of $772,017 in the year-ago quarter. The lower operating income was in line with the decrease in sales, which were challenged by the slow recovery in the overall economy. The operating results of JCLC are historically seasonal with the first two quarters of the fiscal year being slower than the final two quarters of the fiscal year.

Sales at JCSC were $1,573,424 for the three months ended February 29, 2012, which was an increase of $135,952, or 9% compared to sales of $1,437,472 for the three months ended February 28, 2011. Operating income at JCSC for the current quarter was $31,070, a decrease of $48,840 from the operating income of $79,910, recorded by JCSC in the prior year's quarter.

Sales at MSI were $583,130 for the three months ended February 29, 2012, which was an increase of $84,647, or 17%, compared to sale of $498,483 for the three months ended February 28, 2011. Operating income at MSI for the current quarter was $28,155, which was a slight increase from the operating income of $24,869 for the prior year's quarter.

Gross margin for the three months ended February 29, 2012 was 17.8% compared to 17.9% for the three month period ended February 28, 2011. The lower gross margin reflects higher material and transportation costs in the current quarter.

Operating expenses increased by $48,383 to $1,418,865 for the three month period ended February 29, 2012 compared to $1,370,482 for the three month period ended February 28, 2011. Selling, General and Administrative Expenses increased by $42,378 from $418,217 to $460,595. Wages and Employee Benefits increased by $7,465 to $893,973 from $886,508. Depreciation and Amortization decreased by $1,460 to $64,297 from $65,757.

Other items in the current period included the reversal of Litigation Reserves of $1,443,629 and Interest Expense of $16,023 due to the favorable decision for the Company from the Oregon Supreme Court in the Company's lawsuit filed in relation to the acquisition of inventory by Greenwood Products. These reversals have been treated as a one-time gain and contributed to the Company's higher income tax expense and net income for the quarter. Income tax expense rose to $844,494 from $241,251 for the three month period ended February 28, 2011. 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 three month period was $1,287,774, or $0.71 per basic and diluted share, compared to net income of $496,949, or $0.25 per basic and diluted share in the quarter ended February 28, 2011. The net income per share was also positively effected by the lower average number of common shares outstanding in the current quarter due to the Company's share repurchases during the most recent three fiscal quarters.

Six Months Ended February 29, 2012 and February 28, 2011

For the six months ended February 29, 2012, sales increased $1,047,342, or 6%, to $18,992,407 from sales of $17,945,065 recorded in the six month period ended February 28, 2011. The increase is primarily due to higher sales at JCLC, JCSC and MSI.

Sales at Greenwood were $3,707,195 for the six months ended February 29, 2012, which was a decrease of $243,239, or 6%, compared to sales of $3,950,434 for the six months ended February 28, 2011. Sales to boat manufacturers represented approximately 16% of Greenwood's total sales for the six months ended February 29, 2012, and demand from these kinds of customers has been severely affected by weak economic conditions. Boat manufacturers continue to work down excess inventory accumulated over the past several years, and until such point, we do not foresee an industry recovery. We continue to develop a readiness to participate when the market rebounds. In the meantime, we have been searching for alternative uses for our industrial wood products and developing new customer relationships. As a result, the operating loss before taxes at Greenwood was $102,444 for the six months ended February 29, 2012 compared to a net loss of $239,836 for the six months ended February 28, 2011.

Sales at JCLC were $10,950,188 for the six months ended February 29, 2012 compared to sales of $10,707,329 for the six months ended February 28, 2011. This represents an increase of $242,859, or 2%. Operating income before income taxes was $831,530 compared to $948,644 in the six month period ended February 28, 2011. This represents a decrease of $117,114, which was due to lower gross margins in the current period. The margins were negatively impacted by higher material and transportation costs. Historically, the operating results of JCLC are seasonal with the first two quarters of the fiscal year typically being much slower than the final two quarters of the fiscal year.

Sales at JCSC were $3,260,584 for the six months ended February 29, 2012, which was an increase of $907,183, or 39%, compared to sales of $2,353,401 for the six months ended February 28, 2011. Higher cereal and livestock feed prices have caused a shift by some growers from grass seed to grains, which have begun to have a positive effect on recent surpluses and wholesale prices. However, demand remains relatively weak, primarily from the new home construction and golf course industry in North America. Operating income for the current six month period was $139,288 compared to operating income of $127,330.

Sales at MSI were $1,074,489 for the six months ended February 29, 2012, which was an increase of $140,587, or 15%, compared to sales of $933,902 for the six months ended February 28, 2011. Operating income for the current six month period was $21,474 compared to operating income of $53,546 in the six months ended February 28, 2011.

Gross margin for the six month period ended February 29, 2012 was 18.7% compared to gross margin of 19.9% for the six months ended February 28, 2011. The overall gross margin in the current six month period continues to be negatively impacted by rising material costs and higher transportation costs.

Operating expenses declined slightly by $15,457 to $2,722,125 in the six month period ended February 29, 2012 from $2,737,582 in the six month period ended February 28, 2011. Selling, General and Administrative Expenses decreased by $9,457 from $898,401 to $888,944, and Wages and Employee Benefits were relatively unchanged at $1,707,686 compared to $1,708,047. Depreciation and Amortization decreased by $5,639 to $125,495 from $131,134.

Other items in the six month period ended February 29, 2012 included the reversal of Litigation Reserves of $1,443,629 due to the favorable decision for the Company' from the Oregon Supreme Court in the Company's lawsuit filed in relation to the acquisition of inventory by Greenwood Products. This reversal has been treated as a one-time gain and contributed to the Company's higher income tax expense and net income for the current six month period. In the six month period ended February 28, 2011, the Company recorded Interest Expense of $408,014 and Litigation Reserve of $962,137 while the Company appealed the original adverse decision to the Oregon Supreme Court. Income tax expense in the current six month period was $927,193 compared to income tax recovery of $182,372 in the six months ended February 28, 2011. The Company estimates income tax expense for the quarter based on combined federal and state rates that are currently in effect.

Including the positive effects of the reversal of the litigation reserve, net income was $1,351,807, or $0.73 per basic and diluted share, in the current six month period ended February 29, 2012. In the six month period ended February 28, 2011, the Company had a net loss of ($349,386), or ($0.16) per basic and diluted share, which was negatively effected by the litigation reserve.

LIQUIDITY AND CAPITAL RESOURCES

As of February 29, 2012, the Company had working capital of $13,712,376 compared to working capital of $14,970,148 as of August 31, 2011. This represents a decrease of $1,257,772, which was largely due to the Company expending cash of $2,693,049 on the repurchase and cancellation of 298,587 common shares. This was partially offset by the reversal of the litigation reserve of $1,443,629.

The largest differences in individual components of working capital during the period were a $2,463,580 decrease in cash and cash equivalents; a $56,957 increase in accounts receivable; a $667,774 increase in inventory; an increase in $20,000 in note receivable; an increase of $353,384 in prepaid expenses; and a decrease in prepaid income taxes of $682,527; an increase of $475,145 in accounts payable; a decrease of $50,094 in accrued liabilities; an increase of $228,358 in accrued income taxes; and a decrease of $1,443,629 in litigation reserve.

As of February 29, 2012, accounts receivable and inventory represented 65% of current assets and 57% of total assets. For the three month ended February 29, 2012, the accounts receivable collection period or DSO was 31 compared to 45 for the three months ended February 28, 2011. For the six month period ended February 29, 2012, the DSO was 38 compared to 60 for the six months ended February 28, 2011. Inventory turnover for the three months ended February 29, 2012 was 71 days compared to 62 days for the three months ended February 28, 2011. For the six month period February 29, 2012, inventory turnover was 73 days compared to 81 days for the six months ended February 28, 2011.

External sources of liquidity include a line of credit from U.S. Bank of $5,000,000 of which the Company had not borrowed against at February 29, 2012. 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 200 basis points. As of February 29, 2012, the one month LIBOR rate plus 200 basis points was 2.24% (0.24% + 2.00%). 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 10b5-1 plans in order to increase shareholder value. During the first quarter of fiscal 2012 ended November 30, 2011, the Company repurchased 50,000 common shares at a total cost was $454,120, which represents an average price of $9.08 per share. During fiscal 2011, the Company repurchased and cancelled 403,480 common shares at a total cost of $3,460,145, which represents an average price of $8.58 per share.

On January 17, 2012, the Board of Directors authorized the implementation of a new share repurchase plan for purchase and cancellation of up to 300,000 common shares. This amount represents approximately 16% of the common shares outstanding. The share repurchase plan will be 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. Transactions may involve the Company's Employee Stock Ownership Plan, and may also involve insiders or their affiliates executed in compliance with Jewett-Cameron's Insider Trading Policy. The repurchase plan may commence on January 23, 2012 and will remain in place until May 18, 2012 but may be limited or terminated at any time without prior notice. Under this new share repurchase plan, the Company repurchased and cancelled 248,587 common shares in the 2nd quarter ended February 29, 2012 at a cost of $2,238,929, which represents an average price of $9.01 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 and on the TSX Exchange in Toronto, Ontario, Canada. On NASDAQ the average daily trading volume for the six month period ended February 29, 2012 was approximately 3,955 shares. Trading volume on the TSX Exchange was significantly less than on NASDAQ. With this limited trading volume, investors could find it difficult to purchase or sell the Company’s common stock.

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

We could experience a decrease in the demand for our products resulting in lower sales volumes, which would give us less capital with which to operate.

In the past we have at times experienced decreasing products sales with certain customers. The reasons for this can be generally attributed to factors such as competition, wood products prices, and 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 and could not be replaced.

For the six months ended February 29, 2012, our top ten customers represented 55% 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. and are primarily in the home improvement, marine, and agricultural industries.

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 $5 million of which there is no borrowing balance. 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. 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 29, 2012. 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 equivalents 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

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 and an award of contested intellectual property rights to the Company. 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 defendants should stand. The judgment in favor of the Company was for $819,000 plus attorneys fees. The judgment against plaintiffs is for $1,187,137. The Company appealed the ruling to the Oregon Supreme Court. In addition to the previously accrued litigation reserve of $225,000, the Company recorded a litigation loss of $962,137 and interest of $440,778 in fiscal 2011 ended August 31, 2011 related to the judgment. In the first quarter of fiscal 2012 ended November 30, 2011, the Company recorded additional interest of $16,204.

In February 2012, the Company received the decision from the Oregon Supreme Court which reversed in part the decision of the Oregon Court of Appeals in a way favorable to the Company. The case is now returned to the Oregon Court of Appeals for further consideration. As the decision was favorable to Jewett Cameron, 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 has been treated as a one-time gain during the quarter.

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. Changes in Securities and Use of Proceeds

---No Disclosure Required---

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

Item 4. Submission of Matters to a Vote of Securities Holders
---No Disclosure Required---

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

Item 6. Exhibits

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 11, 2012 *"/s/ "Donald M. Boone"*
Donald M. Boone, President/CEO/Director

April 11, 2012 */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 11, 2012

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 11, 2012

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 29, 2012 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 11, 2012 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 29, 2012 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 11, 2012 Signed: */s/ "Murray G. Smith"*

Murray G. Smith,
Chief Financial Officer