2010	Gas and electricity marketing Canada	Gas and electricity marketing United States	Ethanol Canada	Home services Canada	Consolidated
Sales gas	$ 788,661	$ 425,975	$ –	$ –	$ 1,214,636
Sales electricity	637,580	381,674	–	–	1,019,254
Ethanol	–	–	56,455	–	56,455
Home services	–	–	–	8,886	8,886
Sales	$ 1,426,241	$ 807,649	$ 56,455	$ 8,886	$ 2,299,231
Gross margin	$ 231,147	$ 172,627	$ 4,510	$ 7,049	$ 415,333
Amortization of property, plant and equipment	(3,418)	(251)	(1,059)	(766)	(5,494)
Amortization of intangible assets	(37,309)	(22,413)	(20)	(1,209)	(60,951)
Other operating expenses	(68,156)	(121,394)	(9,089)	(8,760)	(207,399)
Income before the undernoted	122,264	28,569	(5,658)	(3,686)	141,489
Interest expense	9,079	1,130	5,107	818	16,134
Change in fair value of derivative instruments	37,058	(35,776)	–	–	1,282
Other income	(3,122)	(82)	(311)	–	(3,515)
Non-controlling interest	–	–	(3,593)	(55)	(3,648)
Provision (recovery) for income tax	(123,113)	24,415	–	(1,562)	(100,260)
Net income (loss)	$ 202,362	$ 38,882	$ (6,861)	$ (2,887)	$ 231,496
Additions to property, plant and equipment	$ 11,267	$ 797	$ 4,599	$ 24,544	$ 41,207
Total goodwill	$ 138,905	$ 31,053	$ –	$ 7,929	$ 177,887
Total assets	$ 727,395	$ 330,912	$ 161,028	$ 91,492	$ 1,310,827

NOTE 18 GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by Just Energy to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with Just Energy and its subsidiaries and/or affiliates, subject to certain restrictions. Just Energy has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of Just Energy's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $88,282.

NOTE 19 COMMITMENTS

Commitments for each of the next five years and thereafter are as follows:

	Premises and equipment leasing	Grain production contracts	Master Services agreement with EPCOR	Long-term commodity contracts with various suppliers
2012	$ 8,333	$ 7,082	$ 4,974	$ 1,498,293
2013	6,222	1,703	–	915,844
2014	4,733	396	–	489,855
2015	3,855	–	–	209,069
2016	2,678	–	–	58,436
Thereafter	4,841	–	–	2,292
	$ 30,662	$ 9,181	$ 4,974	$ 3,173,789

Just Energy is also committed under long term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

NOTE 20 CONTINGENCIES

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce, a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. Although Commerce did not own generation, the State of California is claiming that Commerce was unjustly enriched by the run-up caused by the alleged market manipulation by other market participants. The proceedings are currently ongoing. On March 18, 2010, the Administrative Law Judge granted the motion to strike for all parties in one of the complaints holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision.

At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable.

NOTE 21 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2011	2010
Changes in:		
Accrued gas accounts payable	**$ 4,266**	$ (26,286)
Unbilled revenues	**(5,749)**	36,986
Gas delivered in excess of consumption	**3,763**	(8,508)
Deferred revenue	**(4,005)**	8,357
	$ (1,725)	$ 10,549

NOTE 22 NET CHANGE IN NON-CASH WORKING CAPITAL

	2011	2010
Accounts receivable	**$ 4,513**	$ (60,021)
Gas in storage	**(2,355)**	2,430
Inventory	**(583)**	(41)
Prepaid expenses	**15,511**	25,869
Accounts payable and accrued liabilities	**(49,637)**	5,931
Corporate taxes recoverable	**(5,662)**	(8,303)
Other	**–**	(1,388)
	$ (38,213)	$ (35,523)

NOTE 23 COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

NOTE 24 SUBSEQUENT EVENTS

Declared dividends

On April 4, 2011, the Board of Directors of Just Energy declared a dividend in the amount of $0.10333 per common share ($1.24 annually). The dividend will be paid on April 30, 2011, to shareholders of record at the close of business on April 15, 2011.

On May 3, 2011, the Board of Directors of Just Energy declared a dividend in the amount of $0.10333 per common share ($1.24 annually). The dividend will be paid on May 31, 2011, to shareholders of record at the close of business on May 15, 2011.

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Just Energy Group Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Group Inc. maintains systems of internal accounting and administrative controls. These systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is composed entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Group Inc.

Ken Hartwick

Ken Hartwick
Chief Executive Officer and President

Beth Summers
Chief Financial Officer

Independent auditors' report

To the Shareholders of **Just Energy Group Inc.**

We have audited the accompanying consolidated financial statements of **Just Energy Group Inc.**, which comprise the consolidated statements of financial position as at March 31, 2012 and 2011, and April 1, 2010, and the consolidated statements of income (loss), comprehensive income (loss), shareholders' deficit and cash flows for the years ended March 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Just Energy Group Inc.** as at March 31, 2012 and 2011, and April 1, 2010, and the results of its financial performance and its cash flows for the years ended March 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada,
May 17, 2012.

Chartered Accountants
Licensed Public Accountants

Consolidated statements of financial position

As at

(thousands of Canadian dollars)

	Notes	March 31, 2012	March 31, 2011	April 1, 2010
ASSETS				
Non-current assets				
Property, plant and equipment	5	$ 291,061	$ 234,002	$ 216,676
Intangible assets	6	543,775	640,219	528,854
Contract initiation costs		44,225	29,654	5,587
Other non-current financial assets	11	15,315	5,384	5,027
Non-current receivables		6,475	4,569	2,014
Deferred tax asset	16	78,398	121,785	265,107
		979,249	1,035,613	1,023,265
Current assets				
Inventory	8	9,988	6,906	6,323
Gas delivered in excess of consumption		12,844	3,481	7,410
Gas in storage		11,453	6,133	4,058
Current trade and other receivables		299,945	281,685	232,579
Accrued gas receivables		2,875	26,535	20,793
Unbilled revenues		130,796	112,147	61,070
Prepaid expenses and deposits		9,451	6,079	20,038
Other current assets	11	12,799	3,846	2,703
Corporate tax recoverable		8,225	9,135	–
Restricted cash	7	12,199	833	18,650
Cash and cash equivalents		53,220	97,633	60,132
		563,795	554,413	433,756
TOTAL ASSETS		$ 1,543,044	$ 1,590,026	$ 1,457,021
DEFICIT AND LIABILITIES				
Deficit attributable to equity holders of the parent				
Deficit		$(1,652,188)	$ (1,349,928)	$ (1,556,669)
Accumulated other comprehensive income	12	70,293	123,919	221,969
Unitholders' capital		–	–	777,856
Shareholders' capital	13	993,181	963,982	–
Equity component of convertible debenture	15	25,795	18,186	–
Contributed surplus		62,147	52,723	–
Shareholders' deficit		(500,772)	(191,118)	(556,844)
Non-controlling interest		(637)	–	20,421
TOTAL DEFICIT		(501,409)	(191,118)	(536,423)
Non-current liabilities				
Long-term debt	15	679,072	507,460	231,837
Provisions	17	3,068	3,244	3,124
Deferred lease inducements		1,778	1,622	1,984
Other non-current financial liabilities	11	309,617	355,412	590,572
Deferred tax liability	16	6,073	22,919	6,776
Liability associated with Exchangeable Shares and equity-based compensation	29	–	–	181,128
		999,608	890,657	1,015,421
Current liabilities				
Bank indebtedness		1,060	2,314	8,236
Trade and other payables		287,145	275,503	177,368
Accrued gas payable		2,960	19,353	15,093
Deferred revenue		11,985	–	7,202
Unit distribution payable		–	–	13,182
Income taxes payable		4,814	9,788	6,410
Current portion of long-term debt	15	97,611	94,117	61,448
Provisions	17	3,226	4,006	3,884
Other current financial liabilities	11	636,044	485,406	685,200
		1,044,845	890,487	978,023
TOTAL LIABILITIES		2,044,453	1,781,144	1,993,444
TOTAL DEFICIT AND LIABILITIES		$ 1,543,044	$ 1,590,026	$ 1,457,021

Guarantees (Note 23) Commitments (Note 26)

See accompanying notes to the consolidated financial statements

Approved on behalf of Just Energy Group Inc.

Rebecca MacDonald, Executive Chair

Michael Kirby, Corporate Director

Consolidated statements of income (loss)

For the years ended March 31
(thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2012	2011
SALES	19	$ 2,785,269	$ 2,953,192
COST OF SALES	18(b)	2,267,780	2,471,630
GROSS MARGIN		517,489	481,562
EXPENSES			
Administrative expenses		122,397	109,400
Selling and marketing expenses		177,302	133,607
Other operating expenses	18(a)	154,357	165,575
		454,056	408,582
Operating profit		63,433	72,980
Finance costs	15	(60,935)	(59,883)
Change in fair value of derivative instruments	11	(96,345)	506,047
Proportionate share of loss from joint venture	10	(1,971)	–
Other income		6,702	7,235
Income (loss) before income taxes		(89,116)	526,379
Provision for income taxes	16	37,527	173,439
PROFIT (LOSS) FOR THE YEAR		$ (126,643)	$ 352,940
Attributable to:			
Shareholders of Just Energy		$ (126,522)	$ 355,076
Non-controlling interest		(121)	(2,136)
PROFIT (LOSS) FOR THE YEAR		$ (126,643)	$ 352,940

See accompanying notes to the consolidated financial statements

	Notes	2012	2011
Profit (loss) per share	21		
Basic		$ (0.92)	$ 2.77
Diluted		$ (0.92)	$ 2.40

Consolidated statements of comprehensive income (loss)

For the years ended March 31
(thousands of Canadian dollars)

	Notes	2012	2011
Profit (loss) for the year		$ (126,643)	$ 352,940
Other comprehensive income (loss)	12		
Unrealized gain on translation of foreign operations		2,386	449
Amortization of deferred unrealized gain of discontinued hedges, net of income taxes of $13,150 (2011 – $21,384)		(56,012)	(98,499)
Other comprehensive loss for the year, net of tax		(53,626)	(98,050)
Total comprehensive income (loss) for the year, net of tax		$ (180,269)	$ 254,890
Total comprehensive income (loss) attributable to:			
Shareholders of Just Energy		$ (180,148)	$ 257,026
Non-controlling interest		(121)	(2,136)
Total comprehensive income (loss) for the year, net of tax		$ (180,269)	$ 254,890

See accompanying notes to the consolidated financial statements

Consolidated statements of shareholders' deficit

For the years ended March 31
(thousands of Canadian dollars)

	Notes	2012	2011
ATTRIBUTABLE TO THE SHAREHOLDERS/UNITHOLDERS			
Accumulated deficit			
Accumulated deficit, beginning of year		$ (315,934)	$ (671,010)
Loss on cancellation of shares	13	(356)	–
Profit (loss) for the year, attributable to the shareholders		(126,522)	355,076
Accumulated deficit, end of year		(442,812)	(315,934)
DISTRIBUTIONS/DIVIDENDS			
Distributions and dividends, beginning of year		(1,033,994)	(885,659)
Distributions and dividends	25	(175,382)	(148,335)
Distributions and dividends, end of year		(1,209,376)	(1,033,994)
DEFICIT		$ (1,652,188)	$ (1,349,928)
ACCUMULATED OTHER COMPREHENSIVE INCOME	12		
Accumulated other comprehensive income, beginning of year		$ 123,919	$ 221,969
Other comprehensive loss		(53,626)	(98,050)
Accumulated other comprehensive income, end of year		$ 70,293	$ 123,919
SHAREHOLDERS'/UNITHOLDERS' CAPITAL	13		
Shareholders'/Unitholders' capital, beginning of year		$ 963,982	$ 777,856
Shares/units exchanged and issued		–	158,520
Shares/units issued on exercise/exchange of unit compensation		1,385	1,559
Repurchase and cancellation of shares		(599)	–
Dividend reinvestment plan		28,413	26,047
Shareholders'/Unitholders' capital, end of year		$ 993,181	$ 963,982
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES	15		
Balance, beginning of year		$ 18,186	$ –
Allocations of new convertible debentures issued		10,188	33,914
Future tax impact on convertible debentures		(2,579)	(15,728)
Balance, end of year		$ 25,795	$ 18,186
CONTRIBUTED SURPLUS			
Balance, beginning of year		$ 52,723	$ –
Reclassification on conversion		–	43,147
Gain on acquisition of non-controlling interest		–	7,957
Add: Share-based compensation awards		10,662	2,683
Non-cash deferred share grant distributions		147	33
Less: Share-based awards exercised		(1,385)	(1,097)
Balance, end of year		$ 62,147	$ 52,723
NON-CONTROLLING INTEREST			
Balance, beginning of year		$ –	$ 20,421
Non-controlling interest acquired	9	(540)	–
Foreign exchange on non-controlling interest		24	–
Acquisition of non-controlling interest		–	(18,285)
Net loss attributable to non-controlling interest		(121)	(2,136)
Balance, end of year		$ (637)	$ –

See accompanying notes to the consolidated financial statements

Consolidated statements of cash flows

For the years ended March 31
(thousands of Canadian dollars)

	Notes	2012	2011
Net inflow (outflow) of cash related to the following activities			
OPERATING			
Income before income taxes		$ (89,116)	$ 526,379
Items not affecting cash			
Amortization of intangible assets and related supply contracts		108,233	120,841
Amortization of contract initiation costs		13,977	12,429
Amortization of property, plant and equipment		5,847	5,698
Amortization included in cost of sales		12,640	9,837
Share-based compensation		10,662	9,914
Financing charges, non-cash portion		8,760	7,799
Transaction costs on acquisition		1,101	1,284
Other		(150)	6,860
Change in fair value of derivative instruments		96,345	(506,047)
		257,415	(331,385)
Adjustment required to reflect net cash receipts from gas sales	27	7,740	(1,725)
Changes in non-cash working capital	28	(27,032)	(39,063)
		149,007	154,206
Income tax paid		(4,617)	(8,651)
Cash inflow from operating activities		144,390	145,555
INVESTING			
Purchase of property, plant and equipment		(74,829)	(33,412)
Purchase of intangible assets		(5,867)	(5,784)
Acquisitions, net of cash acquired	9	(93,325)	(261,389)
Proceeds (advances) of long-term receivables		(1,881)	2,232
Transaction costs on acquisition		(1,101)	(1,284)
Contract initiation costs		(28,244)	(19,210)
Cash outflow from investing activities		(205,247)	(318,847)
FINANCING			
Dividends paid		(146,822)	(134,589)
Shares purchased for cancellation		(955)	–
Decrease in bank indebtedness		(1,254)	(5,922)
Issuance of long-term debt		464,520	484,844
Repayment of long-term debt		(288,005)	(150,449)
Restricted cash		(11,366)	17,817
Cash inflow from financing activities		16,118	211,701
Effect of foreign currency translation on cash balances		326	(908)
Net cash inflow (outflow)		(44,413)	37,501
Cash and cash equivalents, beginning of year		97,633	60,132
Cash and cash equivalents, end of year		$ 53,220	$ 97,633
Supplemental cash flow information:			
Interest paid		$ 52,810	$ 39,167

See accompanying notes to the consolidated financial statements

Notes to the consolidated financial statements

For the year ended March 31, 2012
(thousands of Canadian dollars, except where indicated and per share/unit amounts)

NOTE 1 ORGANIZATION

Just Energy Group Inc. ("JEGI", "Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates.

Effective January 1, 2011, Just Energy completed the conversion from an income trust, Just Energy Income Fund (the "Fund"), to a corporation (the "Conversion"). A plan of arrangement was approved by unitholders on June 29, 2010, and by the Alberta Court of the Queen's Bench on June 30, 2010, and going forward operates under the name Just Energy Group Inc. JEGI was a newly incorporated entity for the purpose of acquiring the outstanding units of the Fund, Exchangeable Shares of Just Energy Exchange Corp. ("JEEC") and the Class A preference shares of Just Energy Corp. ("JEC"), in each case on a one for one basis for common shares of JEGI. There was no change in the ownership of the business, and therefore, there is no impact to the consolidated financial statements except for the elimination of unitholders' equity, the recording of shareholders' equity and the reallocation of the liability associated with the Exchangeable Shares and equity-based compensation to shareholders' equity.

The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The financial statements were approved by the Board of Directors on May 17, 2012.

NOTE 2 OPERATIONS

Just Energy's business primarily involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts. Just Energy markets its gas and electricity contracts in Canada and the U.S. under the following trade names: Just Energy, Hudson Energy, Commerce Energy, Amigo Energy and Tara Energy. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

Just Energy also offers green products through its JustGreen and JustClean programs. The electricity JustGreen product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. JustClean products allow customers in certain jurisdictions to offset their carbon footprint without purchasing commodity from Just Energy. JustClean can be offered in all states and provinces and is not dependent on energy deregulation. Management believes that the JustGreen and JustClean products will not only add to profits but will also increase sales receptivity and improve renewal rates.

In addition, Just Energy sells and rents high efficiency and tankless water heaters, air conditioners and furnaces to Ontario residents, through a subsidiary under the trade name National Home Services ("NHS"). Just Energy also operates a network marketing division under the trade name Momentis. Through its subsidiary, Terra Grain Fuels, Inc. ("TGF"), Just Energy produces and sells wheat-based ethanol. Just Energy's subsidiary, Hudson Energy Solar Corp ("HES"), also provides a solar project development platform operating in New Jersey, Pennsylvania and Massachusetts under the trade name Hudson Energy Solar.

Just Energy also holds a 50% ownership in Just Ventures LLC and Just Ventures L.P. (collectively "Just Ventures"), a jointly controlled entity, which is involved in the marketing of Just Energy's gas and electricity contracts. The other 50% is owned by Red Ventures LLC, a South Carolina-based entity which specializes in Internet-based marketing.

NOTE 3 BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these consolidated financial statements. In the consolidated financial statements, the term "CGAAP" refers to Canadian Generally Accepted Accounting Principles before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Subject to certain transition elections, the Company has consistently applied the same accounting policies in its opening IFRS consolidated balance sheet at April 1, 2010, and throughout all periods presented, as if these policies had always been in effect. Note 31 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's audited annual consolidated financial statements for the year ended March 31, 2011, prepared under CGAAP.

(a) Basis of presentation

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand. The consolidated financial statements are prepared on an historical cost basis except for the derivative financial instruments, which are stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at April 1, 2010, for the purposes of the transition.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries and affiliates as at March 31, 2012. Subsidiaries and affiliates are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries and affiliates are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

(c) Cash and cash equivalents

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Accrued gas receivables/accrued gas payable or gas delivered in excess of consumption/deferred revenues

Accrued gas receivables are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenues.

Due to the seasonality of operations, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenues.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec and Michigan gas markets.

(e) Inventory

Inventory consists of water heaters, furnaces and air conditioners for selling purposes, gas in storage, ethanol, ethanol in process and grain inventory. Water heaters, furnaces and air conditioners are stated at the lower of cost and net realizable value with cost being determined on a weighted average basis.

Gas in storage represents the gas delivered to the LDCs. The balance will fluctuate as gas is injected or withdrawn from storage.

Gas in storage, ethanol, ethanol in process and grain inventory are valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) **Property, plant and equipment**

Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. Just Energy recognizes, in the carrying amount, the cost of replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied with the item can be reliably measured. All other repair and maintenance costs are recognized in the consolidated income statement as an expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Buildings and ethanol plant	Straight line	15–35 years
Water heaters	Straight line	15 years
Furnaces and air conditioners	Straight line	15 years
Leasehold improvements	Straight line	Term of lease
Vehicles	Straight line	5 years
Solar equipment	Straight line	15–20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement when the asset is derecognized.

The useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

(g) **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations incurred subsequent to April 1, 2010, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated income statement. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Just Energy's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

On first-time adoption of IFRS, Just Energy elected to not apply IFRS 3, Business Combinations, to transactions that occurred prior to the transition date. Accordingly, the goodwill associated with acquisitions carried out prior to April 1, 2010, is carried at that date, at the amount reported in the last consolidated financial statements prepared under CGAAP as at March 31, 2010.

(h) **Intangible assets**

Intangible assets acquired outside of a business combination are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/or accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated income statement in the expense category associated with the function of the intangible assets.

Intangible assets consist of gas customer contracts, electricity customer contracts, water heater customer contracts, sales network, brand and goodwill, all acquired through business combinations, as well as software, commodity billing and settlement systems and information technology system development.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible and Just Energy has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

The brand and goodwill are considered to have an indefinite useful life and are not amortized, but rather tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated income statement when the asset is derecognized.

Asset category	Amortization method	Rate
Customer contracts	Straight line	Term of contract
Contract initiation costs	Straight line	Term of contract
Commodity billing and settlement systems	Straight line	5 years
Sales network	Straight line	5 years
Information technology system development	Straight line	5 years
Software	Declining balance	100%
Other intangible assets	Straight line	5 years

(i) Impairment of non-financial assets

Just Energy assesses whether there is an indication that an asset may be impaired at each reporting date. If such an indication exists or when annual testing for an asset is required, Just Energy estimates the asset's recoverable amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as intangible assets not yet available for use, are estimated at least annually. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. Value-in-use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, an appropriate valuation model has to be used. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the consolidated income statement if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash-generating units are first charged against the value of assets, in proportion to their carrying amount.

In the consolidated income statement, an impairment loss is recognized in the expense category associated with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Just Energy estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated income statement.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each segment to which the goodwill relates. Where the recoverable amount of the segment is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(j) **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Just Energy as a lessor

Leases where Just Energy does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(k) **Financial instruments**

Financial assets and liabilities

Just Energy classifies its financial instruments as either (i) financial assets at fair value through profit or loss instruments, or (ii) loans and receivables, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statement of financial position.

Financial instruments are recognized on the trade date, which is the date on which Just Energy commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11. Related realized and unrealized gains and losses are included in the consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables. Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the consolidated income statement.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Just Energy has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

Just Energy assesses whether there is objective evidence that a financial asset is impaired at each reporting date. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the fund of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, Just Energy first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively, for financial assets that are not individually significant. If Just Energy determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income in the consolidated income statement.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating costs in the consolidated income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by Just Energy that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Included in this class are primarily physically delivered energy contracts, for which the own-use exemption could be not applied, financially settled energy contracts and foreign currency forward contracts.

Gains or losses on liabilities held-for-trading are recognized in the consolidated income statement.

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include long-term debt issued, which is initially measured at fair value, which is the consideration received, net of transaction costs incurred, trade and other payables and bank indebtedness. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

(l) Derivative instruments

Just Energy enters into fixed-term contracts with customers to provide electricity and gas at fixed prices. These customer contracts expose Just Energy to changes in consumption as well as changes in the market prices of gas and electricity. To reduce its exposure to movements in commodity prices, Just Energy enters into derivative contracts.

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the underlying contract at inception date when their risks and characteristics are not closely related to those of the underlying contracts and the underlying contracts are not carried at fair value. An embedded derivative is a provision in a contract that modifies the cash flow of a contract by making it dependent on an underlying measurement.

All derivatives are recognized at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried in the consolidated statements of financial position as other financial assets when the fair value is positive and as other financial liabilities when the fair value is negative. Just Energy does not utilize hedge accounting. Therefore, changes in the fair value of these derivatives are taken directly to the consolidated income statement and are included within change in fair value of derivative instruments.

(m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(n) Fair value of financial instruments

Fair value is the estimated amount that Just Energy would pay or receive to dispose of these contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11.

(o) Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risk and rewards generally coincides with consumption. Ethanol and dried distillery grain sales are recognized when the risk and reward of ownership passes, which is typically on delivery. Revenue from sales of water heaters, furnaces and air conditioners is recognized upon installation. Just Energy recognizes revenue from water heater and HVAC leases, based on rental rates over the term commencing from the installation date.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

The Company assumes credit risk for all customers in Illinois, Texas, Pennsylvania, Maryland, Massachusetts, California and Georgia and for large-volume customers in British Columbia and Ontario. In these markets, the Company ensures that credit review processes are in place prior to commodity flowing to the customer.

(p) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the parent company's presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in other comprehensive income (loss) as qualifying net investment hedges.

Translation of foreign operations

The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated income statement are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Per share/unit amounts

The computation of income per unit/share is based on the weighted average number of units/shares outstanding during the year. Diluted earnings per unit/share are computed in a similar way to basic earnings per unit/share except that the weighted average units/shares outstanding are increased to include additional units/shares assuming the exercise of stock options, restricted share grants ("RSGs"), deferred share grants ("DSGs") and convertible debentures, if dilutive.

(r) **Share-based compensation plans**

Equity-based compensation liability

Prior to the Conversion to a corporation on January 1, 2011, Just Energy's equity-based compensation plans entitled the holders to receive trust units, which were considered puttable financial instruments under IFRS, and thus the awards were classified as liability-based awards. The liability was measured at the redemption value of the instruments and re-measured at each reporting date with the gain or loss associated with the re-measurement recorded within profit. When the awards were converted into trust units, the conversions were recorded as an extinguishment of the liability and accordingly, the re-measured amount at the date of conversion was then reclassified to equity.

Subsequent to the Conversion, Just Energy accounted for its share-based compensation as equity-settled transactions as a result of the stock-based plans that were no longer convertible into a puttable financial liability. The cost of a share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy's best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When options, RSGs and DSGs are exercised or exchanged, the amounts credited to contributed surplus are reversed and credited to shareholders' capital.

(s) **Employee future benefits**

Just Energy established a long-term incentive plan (the "Plan") for all permanent full-time and part-time Canadian employees (working more than 20 hours per week) of its subsidiaries. The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of shares of Just Energy, on a matching one for one basis.

For U.S. employees, Just Energy has established a long-term incentive plan (the "Plan") for all permanent full-time and part-time employees (working more than 26 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Share Purchase Plan ("ESPP"). For participants of the ESPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee's base earnings towards the purchase of Just Energy shares, on a matching one for one basis. For participants in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee's base earnings, on a matching one for one basis. In the event an employee participates in both the ESPP and 401(k), the maximum Just Energy will contribute to the 401(k) is 2%.

Participation in the plans in Canada or the U.S is voluntary. The plans have a two-year vesting period beginning from the later of the plan's effective date and an employee's starting date. During the year, Just Energy contributed $2,034 (2011 – $1,572) to the plans, which was paid in full during the year.

Obligations for contributions to the Plan are recognized as an expense in the consolidated income statement as incurred.

(t) **Trust units of the Fund**

Prior to the Conversion which occurred on January 1, 2011, the Fund's outstanding equity instruments consisted of publicly traded trust units of the Fund, Class A preference shares of JEC and Exchangeable Shares of JEEC. Pursuant to applicable legislation, those trust units included a redemption feature which required Just Energy to assess the appropriate presentation of those units under IFRS.

Generally, IFRS requires that financial instruments, which include a redemption feature, making the instruments puttable, should be presented as a financial liability rather than an equity item. However, an exception to this requirement is available if the financial instrument meets certain criteria. Just Energy determined that its trust units met the requirements for this exception and accordingly, the trust units are presented as equity for the periods prior to the Conversion.

Liabilities associated with the Class A preference shares of JEC and the Exchangeable Shares of JEEC (collectively the "Exchangeable Shares")

Prior to the Conversion, the outstanding Exchangeable Shares did not meet the criteria to be recorded as equity because the Exchangeable Shares were ultimately required to be exchanged for trust units, which were considered puttable financial instruments. Accordingly, the Exchangeable Shares were recorded as a liability until exchanged for trust units. The liability was measured at the redemption value of the instruments and re-measured at each reporting date with the gain or loss associated with the re-measurement recorded within profit. When the Exchangeable Shares were converted into trust units, the conversions were recorded as an extinguishment of the liability, and accordingly, the re-measured amount at the date of conversion was then reclassified to equity.

Transaction costs

Transaction costs incurred by Just Energy in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

(u) Income taxes

Just Energy follows the liability method of accounting for deferred taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases.

Deferred tax assets/liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax asset/liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Provisions

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Just Energy expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated income statement.

(w) **Selling and marketing expenses and contract initiation costs**

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred except as disclosed below:

Commissions related to obtaining and renewing commercial customer contracts are paid in one of the following ways: all or partially upfront or as a residual payment over the life of the contract. If the commission is paid all or partially upfront, it is recorded as contract initiation costs and amortized in selling and marketing expenses over the term for which the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned.

In addition, commissions related to obtaining customer contracts signed by NHS are recorded as contract initiation costs and amortized in selling and marketing expenses over the remaining life of the contract.

(x) **Investment in joint venture**

Just Energy accounts for its interest in joint ventures using the equity method. Under this method any investments made increases the asset value, the proportionate share of income/losses, increases/decreases the asset value, with an offsetting adjustment in the consolidated statements of operations, and any dividends received decreases the asset value.

NOTE 4(i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Impairment of non-financial assets

Just Energy's impairment test is based on value-in-use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and are sensitive to the discount rate used as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Development costs

Development costs are capitalized in accordance with the accounting policy in Note 3(h). Initial capitalization of costs is based on management's judgment that technical and economical feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model. As at March 31, 2012, the carrying amount of capitalized development costs was $13,343 (2011 – $16,275). This amount primarily includes costs for the internal development of software tools for the customer billing and analysis in the various operating jurisdictions. These software tools are developed by the internal information technology and operations department, for the specific regional market requirements.

Useful life of key property, plant and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by Just Energy. Refer to Note 3(f) and Note 3(h) for the estimated useful lives.

Provisions for litigation

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce, a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation are not certain; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2012. In the general course of operations, Just Energy has made additional provisions for litigation matters that have arisen. Refer to Note 17 for further details.

Trade receivables

Just Energy reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Just Energy makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 11 for further details about the assumptions as well as sensitivity analysis.

Acquisition accounting

For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

(ii) ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 9, Financial Instruments

As of April 1, 2015, Just Energy will be required to adopt IFRS 9, Financial Instruments, which is the result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10, Consolidated Financial Statements

As of April 1, 2013, IFRS 10, Consolidated Financial Statements will replace portions of IAS 27, Consolidated and Separate Financial Statements and interpretation SIC-12, Consolidation – Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee.

As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 11, Joint Arrangements

On April 1, 2013, Just Energy will be required to adopt IFRS 11, Joint Arrangements, which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting.

The adoption of this new section will have no impact on the Company as joint ventures are currently accounted for using the equity method.

IFRS 12, Disclosure of Interests in Other Entities

On April 1, 2013, Just Energy will be required to adopt IFRS 12, Disclosure of Interests in Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities, and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13, Fair Value Measurement

On April 1, 2013, Just Energy will be required to adopt IFRS 13, Fair Value Measurement. The new standard will establish a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 27, Separate Financial Statements

On April 1, 2013, Just Energy will be required to adopt IAS 27, Separate Financial Statements. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 28, Investments in Associates and Joint Ventures

On April 1, 2013, Just Energy will be required to adopt IAS 28, Investments in Associates and Joint Ventures. As a consequence of the issue of IFRS 10, IFRS 11, IFRS 12 and IAS 28 have been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

This standard will be applied by the Company when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 1, Presentation of Financial Statements

IAS 1, Presentation of Financial Statements, was amended in 2011 to expand on the disclosures required of items within other comprehensive income. The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. The Company does not expect the amendments to IAS 1 to have a significant impact on its consolidated financial statements.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2012	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Water heaters	Furnaces and air conditioners	Leasehold improvements	Solar equipment	Total
Cost:											
Operating balance – April 1, 2011	$ 7,750	$ 158,482	$ 299	$ 6,090	$ 215	$ 17,976	$ 78,223	$ 3,813	$ 8,567	$ 283	$ 281,698
Additions/(Disposals)	1,347	–	–	441	(32)	1,668	28,048	7,671	62	35,624	74,829
Acquisition of subsidiary	348	–	–	8	31	371	–	–	–	–	758
Exchange differences	8	18	–	33	(2)	13	–	–	13	(118)	(35)
March 31, 2012	9,453	158,500	299	6,572	212	20,028	106,271	11,484	8,642	35,789	357,250
Accumulated Amortization:											
Opening balance – April 1, 2011	(4,958)	(17,426)	–	(3,561)	(88)	(9,520)	(6,887)	(179)	(5,077)	–	(47,696)
Amortization charge to cost of sales	–	(5,871)	–	–	–	–	(5,961)	(808)	–	–	(12,640)
Amortization charge for the year	(1,205)	(1,201)	–	(569)	(41)	(1,905)	–	–	(913)	(13)	(5,847)
Disposals	12	–	–	–	21	(1)	–	–	–	–	32
Exchange differences	(9)	–	–	(11)	–	(9)	–	–	(9)	–	(38)
Ending balance, March 31, 2012	(6,160)	(24,498)	–	(4,141)	(108)	(11,435)	(12,848)	(987)	(5,999)	(13)	(66,189)
Net book value, March 31, 2012	$ 3,293	$ 134,002	$ 299	$ 2,431	$ 104	$ 8,593	$ 93,423	$ 10,497	$ 2,643	$ 35,776	$ 291,061

As at March 31, 2011	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Water heaters	Furnaces and air conditioners	Leasehold improvements	Solar equipment	Total
Cost:											
Operating balance – April 1, 2010	$ 6,417	$ 159,897	$ 299	$ 5,581	$ 197	$ 16,724	$ 51,059	$ 317	$ 8,409	$ –	$ 248,900
Additions/(Disposals)	1,137	(2,055)	–	468	18	684	27,164	3,496	148	297	31,357
Acquisition of subsidiary	233	670	–	94	–	621	–	–	30	–	1,648
Exchange differences	(37)	(30)	–	(53)	–	(53)	–	–	(20)	(14)	(207)
Ending balance, March 31, 2011	7,750	158,482	299	6,090	215	17,976	78,223	3,813	8,567	283	281,698
Accumulated Amortization:											
Operating balance – April 1, 2010	(3,887)	(11,104)	–	(2,972)	(46)	(7,614)	(2,481)	(4)	(4,116)	–	(32,224)
Amortization charge to cost of sales	–	(5,256)	–	–	–	–	(4,406)	(175)	–	–	(9,837)
Amortization charge for the year	(1,086)	(1,066)	–	(606)	(42)	(1,923)	–	–	(975)	–	(5,698)
Exchange differences	15	1	–	17	–	16	–	–	14	–	63
Ending balance, March 31, 2011	(4,958)	(17,425)	–	(3,561)	(88)	(9,521)	(6,887)	(179)	(5,077)	–	(47,696)
Net book value, March 31, 2011	$ 2,792	$ 141,057	$ 299	$ 2,529	$ 127	$ 8,455	$ 71,336	$ 3,634	$ 3,490	$ 283	$ 234,002
Net book value, April 1, 2010	$ 2,530	$ 148,793	$ 299	$ 2,609	$ 151	$ 9,110	$ 48,578	$ 313	$ 4,293	$ –	$ 216,676

NOTE 6 INTANGIBLE ASSETS

As at March 31, 2012	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network	Brand	Software	Commodity billing and settlement systems	IT system develop-ment	Other	Total
Cost:											
Operating balance – April 1, 2011	$ 248,828	$ 436,339	$ 23,164	$ 227,467	$ 80,561	$ 10,692	$ 9,540	$ 6,515	$ 19,691	$ 9,006	$1,071,803
Acquisition of a subsidiary	–	39,533	–	21,106	42,359	13,034	215	–	–	–	116,247
Write-down of fully amortized assets	(1,842)	–	–	–	–	–	–	–	–	–	(1,842)
Additions	–	–	879	–	–	–	4,084	15	773	116	5,867
Exchange differences	3,759	3,981	–	592	158	(357)	83	51	493	248	9,008
Ending balance, March 31, 2012	250,745	479,853	24,043	249,165	123,078	23,369	13,922	6,581	20,957	9,370	1,201,083
Accumulated Amortization:											
Opening balance – April 1, 2011	(144,568)	(248,673)	(2,813)	–	(14,770)	–	(6,616)	(6,453)	(3,478)	(4,213)	(431,584)
Write-down of fully amortized assets	1,842	–	–	–	–	–	–	–	–	–	1,842
Amortization charge for the year	(23,902)	(54,468)	(1,631)	–	(19,006)	–	(2,890)	(18)	(4,089)	(2,229)	(108,233)
Amortization in mark to market	(38,663)	(74,330)	–	–	–	–	–	–	–	–	(112,993)
Exchange differences	(2,856)	(2,668)	–	–	(508)	–	(22)	(51)	(106)	(129)	(6,340)
Ending balance, March 31, 2012	(208,147)	(380,139)	(4,444)	–	(34,284)	–	(9,528)	(6,522)	(7,673)	(6,571)	(657,308)
Net book value, March 31, 2012	$ 42,598	$ 99,714	$ 19,599	$ 249,165	$ 88,794	$ 23,369	$ 4,394	$ 59	$ 13,284	$ 2,799	$ 543,775

As at March 31, 2011	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network	Brand	Software	Commodity billing and settlement systems	IT system develop-ment	Other	Total
Cost:											
Operating balance – April 1, 2010	$ 472,756	$ 266,700	$ 23,081	$ 186,832	$ –	$ –	$ 5,562	$ 6,545	$ 605	$ 2,377	$ 964,458
Acquisition of a subsidiary	26,225	200,653	–	32,317	84,400	11,200	911	–	17,954	6,545	380,205
Write-down of fully amortized assets	(243,929)	(21,083)	–	–	–	–	–	–	–	–	(265,012)
Adjustments to goodwill	–	–	–	9,877	–	–	–	–	–	–	9,877
Additions	–	–	83	–	–	–	3,208	54	1,949	490	5,784
Exchange differences	(6,224)	(9,931)	–	(1,559)	(3,839)	(508)	(141)	(84)	(817)	(406)	(23,509)
Ending balance, March 31, 2011	248,828	436,339	23,164	227,467	80,561	10,692	9,540	6,515	19,691	9,006	1,071,803
Accumulated Amortization:											
Opening balance – April 1, 2010	(307,413)	(113,862)	(1,218)	–	–	–	(4,198)	(6,515)	(21)	(2,377)	(435,604)
Write-down of fully amortized assets	243,929	21,083	–	–	–	–	–	–	–	–	265,012
Amortization charge for the year	(31,841)	(63,642)	(1,595)	–	(15,511)	–	(2,576)	(22)	(3,614)	(2,040)	(120,841)
Amortization in mark to market	(53,757)	(96,064)	–	–	–	–	–	–	–	–	(149,821)
Exchange differences	4,514	3,812	–	–	741	–	158	84	157	204	9,670
Ending balance, March 31, 2011	(144,568)	(248,673)	(2,813)	–	(14,770)	–	(6,616)	(6,453)	(3,478)	(4,213)	(431,584)
Net book value, March 31, 2011	$ 104,260	$ 187,666	$ 20,351	$ 227,467	$ 65,791	$ 10,692	$ 2,924	$ 62	$ 16,213	$ 4,793	$ 640,219
Net book value, April 1, 2010	$ 165,343	$ 152,838	$ 21,863	$ 186,832	– $	– $	1,364 $	30 $	584 $	–	$ 528,854

The capitalized internally developed costs relate to the development of new customer billing and analysis software solutions for the different energy markets of Just Energy. All research costs and development costs not eligible for capitalization have been expensed and are recognized in administrative expenses.

NOTE 7 RESTRICTED CASH

Restricted cash consists of the following:

i) As part of the acquisition of Newten Home Comfort Inc. in 2009, the Company was required to transfer cash into a trust account, in trust for the vendors, as part of the contingent consideration. The contingent consideration payments, which will become payable in July 2012, are based on the number of completed water heater installations. As of March 31, 2012, the amount of restricted cash is $1,250.

ii) As part of the acquisition of Fulcrum Retail Holdings LLC ("Fulcrum"), Note 9(a), Just Energy was required to transfer $10,949 into a restricted cash account until such transfer time that the amount of the contingent consideration is known.

NOTE 8 INVENTORY

The amount of inventory recognized as an expense during the year ended March 31, 2012, was $94,349 (2011–$77,376). There have been no write-downs of inventory. Inventory is made up of the following:

	March 31, 2012	March 31, 2011	April 1, 2010
Raw materials	$ 1,220	$ 2,224	$ 2,308
Work in progress	775	518	463
Finished goods	7,993	4,164	3,552
	$ 9,988	$ 6,906	$ 6,323

NOTE 9 ACQUISITIONS

(a) Acquisition of Fulcrum Retail Holdings LLC

On October 3, 2011, Just Energy completed the acquisition of the equity interest of Fulcrum with an effective date of October 1, 2011. The acquisition was funded by an issuance of $100 million in convertible debentures (Note 15(f)).

The consideration for the acquisition was US$79.4 million paid at the time of closing, subject to customary working capital adjustments. Just Energy paid US$7.3 million in connection with the preliminary working capital adjustment still subject to finalization. Just Energy will also pay up to US$11.0 million in cash and issue up to 867,025 common shares (collectively, the "Earn-Out" amount) to the sellers 18 months following the closing date, provided that certain EBITDA and billed volume targets are satisfied by Fulcrum. On the Earn-Out amount, Just Energy will pay 4.006% interest on the cash portion and $1.86 per share issued at the end of the Earn-Out period. The $11.0 million is being held in a restricted cash account until the amount is finalized. The fair value of the contingent consideration at acquisition was estimated to be $18,327. Changes in the fair value of the contingent consideration will be recorded in the consolidated income statement as a change in fair value of derivative instruments. The contingent consideration was valued at $21,407 as at March 31, 2012, and is included in other non-current financial liabilities.

The acquisition of Fulcrum was accounted for using the acquisition method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Fair value recognized on acquisition	
Current assets (including cash of $3,875)	$ 43,528
Property, plant and equipment	758
Software	215
Customer contracts and relationships	39,533
Affinity relationships	42,359
Brand	13,034
Contract initiation costs	156
Non-controlling interest	540
	140,123
Current liabilities	(44,856)
Other liabilities – current	(12,430)
Other liabilities – long term	(3,768)
Deferred lease inducements	(322)
Long-term debt	(586)
	(61,962)
Total identifiable net assets acquired	78,161
Goodwill arising on acquisition	21,106
Total consideration	$ 99,267

Cash paid, net of estimated working capital adjustment	$ 80,940
Contingent consideration	18,327
Total consideration	$ 99,267

The transaction costs related to the acquisition of Fulcrum have been expensed and are included in other operating expenses in the consolidated income statement. The transaction costs related to the issuance of the convertible debentures have been capitalized and were allocated to the equity and liability component of the convertible debt in relation to the fair value of both the components. Goodwill of $21,106 comprises the value of expected ongoing synergies from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill associated with the Fulcrum acquisition is part of the electricity marketing segment. The purchase price allocation is considered preliminary, and as a result, it may be adjusted during the 12-month period following the acquisition, in accordance with IFRS 3. Since the last quarter, the Company decreased the working capital by approximately $4,000, decreased the working capital adjustment by $1,500, increased other liabilities – current by approximately $1,700 and increased customer contracts and relationships by approximately $3,700, resulting in a net increase to goodwill of approximately $500.

The fair value of the trade receivables amounted to $20,600 at the date of acquisition. The gross amount of trade receivables was $27,540.

The customer contracts and relationships and affinity relationships are amortized over the average remaining life at the time of acquisition. The electricity contracts and customer relationships are amortized over 42 months (3.5 years). The affinity relationships are amortized over eight years. The brand value is considered to be indefinite and, therefore, is not subject to amortization. Brand represents the value allocated to the market awareness of the operating names used to sell and promote the Company's products.

From the date of acquisition, Fulcrum has contributed $107,305 of revenue and a loss of $9,083 to the consolidated net loss before tax of Just Energy for the period ended March 31, 2012. If the combination had taken place at the beginning of the fiscal year, total consolidated revenue would have been $2,926,157, and the consolidated net loss before tax would have been $96,327 for the year ended March 31, 2012.

(b) **Acquisition of Hudson Energy Services, LLC**

On May 7, 2010, Just Energy completed the acquisition of all of the equity interests of Hudson Parent Holdings, LLC, and all the common shares of Hudson Energy Corp., thereby indirectly acquiring Hudson Energy Services, LLC ("Hudson"), with an effective date of May 1, 2010. The acquisition was funded by an issuance of $330 million in convertible debentures issued on May 5, 2010 (Note 15(e)). There is no contingent consideration involved in the business acquisition.

The acquisition of Hudson was accounted for using the acquisition method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Fair value recognized on acquisition	
Current assets (including cash of $24,003)	$ 88,696
Property, plant and equipment	1,648
Software	911
Electricity contracts and customer relationships	200,653
Gas contracts and customer relationships	26,225
Broker network	84,400
Brand	11,200
Information technology system development	17,954
Contract initiation costs	20,288
Other intangible assets	6,545
Unbilled revenue	15,092
Notes receivable – long term	1,312
Security deposits – long term	3,544
Other assets – current	124
Other assets – long term	100
	478,692
Current liabilities	(107,817)
Other liabilities – current	(74,683)
Other liabilities – long term	(40,719)
	(223,219)
Total identifiable net assets acquired	255,473
Goodwill arising on acquisition	32,317
Total consideration	$ 287,790
Cash outflow on acquisition:	
Cash paid	$ 287,790
Net cash acquired with the subsidiary	(24,003)
Holdback	(9,345)
Net cash outflow	$ 254,442

The transaction costs related to the acquisition of Hudson have been expensed and are included in other operating expenses in the consolidated income statement. The transaction costs related to the issuance of the convertible debentures have been capitalized and were allocated to the equity and liability component of the convertible debt in relation to the fair value of both the components. Goodwill of $32,317 comprises the value of expected synergies from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill associated with the Hudson acquisition is part of the U.S. gas and electricity marketing segments. As at March 31, 2012, all holdbacks have been paid in full.

The fair value of the trade receivables amounted to $62,022 at the date of acquisition. The gross amount of trade receivables is $67,526. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

All contracts and intangible assets, excluding brand, are amortized over the average remaining life at the time of acquisition. The gas and electricity contracts and customer relationships are amortized over periods of 30 months and 35 months, respectively. Other intangible assets, excluding brand, are amortized over periods ranging from three to five years. The brand value is considered to be indefinite and, therefore, not subject to amortization. Brand represents the value allocated to the market awareness of the operating names used to sell and promote the Company's products.

From the date of acquisition, Hudson has contributed $654,802 of revenue and $5,914 to the net profit before tax of Just Energy for the period ended March 31, 2011. If the combination had taken place at the beginning of the prior fiscal year, consolidated revenue would have been $2,992,331 and the consolidated income would have been $548,799 for the year ended March 31, 2011.

NOTE 10 JOINT VENTURE

Effective July 1, 2011, Just Energy has a 50% interest in Just Ventures LLC and Just Ventures L.P. (collectively "Just Ventures"), jointly controlled entities that are involved in the marketing of Just Energy products. The marketing efforts of Just Ventures are primarily internet- and telemarketing-based, which differs from Just Energy's traditional sales channels.

Just Ventures is currently funded by its investors and all advances are recorded as additional capital contributions.

	2012
Share of the associate's revenue and profit:	
Revenue eliminated on consolidation	$ 335
Loss	$ (1,971)
Carrying amount of the investment	$ –

At any time subsequent to the second anniversary of the joint venture agreements, the other participant in the joint venture has the ability to sell part or all of its interest in Just Ventures (the "Put"). The amount is determined based on the fair value of the previous month's billed customers. As at March 31, 2012, the Put was estimated to have a nominal value and is therefore not reflected in these consolidated financial statements.

NOTE 11 FINANCIAL INSTRUMENTS

(a) Fair value

Fair value is the estimated amount that Just Energy would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity, unforced capacity, heat rates, heat rate options, renewable and gas swap and forward contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded gas options.

Effective July 1, 2008, Just Energy ceased the utilization of hedge accounting. Accordingly, all the mark to market changes on Just Energy's derivative instruments are recorded on a single line on the consolidated income statement. Due to the commodity volatility and size of Just Energy, the quarterly swings in mark to market on these positions will increase the volatility in Just Energy's earnings.

The following tables illustrate gains/(losses) related to Just Energy's derivative financial instruments classified as held-for-trading and recorded on the consolidated statements of financial position as other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments for the year ended March 31, 2012:

Change in fair value of derivative instruments	For the year ended March 31, 2012	For the year ended March 31, 2012 (USD)	For the year ended March 31, 2011	For the year ended March 31, 2011 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ 44,269	n/a	$ 232,806	n/a
Renewable energy certificates (ii)	(60)	n/a	(987)	n/a
Verified emission-reduction credits (iii)	95	n/a	(952)	n/a
Options (iv)	(1,330)	n/a	333	n/a
Physical gas forward contracts (v)	52,114	n/a	138,623	n/a
Transportation forward contracts (vi)	(39)	n/a	11,365	n/a
Fixed financial swaps (vii)	(21,134)	n/a	(1,217)	n/a
United States				
Fixed-for-floating electricity swaps (viii)	(77,879)	(76,155)	45,009	44,913
Physical electricity forward contracts (ix)	(41,463)	(41,192)	46,472	46,421
Unforced capacity forward contracts (x)	(3,455)	(3,535)	(416)	(388)
Unforced capacity physical contracts (xi)	(2,511)	(2,705)	(1,955)	(1,908)
Renewable energy certificates (xii)	1,494	1,563	(1,077)	(1,032)
Verified emission-reduction credits (xiii)	160	137	(140)	(136)
Options (xiv)	(1,611)	(1,580)	1,160	1,142
Physical gas forward contracts (xv)	16,525	16,618	118,077	116,831
Transportation forward contracts (xvi)	1,534	1,547	568	578
Heat rate swaps (xvii)	22,321	22,058	(1,789)	(1,592)
Fixed financial swaps (xviii)	(34,760)	(34,251)	(47,792)	(45,967)
Foreign exchange forward contracts (xix)	(1,213)	n/a	1,116	n/a
Ethanol physical forward contracts	(135)	n/a	135	n/a
Amortization of deferred unrealized gains on discontinued hedges	69,162	n/a	119,883	n/a
Amortization of derivative financial instruments related to acquisitions	(112,993)	n/a	(149,821)	n/a
Liability associated with Exchangeable Shares and equity-based compensation	–	n/a	(3,354)	n/a
Change in fair value of contingent consideration	(5,436)	n/a	n/a	n/a
Change in fair value of derivative instruments	$ (96,345)		$ 506,047	

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at March 31, 2012:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 105,794	$ 74,614
Renewable energy certificates (ii)	154	49	158	292
Verified emission-reduction credits (iii)	–	–	387	462
Options (iv)	975	359	1,644	656
Physical gas forward contracts (v)	–	–	159,742	89,576
Transportation forward contracts (vi)	–	–	5,396	2,776
Fixed financial swaps (vii)	–	–	8,192	14,159
United States				
Fixed-for-floating electricity swaps (viii)	–	11	90,698	41,425
Physical electricity forward contracts (ix)	–	–	121,213	30,674
Unforced capacity forward contracts (x)	5	–	1,664	2,086
Unforced capacity physical contracts (xi)	724	–	4,642	1,225
Renewable energy certificates (xii)	266	305	750	889
Verified emission-reduction credits (xiii)	42	80	304	420
Options (xiv)	73	–	601	349
Physical gas forward contracts (xv)	40	–	29,442	7,720
Transportation forward contracts (xvi)	34	–	1,137	241
Heat rate swaps (xvii)	10,307	14,511	–	–
Fixed financial swaps (xviii)	–	–	81,497	42,054
Foreign exchange forward contracts (xix)	179	–	–	–
Contingent consideration – Newten	–	–	1,376	–
Contingent consideration – Fulcrum (Note 9)	–		21,407	
As at March 31, 2012	$ 12,799	$ 15,315	$ 636,044	$ 309,617

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at March 31, 2011:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 131,279	$ 93,397
Renewable energy certificates (ii)	194	196	158	417
Verified emission-reduction credits (iii)	–	–	315	628
Options (iv)	815	692	4,403	–
Physical gas forward contracts (v)	–	–	166,634	134,847
Transportation forward contracts (vi)	–	24	5,301	2,858
Fixed financial swaps (vii)	–	1,037	2,235	19
United States				
Fixed-for-floating electricity swaps (viii)	125	45	29,028	25,719
Physical electricity forward contracts (ix)	–	310	55,548	37,535
Unforced capacity forward contracts (x)	309	177	581	118
Unforced capacity physical contracts (xi)	100	410	1,606	1,280
Renewable energy certificates (xii)	44	49	1,037	1,610
Verified emission-reduction credits (xiii)	13	36	275	491
Options (xiv)	1	–	1,056	165
Physical gas forward contracts (xv)	40	–	32,883	19,354
Transportation forward contracts (xvi)	–	–	1,526	1,281
Heat rate swaps (xvii)	639	2,408	180	131
Fixed financial swaps (xviii)	40	–	51,361	35,562
Foreign exchange forward contracts (xix)	1,391	–	–	–
Ethanol physical forward contracts	135	–	–	–
As at March 31, 2011	$ 3,846	$ 5,384	$ 485,406	$ 355,412

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at April 1, 2010:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 244,563	$ 212,920
Renewable energy certificates (ii)	350	621	30	139
Verified emission-reduction credits (iii)	2	7	–	–
Options (iv)	757	416	–	–
Physical gas forward contracts (v)	–	–	237,145	203,088
Transportation forward contracts (vi)	–	–	11,060	8,439
United States				
Fixed-for-floating electricity swaps (viii)	–	–	31,291	30,464
Physical electricity forward contracts (ix)	–	–	38,015	39,035
Unforced capacity forward contracts (x)	523	102	445	9
Unforced capacity physical contracts (xi)	33	146	731	–
Renewable energy certificates (xii)	107	130	918	945
Verified emission-reduction credits (xiii)	–	–	167	447
Options (xiv)	–	–	912	915
Physical gas forward contracts (xv)	–	–	96,938	75,142
Transportation forward contracts (xvi)	–	–	1,265	2,262
Heat rate swaps (xvii)	654	3,605	–	–
Fixed financial swaps (xviii)	–	–	21,720	16,767
Foreign exchange forward contracts (xix)	277	–	–	–
As at April 1, 2010	$ 2,703	$ 5,027	$ 685,200	$ 590,572

The following table summarizes financial instruments classified as held-for-trading as at March 31, 2012, to which Just Energy has committed:

Contract type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
Canada						
(i) Fixed-for-floating electricity swaps *	0.0001–48 MWh	7,536,951 MWh	April 30, 2012 – December 31, 2019	$22.20–$128.13	($180,408)	$438,180
(ii) Renewable energy certificates	10–90,000 MWh	780,310 MWh	December 31, 2012 – December 31, 2015	$3.00–$26.00	($247)	$5,151
(iii) Verified emission-reduction credits	6,000–50,000 tonnes	599,000 tonnes	December 31, 2013 – December 31, 2016	$6.25–$11.50	($849)	$5,307
(iv) Options	119–33,000 GJ/month	713,089 GJ	April 30, 2012 – February 28, 2014	$7.16–$12.39	($966)	$1,832
(v) Physical gas forward contracts	1–8,376 GJ/day	64,316,388 GJ	April 30, 2012 – March 31, 2016	$1.35–$10.00	($249,318)	$430,907
(vi) Transportation forward contracts	74–17,000 GJ/day	35,595,520 GJ	April 30, 2012 – August 31, 2015	$0.0025–$1.5600	($8,172)	$18,079
(vii) Fixed financial swaps	14,000–139,500 GJ/month	19,853,500 GJ	March 31, 2013 – March 31, 2017	$2.34–$5.20	($22,351)	$88,642
United States						
(viii) Fixed-for-floating electricity swaps*	0.10-80 MWh	9,577,598 MWh	April 30, 2012 – March 31, 2017	$24.49–$136.41 (US$24.55–$136.75)	($132,112) (US($132.443))	$488,254 (US$489,478)
(ix) Physical electricity forwards	1-100 MWh	13,393,411 MWh	April 30, 2012 – May 31, 2017	$26.77–$109.97 (US$26.84–$110.25)	($151,887) (US($152,268))	$624,024 (US$625,588)
(x) Unforced capacity forward contracts	3–150 MWCap	118,766 MWCap	June 30, 2012 – May 31, 2014	$1,812–$7,980 (US$1,817–$8,000)	($3,745) (US($3,754))	$7,739 (US$7,758)
(xi) Unforced capacity physical contracts	1–280 MWCap	5,336 MWCap	April 30, 2012 – May 31, 2014	$848–$9,327 (US$850–$9,350)	($5,144) (US($5,157))	$27,672 (US$27,741)
(xii) Renewable energy certificates	300–160,000 MWh	2,987,250 MWh	December 31, 2012 – December 31, 2017	$0.55–$42.64 (US$0.55–$42.75)	($1,068) (US($1,071))	$15,992 (US$16,032)
(xiii) Verified emission-reduction credits	8,000–50,000 tonnes	658,000 tonnes	December 31, 2012 – December 31, 2016	$3.49–$8.73 (US$3.50–$8.75)	($602) (US($604))	$4,064 (US$4,074)
(xiv) Options	60–60,000 mmBTU/month	1,233,065 mmBTU	April 30, 2012 – December 31, 2014	$7.73–$13.77 (US$7.75–$13.80)	($877) (US($879))	$166 (US$166)
(xv) Physical gas forward contracts	5–2,500 mmBTU/month	7,139,328 mmBTU	April 2, 2012 – July 31, 2014	$2.21–$11.85 (US$2.22–$11.88)	($37,122) (US($37,215))	$58,701 (US$58,848)
(xvi) Transportation forward contracts	15–13,205 mmBTU/day	10,739,615 mmBTU	April 02, 2012 – August 31, 2015	$0.08–$1.50 (US$0.08–$1.50)	($1,344) (US($1,347))	$22,967 (US$23,025)
(xvii) Heat rate swaps	1–50 MWh	3,248,369 MWh	April 30, 2012 – October 31, 2016	$14.10–$65.06 (US$14.14–$65.22)	$24,817 (US$24,879)	$97,111 (US$97,354)
(xviii) Fixed financial swaps	930–600,000 mmBTU/month	44,416,997 mmBTU	April 30, 2012 – May 31, 2017	$2.64–$9.24 (US$2.65–$9.26)	($123,549) (US($123,859))	$265,023 (US$265,687)
(xix) Foreign exchange forward contracts	($497–$3,614) (US$500–$3,500)	n/a	April 02, 2012 – January 2, 2013	$0.977–$1.048	$179	$22,630 (US$22,687)

* Some of the electricity fixed-for-floating contracts related to the Province of Alberta and the Province of Ontario are load-following, wherein the quantity of electricity contained in the supply contract "follows" the usage of customers designated by the supply contract. Notional volumes associated with these contracts are estimates and are subject to change with customer usage requirements. There are also load shaped fixed-for-floating contracts in these and the rest of Just Energy's electricity markets wherein the quantity of electricity is established but varies throughout the term of the contracts.