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

	Other assets (current)	Other assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
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	42,053
Foreign exchange forward contracts (xix)	179	–	–	–
Contingent consideration	–	–	22,783	–
As at March 31, 2012	$ 12,799	$ 15,315	$ 636,044	$ 309,617

The following table summarizes financial instruments classified as held-for-trading as at March 31, 2013, 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*	0.0001–50 MWh	7,736,909 MWh	April 28, 2013 December 31, 2019	$16.75–$100.39	($67,966)	$388,184
(ii)	Renewable energy certificates	10–100,000 MWh	854,341 MWh	December 31, 2013 December 31, 2017	$3–$26	($346)	$5,103
(iii)	Verified emission-reduction credits	6,000–50,000 tonnes	406,000 tonnes	December 31, 2013 December 31, 2016	$6.25–$11.50	$39	$3,584
(iv)	Options	680–24,500 GJ/month	150,192 GJ	April 30, 2013 February 28, 2014	$7.56–$12.39	($393)	($1,247)
(v)	Physical gas forward contracts	10–5,076 GJ/day	36,863,270 GJ	April 30, 2013 June 30, 2017	$2.78–$10.00	($81,776)	$218,014
(vi)	Transportation forward contracts	74–23,200 GJ/day	27,304,604 GJ	April 8, 2013 August 31, 2015	$0.01–$3.39	($107)	$44,373
(vii)	Fixed financial swaps	7,750–217,000 GJ/month	55,570,000 GJ	April 30, 2013 December 31, 2018	$2.62–$5.20	($10,525)	$216,896
United States							
(viii)	Fixed-for-floating electricity swaps*	0.1–65 MWh	11,616,678 MWh	April 30, 2013 December 31, 2017	$24.75–$136.75 US$24.32–$134.36	($9,464) US($9,298)	$535,400 US$526,037
(ix)	Physical electricity forwards	0.87–85 MWh	15,702,550 MWh	December 31, 2013 June 30, 2018	$25.25–$91.60 US$24.81–$90.00	$23,851 US$23,354	$710,463 US$698,038
(x)	Unforced capacity forward contracts	100–150 MWCap	64,000 MWCap	April 30, 2013 May 31, 2014	$60.57–$7,310.00 US$59.51–$7,182.16	($1,968) US($1,933)	$4,698 US$4,616
(xi)	Unforced capacity physical contracts	5–210 MWCap	9,028 MWCap	April 30, 2013 May 31, 2016	$1,250–$14,000 US$1,228.14–$13,755.16	$5,761 US$5,660	$62,318 US$61,229
(xii)	Renewable energy certificates	10–110,000 MWh	3,045,826 MWh	May 31, 2013 December 31, 2017	$0.30–$215.00 US$0.29–$211.24	$86 US$85	$23,838 US$23,421
(xiii)	Verified emission-reduction credits	10,000–50,000 tonnes	420,000 tonnes	December 31, 2014 December 31, 2016	$4.75–$8.75 US$4.67–$8.60	($1,054) US($1,035)	$2,677 US$2,631
(xiv)	Options	2,000–40,000 mmBTU/month	428,500 mmBTU	April 30, 2013 December 31, 2014	$4.14–$10.90 US$4.06–$10.71	($369) US($363)	$7 US$7
(xv)	Physical gas forward contracts	10–12,000 mmBTU/month	3,452,132 mmBTU	April 1, 2013 October 31, 2016	$3.60–$11.88 US$3.53–$11.67	($7,095) US($6,971)	$22,033 US$21,647
(xvi)	Transportation forward contracts	44–133,300 mmBTU/day	5,808,465 mmBTU	April 3, 2013 August 31, 2015	$0.00–$3.96 US$0.00–$3.89	($95) US($93)	$25,212 US$24,771
(xvii)	Heat rate swaps	1–50 MWh	2,156,911 MWh	April 30, 2013 October 31, 2016	$27.89–$65.67 US$27.40–$64.52	$18,114 US$17,797	$87,110 US$85,586
(xviii)	Fixed financial swaps	930–365,800 mmBTU/month	33,772,728 mmBTU	April 30, 2013 May 31, 2017	$2.92–$7.65 US$2.86–$7.52	($32,023) US($31,463)	$179,760 US$176,616
(xix)	Foreign exchange forward contracts	US$825,878–$4,000,000	n/a	April 1, 2013 January 2, 2014	$0.98–$1.03	($486) US($477)	$32,526 US$31,957
United Kingdom							
(xx)	Physical electricity forwards	1–2 MWh	253,631 MWh	April 30, 2013 September 27, 2015	GBP$31.17–$42.36	$860 GBP$556	$21,444 GBP$13,868

*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.

The estimated amortization of deferred gains and losses on the discontinued hedges reported in accumulated other comprehensive income that is expected to be amortized to the consolidated statements of income within the next 12 months is a gain of approximately $6,500.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other assets balance recognized in the consolidated financial statements.

Share swap agreement

The Company has entered into a share swap agreement to manage the risks associated with its Company's restricted share grant and deferred share grant plans. The value, on inception, of the 2,500,000 shares under this share swap agreement is approximately $33,803. Net monthly settlements received under the share swap agreement are recorded in other income. The Company marks to market the fair value of the share swap agreement and has included that value as other current financial liabilities on the statements of financial position. Changes in the fair value of the share swap agreement are recorded through the consolidated statements of income (loss) as a change in fair value of derivative instruments.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted unadjusted market prices. Just Energy values its cash and cash equivalents, current trade and other receivables, unbilled revenues, bank indebtedness, and trade and other payables under Level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed-for-floating swaps under Level 2.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the FV hierarchy. For the natural gas supply contracts, Just Energy uses three different market observable curves: i) Commodity (predominately NYMEX), ii) Basis and iii) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves only extend 12 to 15 months into the future. In order to calculate basis curves for the remaining years, Just Energy uses extrapolation, which leads natural gas supply contracts to be classified under Level 3.

Fair value measurement input sensitivity

The main cause of changes in the fair value of derivative instruments are changes in the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the "Market risk" section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2013:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	**$ 51,818**	**$ –**	**$ –**	**$ 51,818**
Loans and receivables	**455,763**	**–**	**–**	**455,763**
Derivative financial assets	**–**	**–**	**64,310**	**64,310**
Financial liabilities				
Derivative financial liabilities	**–**	**(32,243)**	**(212,956)**	**(245,199)**
Other financial liabilities	**(301,820)**	**–**	**–**	**(301,820)**
Total net derivative liabilities	**$ 205,761**	**$ (32,243)**	**$ (148,646)**	**$ 24,872**

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2012:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	$ 65,419	$ –	$ –	$ 65,419
Loans and receivables	431,582	–	–	431,582
Derivative financial assets	–	–	28,114	28,114
Financial liabilities				
Derivative financial liabilities	–	(98,193)	(847,468)	(945,661)
Other financial liabilities	(288,205)	–	–	(288,205)
Total net derivative liabilities	$ 208,796	$ (98,193)	$ (819,354)	$ (708,751)

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the years ended March 31:

	2013	2012
Balance, beginning of year	**$ (819,354)**	$ (743,488)
Total gains (losses) – Profit for the year	**79,853**	(376,121)
Purchases	**49,885**	(201,235)
Sales	**(525)**	41,547
Settlements	**541,495**	459,943
Transfer out of Level 3	**–**	–
Balance, end of year	**$ (148,646)**	$ (819,354)

(b) Classification of financial assets and liabilities

The following table represents the carrying amounts and fair values of financial assets and liabilities measured at amortized cost.

As at March 31, 2013

	Carrying amount	Fair value
Cash and cash equivalents	$ 38,498	$ 38,498
Restricted cash	13,320	13,320
Current trade and other receivables	315,551	315,551
Unbilled revenues	129,166	129,166
Non-current receivables	11,046	11,046
Other financial assets	64,310	64,310
Bank indebtedness, trade and other payables	301,820	301,820
Long-term debt	957,698	881,176
Other financial liabilities	245,199	245,199

For the year ended March 31

	2013	2012
Interest expense on financial liabilities not held-for-trading	**$ 75,151**	$ 54,450

As at March 31, 2013 and 2012, the carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, unbilled revenues, bank indebtedness and trade and other payables approximates their fair value due to their short-term nature.

The carrying value of long-term debt approximates its fair value as the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the exception of the $90 million, $330 million and $100 million convertible debentures, which are fair valued, based on market value and the carrying value of the senior unsecured note which approximates fair value due to the limited time that has passed since its issuance.

(c) Management of risks arising from financial instruments

The risks associated with Just Energy's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which Just Energy is exposed are discussed below.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investments in U.S. operations.

A portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to U.S. fluctuations in the future than in prior years. Just Energy has economically hedged between 0% and 50% of certain forecasted cross border cash flows that are expected to occur within the next 13 to 24 months. The level of hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

Just Energy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged.

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended March 31, 2013, assuming that all the other variables had remained constant, profit for the period would have been $14,800 higher/lower and other comprehensive income would have been $6,000 lower/higher.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that this long-term debt exposes it to material financial risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before income taxes for the year ended March 31, 2013, of approximately $1,642.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly, thresholds for open positions in the gas and electricity portfolios which also feed a Value at Risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of Just Energy. Just Energy mitigates the exposure for variances in customer requirements that are driven by changes in expected weather conditions, through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to mitigate weather effects is limited by the severity of weather from normal.

Commodity price sensitivity – all derivative financial instruments

If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before income taxes for the year ended March 31, 2013 would have increased (decreased) by $209,580 ($207,468) primarily as a result of the change in fair value of Just Energy's derivative instruments.

Commodity price sensitivity – Level 3 derivative financial instruments

If the energy prices associated with only Level 3 derivative instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before income taxes for the year ended March 31, 2013 would have increased (decreased) by $192,791 ($190,867) primarily as a result of the change in fair value of Just Energy's derivative instruments.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk
In Alberta, Texas, Illinois, British Columbia, New York, Massachusetts, California, Michigan and Georgia, Just Energy has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

The aging of the accounts receivable from the above markets was as follows:

	2013	2012
Current	**$ 86,604**	$ 69,738
1–30 days	**33,944**	15,530
31–60 days	**7,893**	5,681
61–90 days	**4,340**	2,905
Over 91 days	**31,853**	19,947
	$ 164,634	$ 113,801

Changes in the allowance for doubtful accounts were as follows:

	2013	2012
Balance, beginning of year	**$ 34,926**	$ 25,115
Allowance on acquired receivables	**–**	6,940
Provision for doubtful accounts	**30,850**	28,514
Bad debts written off	**(23,120)**	(29,215)
Other	**(2,466)**	3,572
Balance, end of year	**$ 40,190**	$ 34,926

In the remaining markets, the local distribution companies ("LDCs"), provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk
Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEGI. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2013, the maximum counterparty credit risk exposure amounted to $228,944, representing the risk relating to the Company's derivative financial assets and accounts receivable.

(iii) Liquidity risk
Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities as at March 31, 2013:

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	$ 301,820	$ 301,820	$ 301,820	$ –	$ –	$ –
Long-term debt*	957,698	1,014,227	162,474	189,801	403,946	258,006
Derivative instruments	245,199	2,549,866	1,372,855	993,719	182,020	1,272
	$ 1,504,717	$ 3,865,913	$ 1,837,149	$ 1,183,520	$ 585,966	$ 259,278

As at March 31, 2012

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	$ 287,145	$ 287,145	$ 287,145	$ –	$ –	$ –
Bank indebtedness	1,060	1,060	1,060	–	–	–
Long-term debt*	776,683	833,962	97,611	252,570	26,433	457,348
Derivative instruments	945,661	2,596,314	1,363,421	1,057,222	175,049	622
	$ 2,010,549	$ 3,718,481	$ 1,749,237	$ 1,309,792	$ 201,482	$ 457,970

* Included in long-term debt are the $330,000, $100,000 and $90,000 relating to convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, at March 31, 2013, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years
Interest payments	$ 60,452	$ 102,084	$ 71,148	$ 12,771

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $1,967 to accommodate for its counterparties' risk of default.

13 ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2013

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	$ 31,419	$ 38,874	$ 70,293
Unrealized foreign currency translation adjustment	3,307	–	3,307
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $5,550	–	(26,445)	(26,445)
Balance, end of year	$ 34,726	$ 12,429	$ 47,155

For the year ended March 31, 2012

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	$ 29,033	$ 94,886	$ 123,919
Unrealized foreign currency translation adjustment	2,386	–	2,386
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $13,348	–	(56,012)	(56,012)
Balance, end of year	$ 31,419	$ 38,874	$ 70,293

14 SHAREHOLDERS' CAPITAL

Details of issued and outstanding shareholders' capital as at March 31, 2013, with comparatives as at March 31, 2012, are as follows:

	2013		2012	
	Shares	**Amount**	Shares	Amount
Issued and outstanding				
Balance, beginning of year	**139,348,926**	**$ 993,181**	136,963,726	$ 963,982
Share-based awards exercised	**235,301**	**3,320**	91,684	1,385
Dividend reinvestment plan (i)	**2,444,284**	**21,574**	2,377,616	28,413
Repurchase and cancellation of shares (ii)	**–**	**–**	(84,100)	(599)
Shares issued for cash	**829**	**7**	–	–
Balance, end of year	**142,029,340**	**$ 1,018,082**	139,348,926	$ 993,181

(i) Dividend reinvestment plan

Under Just Energy's dividend reinvestment plan ("DRIP"), Canadian shareholders holding a minimum of 100 common shares can elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for the five trading days preceding the applicable dividend payment date, providing that the common shares are issued from treasury and not purchased on the open market. The DRIP was suspended as of February 1, 2012, but reinstated as of September 30, 2012. Effective May 1, 2013, U.S. shareholders can also participate in the DRIP.

(ii) Repurchase and cancellation of shares

During the 12-month period of December 16, 2011 to December 15, 2012, Just Energy had approval to make a normal course issuer bid ("NCIB") to purchase up to 13,200,917 common shares. Just Energy purchased and cancelled 84,100 common shares for cash consideration of $955. The average book value of $599 was recorded as a reduction to share capital and the remaining loss of $356 was allocated to accumulated deficit. No additional shares were purchased for cancellation during the current fiscal year.

During the 12-month period commencing February 14, 2013 and ending February 13, 2014, Just Energy has approval to make an NCIB to purchase up to 10,000,000 common shares. Just Energy commenced another NCIB on February 22, 2013 with an expiration of February 21, 2014 for the 6% convertible extendible unsecured subordinated debentures due June 30, 2017 (the "6% $330 million debentures"); and the 5.75% convertible unsecured subordinated debentures due September 30, 2018 (the "5.75% $100 million debentures"). Under the NCIB, Just Energy may purchase up to $33,000 of the 6% convertible extendible unsecured subordinated debentures and $10,000 of the 5.75% $100 million debentures.

15 SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2013, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding at year-end. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

A summary of the changes in Just Energy's option plan during the year and status as at March 31, 2013, are outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price[1]
Balance, beginning of year	50,000	$ 15.09	$ 15.09
Forfeited/cancelled	(50,000)	15.09	15.09
Granted	500,000	7.88	7.88
Balance, end of year	500,000	$ 7.88	$ 7.88

[1] The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

					2013
			Options outstanding		**Options exercisable**
	Number outstanding	**Weighted average remaining contractual life (yrs)**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
Exercise price					
$7.88	**500,000**	**10**	**$ 7.88**	**100,000**	**$ 7.88**

					2012
			Options outstanding		Options exercisable
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price					
$15.09	50,000	0.25	$ 15.09	50,000	$ 15.09

Options available for grant

	Year ended March 31, 2013	Year ended March 31, 2012
Balance, beginning of year	**1,264,166**	1,179,166
Add: Cancelled/forfeited during the year	**50,000**	85,000
Less: Granted	**(500,000)**	–
Balance, end of year	**814,166**	1,264,166

The Company uses a binomial option pricing model to estimate the fair value of options granted. The binomial model was chosen because of the fair value of options granted. The binomial model was chosen because of the yield associated with the Company's shares.

The fair value of options issued during the year was determined using the following weighted average assumptions: (i) risk-free interest rate of 18%; expected volatility of 30%; expected life of ten years and an expected dividend yield of 13%. The weighted average grant date fair value of options was $0.67.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid restricted share grants ("RSGs") to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2013, there were 708,676 RSGs (2012 – 1,454,181) still available for grant under the plan. Of the RSGs issued, 3,561,681 remain outstanding at March 31, 2013 (2012 – 3,024,023). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

RSGs available for grant

	2013	2012
Balance, beginning of year	**1,454,181**	1,858,394
Less: Granted during the year	**(763,604)**	(823,536)
Add: Cancelled/forfeited during the year	**18,099**	419,323
Balance, end of year	**708,676**	1,454,181

On May 16, 2013, the Board of Directors approved 554,413 RSGs for grant with an effective date of March 31, 2013.

(c) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive $15 of their compensation entitlement in deferred share grants ("DSGs") and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/ common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As at March 31, 2013, there were 25,006 DSGs (2012 – 54,638) available for grant under the plan. Of the DSGs issued, 160,661 DSGs remain outstanding at March 31, 2013.

DSGs available for grant

	March 31, 2013	March 31, 2012
Balance, beginning of year	**54,638**	84,118
Less: Granted during the year	**(29,632)**	(29,480)
Balance, end of year	**25,006**	54,638

16 LONG-TERM DEBT AND FINANCING

	March 31, 2013	March 31, 2012
Credit facility (a)	**$ 110,121**	$ 98,455
Less: debt issue costs (a)	**(427)**	(1,196)
$105 million senior unsecured note (b)	**105,000**	–
Less: debt issue costs (b)	**(7,335)**	–
TGF credit facility (c)(i)	**28,571**	32,046
TGF debentures (c)(ii)	**37,645**	35,818
NHS financing (d)	**257,427**	147,220
$90 million convertible debentures (e)	**87,610**	86,101
$330 million convertible debentures (f)	**297,928**	291,937
$100 million convertible debentures (g)	**87,579**	85,879
HES financing (h)		
Credit facility	**11,431**	–
Construction loan	**9,776**	–
Less: debt issue costs	**(1,884)**	–
Capital leases (i)	**472**	423
	1,023,914	776,683
Less: transfer of discontinued operations	**(66,216)**	–
Less: current portion	**(162,474)**	(97,611)
	$ 795,224	$ 679,072

Future annual minimum repayments are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Credit facility (a)	$ 110,121	$ –	$ –	$ –	$ 110,121
$105 million senior unsecured note (b)	–	–	–	105,000	105,000
NHS financing (d)	42,282	88,193	73,946	53,006	257,427
$90 million convertible debentures (e)	–	90,000	–	–	90,000
$330 million convertible debentures (f)	–	–	330,000	–	330,000
$100 million convertible debentures (g)	–	–	–	100,000	100,000
HES financing – Credit facility (h)	–	11,431	–	–	11,431
HES financing – Construction loan (h)	9,776	–	–	–	9,776
Capital leases (i)	295	177	–	–	472
	$ 162,474	$ 189,801	$ 403,946	$ 258,006	$ 1,014,227

The following table details the finance costs for the years ended March 31. Interest is expensed at the effective interest rate.

	2013	2012
Credit facility (a)	**$ 14,725**	$ 8,749
$105 million senior unsecured note (b)	**2,950**	–
NHS financing (d)	**15,846**	10,011
$90 million convertible debentures (e)	**6,910**	6,795
$330 million convertible debentures (f)	**25,792**	25,298
$100 million convertible debentures (g)	**7,450**	3,832
HES financing (h)	**1,134**	–
Capital lease interest (i)	**43**	32
Unwinding of discount on provisions	**301**	(267)
	$ 75,151	$ 54,450

(a) As at March 31, 2013, Just Energy has a $370 million credit facility to meet working capital requirements. The syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, Société Générale, The Bank of Nova Scotia, The Toronto-Dominion Bank and Alberta Treasury Branches. The term of the facility expires on December 31, 2013.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees that vary between 2.88% and 4.00%. Prime rate advances are at rates of interest that vary between bank prime plus 1.88% and 3.00% and letters of credit are at rates that vary between 2.88% and 4.00%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2013, the Canadian prime rate was 3.0% and the U.S. prime rate was 3.25%. As at March 31, 2013, Just Energy had drawn $110,121 (March 31, 2012 – $98,455) against the facility and total letters of credit outstanding amounted to $115,466 (March 31, 2012 – $121,054). As at March 31, 2013, unamortized debt issue costs relating to the facility are $427 (March 31, 2012 – $1,196). As at March 31, 2013, Just Energy has $144,413 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, among others, NHS, HES and TGF. Just Energy is required to meet a number of financial covenants under the credit facility agreement. During the first and second quarters of this fiscal year, the credit facility agreement was amended pursuant to which certain financial and other covenants were renegotiated to accommodate the growth of the business. As at March 31, 2013, all of these covenants had been met.

(b) On December 12, 2012, the Company issued $105,000 in senior unsecured notes ("$105,000 senior unsecured note") bearing interest at 9.75% and maturing in June 2018. Just Energy incurred costs of approximately $7,428 and has recorded these as a debt issuance cost. These costs will be charged to operations as finance costs over the term of the debt. The $105,000 senior unsecured note is subject to certain financial and other covenants. As at March 31, 2013, all of these covenants have been met.

In conjunction with the covenant requirements associated with the issuance of the senior unsecured note, the following represents select financial disclosure for the "Restricted Subsidiaries" as defined within the Note Indenture, which generally excludes NHS, TGF, HES, Momentis and the U.K. operations.

	Fiscal 2013	Three months ended March 31, 2013
Sales	**$ 2,783,258**	$ 847,178
Gross margin	**465,684**	140,959
Finance costs	**168,054**	51,408
Profit for the period	**543,800**	173,329
Non-cash financing costs	**10,519**	3,116
Intercompany interest charges	**109,900**	35,506
Share-based compensation	**10,041**	2,494
Income tax paid	**3,241**	5,138
Dividends paid from unrestricted subsidiaries	**17,852**	8,400

(c) The debt obligations of TGF have been reclassified to liabilities relating to assets held for sale and currently comprise the following separate facilities:

(i) TGF credit facility

A credit facility of up to $50,000 was established with a syndicate of Canadian lenders led by Conexus Credit Union and was arranged to finance the construction of the ethanol plant in 2007. The facility represents a fixed repayment term of ten years, commencing March 1, 2009, which includes interest costs at a rate of prime plus 3% with principal repayments commencing on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF, a mortgage on title to the land owned by TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the most significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' capital. As at March 31, 2013, the amount owing under this facility amounted to $28,571. Pursuant to a forbearance agreement dated as of December 31, 2012, the lenders have agreed that TGF shall not be required to make any principal payments until May 31, 2013. The lenders have no recourse to the Company or any other Just Energy entity.

(ii) TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40,000 aggregate principal amount of debentures was entered into in 2006. On April 1, 2011, the interest rate was increased to 12%. The agreement includes certain financial covenants, the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholders' equity. The maturity date has been extended to May 15, 2014, with a call right any time after April 1, 2013. TGF also agreed to make an additional debt repayment after March 31, 2013 if the cash flow from operations exceeds $500 for fiscal 2013, provided that this type of payment will not create a non-compliance issue for the Company under the TGF credit facility. The debenture holders have no recourse to the Company or any other Just Energy entity. Pursuant to a waiver and forbearance agreement made as of December 31, 2012, the debenture holders have agreed to waive any principal and interest payments to and including July 1, 2013. As at March 31, 2013, the amount owing under this debenture agreement amounted to $37,645.

(iii) TGF has a working capital operating line of $7,000 bearing interest at a rate of prime plus 2%. In addition to the amount shown on the consolidated statements of financial position as bank indebtedness, TGF has total letters of credit issued of $250.

(d) NHS entered into a long-term financing agreement for the funding of new and existing rental water heater and HVAC contracts. Pursuant to the agreement, NHS receives financing of an amount equal to the present value of the five, seven or ten years of monthly rental income, discounted at the agreed upon financing rate of 7.25% to 7.99%, and as settlement, is required to remit an amount equivalent to the rental stream from customers on the water heater, furnace and air conditioner contracts for the five, seven or ten years. As security for performance of the obligation, NHS has provided security over the water heaters, HVAC equipment and rental contracts, subject to the financing rental agreement, as collateral.

The financing agreement is subject to a holdback provision of 3–5%. Once all obligations of NHS are satisfied or expired, the remaining funds in the holdback will immediately be released to NHS.

With the acquisition of the customer contracts disclosed in Note 9, NHS also assumed debt related to the original funding of contracts. The agreement states customer payments flow directly to a restricted bank account which is swept monthly in order to pay the current outstanding debt of $30,757. The debt bears interest of 7.5% to 10%, is secured by the underlying assets and will be satisfied in August 2022.

NHS has $257,427 owing under this agreement, including $10,635 relating to the holdback provision, recorded in non-current receivables and $2,186 in restricted cash as at March 31, 2013. NHS is required to meet a number of non-financial covenants under the agreement. As at March 31, 2013, all of these covenants had been met.

(e) In conjunction with an acquisition, the Company also acquired the obligations of the convertible unsecured subordinated debentures (the "$90 million convertible debentures") issued in October 2007. The fair value of the $90 million convertible debentures was estimated by discounting the remaining contractual payments at the time of acquisition. This discount will be accreted using an effective interest rate of 8%. These instruments have a face value of $90,000 and mature on September 30, 2014, unless converted prior to that date, and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each $1,000 principal amount of the $90 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 38.64 common shares, representing a conversion price of $25.88 per common share as at March 31, 2013. Pursuant to the $90 million convertible debentures, if the Company fixes a record date for the payment of a dividend, the conversion price shall be adjusted in accordance therewith. During the year ended March 31, 2013, interest expense amounted to $6,910.

On and after September 30, 2012, but prior to the maturity date, the $90 million convertible debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Just Energy's sole option on not more than 60 days' and not less than 30 days' prior notice.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $90 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $90 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

(f) In order to fund an acquisition in May 2010, Just Energy issued $330 million of convertible extendible unsecured subordinated debentures (the "$330 million convertible debentures"). The $330 million convertible debentures bear interest at a rate of 6.0% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each $1,000 principal amount of the $330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 common shares of the Company, representing a conversion price of $18 per share. During the year ended March 31, 2013, interest expense amounted to $25,792. The $330 million convertible debentures are not redeemable prior to June 30, 2013, except under certain conditions after a change of control has occurred. On or after June 30, 2013, but prior to June 30, 2015, the $330 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the conversion price ($22.50). On and after June 30, 2015, and prior to maturity, the $330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

The Company may, at its own option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $330 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $330 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $330 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $33,914. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $15,728 and reduced the value of the equity component of convertible debentures by this amount. The remainder of the net proceeds of the $330 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $330,000 over the term of the $330 million convertible debentures using an effective interest rate of 8.8%. If the $330 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted.

(g) On September 22, 2011, Just Energy issued $100 million of convertible unsecured subordinated debentures (the "$100 million convertible debentures") which was used to purchase Fulcrum. The $100 million convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year commencing March 31, 2012, and have a maturity date of September 30, 2018. Each $1,000 principal amount of the $100 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of $17.85. The $100 million convertible debentures are not redeemable at the option of the Company on or before September 30, 2014. After September 30, 2014, and prior to September 30, 2016, the $100 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares is at least 125% of the conversion price. On or after September 30, 2016, the $100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $100 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $100 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $100 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $10,188. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $2,579 and reduced the equity component of the convertible debenture by this amount. The remainder of the net proceeds of the $100 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $100,000 over the term of the $100 million convertible debentures using an effective interest rate of 8.6%. If the $100 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted. During the year ended March 31, 2013, interest expense amounted to $7,450.

(h) Effective August 1, 2012, HES, through a subsidiary, entered into a US$30 million financing agreement to assist with the construction of certain solar projects. The credit facility matures August 1, 2014 with no prepayment permitted, bearing interest, and payable quarterly, at U.S. prime plus 6.9% or Eurodollar rate plus 7.9%. As at March 31, 2013, HES had drawn $11,431 on this facility. HES is required to meet a number of financial and other covenants under this facility. As at March 31, 2013, all of these covenants had been met.

HES, through a subsidiary, has entered into an arrangement providing access to a construction loan for up to approximately $12,000 to fund certain specified projects. As at March 31, 2013, $9,776 has been advanced under this loan and had unamortized debt issue costs of $1,884. The construction loan bears interest at 10% and is due upon completion of certain solar projects. Upon completion of the solar projects, the construction loan will be settled from the proceeds of a term loan to be received from the same counterparty and an investment from an institutional investor. The term loan for approximately $6,500 will bear interest at 8% and mature in six years. The investment will be for approximately $7,000 and will provide the institutional investor with a significant portion of the tax incentives generated by the projects funded. This arrangement is subject to certain financial covenants and warranties, all of which have been met as at March 31, 2013. As at March 31, 2013, approximately $1,115 net of costs has been received and is included in non-controlling interest as an investment from the minority shareholder.

(i) The Company, through its subsidiaries, leases certain computer and office equipment and software. These financing arrangements bear interest at rates ranging from 0% to 29% and mature between April 20, 2013 and January 31, 2015.

17 INCOME TAXES

(a) Tax expense

	2013	2012
Tax recognized in profit or loss	**$ 2,061**	$ 662
Current tax expense	**2,061**	662
Deferred tax expense		
Origination and reversal of temporary differences	**$ 225,297**	$ (49,363)
Expense (benefit) arising from a previously unrecognized tax loss or temporary difference	**(140,973)**	86,228
Deferred tax expense	**84,324**	36,865
Provision for income tax	**$ 86,385**	$ 37,527

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 26.50% (2012 – 27.5%). The differences are as follows:

	2013	2012
Income (loss) before income taxes from continuing operations	**$ 688,090**	$ (90,928)
Combined statutory Canadian federal and provincial income tax rate	**26.50%**	27.75%
Income tax expense (recovery) based on statutory rate	**182,344**	(25,233)
Increase (decrease) in income taxes resulting from		
Cost (benefit) of mark to market loss and other temporary differences not recognized	**(140,973)**	86,228
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	**44,749**	(23,342)
Other permanent items	**265**	(126)
Total income tax expense	**$ 86,385**	$ 37,527

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	2013	2012
Mark to market losses on derivative instruments	**$ 46,107**	$ 113,907
Tax losses and excess of tax basis over book basis	**9,480**	17,697
Partnership loss deferred for tax purposes	**1,319**	
Total deferred tax asset	**56,906**	131,604
Offset of deferred taxes	**(32,258)**	(57,754)
Net deferred tax asset	**$ 24,648**	$ 73,850
Partnership income deferred for tax purposes	**$ (16,579)**	$ (35,459)
Excess of book basis over tax basis on customer contracts	**(4,707)**	(12,604)
Mark to market gains on derivative instruments	**(146)**	(85)
Excess of book basis over tax basis on other assets	**(31,740)**	(2,075)
Convertible debentures	**(10,203)**	(9,056)
Total deferred tax liability	**(63,375)**	(59,279)
Offset of deferred taxes	**32,258**	57,754
Net deferred tax liability	**$ (31,117)**	$ (1,525)

(d) Movement in deferred tax balances

	Balance April 1, 2012	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2013
Partnership income deferred for tax	**$ (35,459)**	**$ 20,200**	**$ –**	**$ –**	**$ –**	**$ (15,259)**
Excess of book over tax – customer contracts	**(17,763)**	**7,917**	**–**	**–**	**–**	**(9,846)**
Excess of book over tax on other assets	**20,776**	**(38,038)**	**–**	**136**	**–**	**(17,126)**
Mark to market gains (losses) on derivative instruments	**113,827**	**(73,256)**	**–**	**5,414**	**(20)**	**45,965**
Convertible debentures	**(9,056)**	**(1,147)**	**–**	**–**	**–**	**(10,203)**
	$ 72,325	**$ (84,324)**	**$ –**	**$ 5,550**	**$ (20)**	**$ (6,469)**

	Balance April 1, 2011	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2012
Partnership income deferred for tax	$ (14,046)	$ (21,413)	$ –	$ –	$ –	$ (35,459)
Excess of book over tax – customer contracts	(49,141)	31,378	–	–	–	(17,763)
Excess of book over tax on other assets	36,875	(16,486)	–	387	–	20,776
Mark to market (losses) gains on derivative instruments	132,888	(31,577)	–	12,961	(445)	113,827
Convertible debentures	(7,710)	1,233	(2,579)	–	–	(9,056)
	$ 98,866	$ (36,865)	$ (2,579)	$ 13,348	$ (445)	$ 72,325

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected as at March 31, 2013 and 2012, are as follows:

	2013	2012
Losses available for carryforward	**$ 670**	$ 1,201
Mark to market on losses on derivative instruments	**3,434**	124,531
Excess of book over tax basis	**3,371**	7,889
Excess of book over tax – customer contracts	**$ 17,773**	$ 3,210

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

2028	$ 2,202
2029	6,114
After 2030 and thereafter	55,286
Total	$ 63,602

18 PROVISIONS

	2013	2012
Cost		
Balance, beginning of year	**$ 6,294**	$ 7,250
Provisions made during the year	**1,055**	663
Provisions reversed and used during the year	**(908)**	(1,506)
Unwinding of discount	**301**	(269)
Foreign exchange impact	**94**	156
Balance, end of year	**$ 6,836**	$ 6,294
Current	**3,063**	3,226
Non-current	**3,773**	3,068
	$ 6,836	$ 6,294

Legal issues

The provision for legal issues shown above includes the expected cash outflows from major claims and for several smaller litigation matters. Just Energy's subsidiaries are party to a number of legal proceedings. Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated income, cash flows or financial position.

In addition to the routine legal proceedings of Just Energy, the State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce Energy Inc. ("CEI"), 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 CEI did not own generation facilities, the State of California is claiming that CEI was unjustly enriched by the run-up in charges caused by the alleged market manipulation of other market participants. On March 18, 2010, the Administrative Law Judge in the matter granted a motion to strike the claim 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. On June 13, 2012, FERC denied the plaintiff's request for a rehearing, affirming its initial decision. The California party still has the ability to appeal to the United States Courts for the Ninth Circuit. CEI continues to vigorously contest this matter, which is not expected to have a material impact on the financial condition of the Company.

On December 17, 2012, NHS was served with a statement of claim from the Ontario Superior Court Justice by Reliance Comfort Limited Partnership ("Reliance") seeking damages in the amount of $60 million and related declaratory and injunctive relief, based on allegations that NHS engaged in unfair trade practices and misleading representations in its marketing and sale of water heaters. NHS believes the action is without merit and is an attempt by Reliance to deflect attention from allegations of anti-competitive conduct made against Reliance by the Commissioner of Competition. Following a formal investigation, on December 20, 2012, the Commissioner of Competition brought applications against Reliance Home Comfort and Direct Energy alleging that each company was abusing its dominant position through conduct that intentionally suppresses competition and restricts consumer choice. NHS will vigorously defend itself against the action and has counterclaimed for $60 million in damages for claims of misleading advertising, breaches of the Competition Act, breaches of the Consumer Protection Act and defamation.

19 OTHER INCOME, EXPENSES AND ADJUSTMENTS

(a) Other operating expenses

	2013	2012
Amortization of gas contracts	**$ 12,627**	$ 23,902
Amortization of electricity contracts	**37,782**	54,468
Amortization of acquired water heater and HVAC contracts	**2,685**	1,631
Amortization of other intangible assets	**33,235**	28,189
Amortization of property, plant and equipment	**4,426**	4,553
Bad debt expense	**30,850**	28,514
Transaction costs	**–**	1,101
Share-based compensation	**11,952**	10,662
	$ 133,557	$ 153,020

(b) Amortization and cost of inventories included in cost of sales

	2013	2012
Amortization	**$ 10,615**	$ 6,769
Direct energy costs and other	**2,345,481**	2,148,352
	$ 2,356,096	$ 2,155,121

(c) Included in change in fair value of derivative instruments

	2013	2012
Amortization of gas contracts	**$ 11,695**	$ 38,663
Amortization of electricity contracts	**41,027**	74,330

(d) Employee benefits expense

	2013	2012
Wages, salaries and commissions	**$ 223,339**	$ 186,122
Benefits	**18,134**	20,631
	$ 241,473	$ 206,753

20 REPORTABLE BUSINESS SEGMENTS

Just Energy operates in the following reportable segments: gas marketing, electricity marketing, ethanol, home services and other. Other represents HES and Momentis. Reporting by products and services is in line with Just Energy's performance measurement parameters.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Just Energy is not considered to have any key customers.

For the year ended March 31, 2013

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$ 745,075	$ 2,062,009	$ –	$ 53,531	$ 21,349	$ 2,881,964
Gross margin	125,774	340,895	–	41,937	17,262	525,868
Amortization of property, plant and equipment	854	3,333	–	223	16	4,426
Amortization of intangible assets	19,047	64,569	–	2,699	14	86,329
Administrative expenses	33,123	78,191	–	19,197	8,344	138,855
Selling and marketing expenses	44,724	128,059	–	5,171	30,075	208,029
Other operating expenses	4,430	36,416	–	1,404	552	42,802
Operating profit (loss) for the year	$ 23,596	$ 30,327	$ –	$ 13,243	$ (21,739)	$ 45,427
Finance costs	(13,723)	(44,431)	–	(15,846)	(1,151)	(75,151)
Change in fair value of derivative instruments	334,824	384,926	–	(175)	–	719,575
Proportionate share of loss from joint venture	(1,763)	(5,694)	–	–	–	(7,457)
Other income (loss)	(591)	4,238	–	–	2,049	5,696
Provision for income taxes	13,103	42,146	–	31,023	113	86,385
Profit (loss) from continuing operations	$ 329,240	$ 327,220	$ –	$ (33,801)	$ (20,954)	$ 601,705
Discontinued operations	–	–	(72,050)	–	–	(72,050)
Profit for the year	$ 329,240	$ 327,220	$ (72,050)	$ (33,801)	$ (20,954)	$ 529,655
Capital expenditures	$ 1,098	$ 3,294	$ –	$ 46,784	$ 63,637	$ 114,813
Total goodwill	$ 127,312	$ 128,787	$ –	$ 283	$ –	$ 256,382
Total assets	$ 320,797	$ 756,032	$ 77,439	$ 267,293	$ 107,381	$ 1,528,942
Total liabilities	$ 407,383	$ 854,216	$ 77,439	$ 294,523	$ 34,438	$ 1,667,999

For the year ended March 31, 2012

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$ 883,057	$ 1,719,853	$ –	$ 35,642	$ 16,226	$ 2,654,778
Gross margin	140,140	316,232	–	27,979	15,306	499,657
Amortization of property, plant and equipment	1,119	3,242	–	168	24	4,553
Amortization of intangible assets	31,230	75,323	–	1,631	6	108,190
Administrative expenses	30,822	66,263	–	12,901	4,182	114,168
Selling and marketing expenses	34,546	101,236	–	4,188	37,332	177,302
Other operating expenses	7,551	31,078	–	1,432	216	40,277
Operating profit (loss) for the year	$ 34,872	$ 39,090	$ –	$ 7,659	$ (26,454)	$ 55,167
Finance costs	(12,657)	(31,769)	–	(10,018)	(6)	(54,450)
Change in fair value of derivative instruments	31,132	(125,966)	–	(1,376)	–	(96,210)
Proportionate share of loss from joint venture	(565)	(1,406)	–	–	–	(1,971)
Other income (loss)	(7,038)	12,722	–	–	852	6,536
Provision for (recovery of) income taxes	10,236	27,292	–	–	(1)	37,527
Profit (loss) for the year from continuing operations	$ 35,508	$ (134,621)	$ –	$ (3,735)	$ (25,607)	$ (128,455)
Discontinued operations	–	–	1,812	–	–	1,812
Profit (loss) for the year	$ 35,508	$ (134,621)	$ 1,812	$ (3,735)	$ (25,607)	$ (126,643)
Capital expenditures	$ 966	$ 1,874	$ 250	$ 35,685	$ 36,054	$ 74,829
Total goodwill	$ 127,055	$ 127,461	$ –	$ 283	$ –	$ 254,799
Total assets	$ 350,915	$ 904,504	$ 123,604	$ 159,696	$ 4,325	$ 1,543,044
Total liabilities	$ 543,062	$ 1,250,564	$ 76,995	$ 168,715	$ 5,117	$ 2,044,453

Geographic information

Revenues from external customers are shown below:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Canada	**$ 872,987**	$ 1,002,753
United States	**2,002,378**	1,652,025
United Kingdom	**6,599**	–
Total revenue per consolidated statements of income	**$ 2,881,964**	$ 2,654,778

The revenue is based on the location of the customer.

Non-current assets

Non-current assets by geographic segment consist of property, plant and equipment and intangible assets and are summarized as follows:

	As at March 31, 2013	As at March 31, 2012
Canada	**$ 391,420**	$ 480,452
United States	**312,823**	360,018
United Kingdom	**1,093**	–
Total	**$ 705,336**	$ 840,470

21 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangibles with indefinite lives have been allocated to one of five cash-generating units, which are also operating and reportable segments, for impairment testing. These units are gas marketing, electricity marketing, ethanol, home services and other.

For impairment testing, goodwill and brand have been allocated as follows:

	Gas marketing		Electricity marketing		Home services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Goodwill	**$ 127,312**	$ 127,055	**$ 128,787**	$ 127,461	**$ 283**	$ 283	**$ 256,382**	$ 254,799
Brand	**1,359**	1,338	**22,443**	22,031	**–**	–	**23,802**	23,369
	$ 128,671	$ 128,393	**$ 151,230**	$ 149,492	**$ 283**	$ 283	**$ 280,184**	$ 278,168

Just Energy performed its annual impairment test as at March 31, 2013. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2013, the market capitalization of Just Energy was above the book value of its equity, indicating that a potential impairment of goodwill and intangibles with indefinite lives does not exist.

The recoverable amount of each of the units has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projections for the first three years have been approved by the Audit Committee; the assumptions used in the following two years have been approved by the senior management. The calculation of the value in use for each unit is most sensitive to the following assumptions:

- Customer consumption assumptions used in determining gross margin
- New customer additions and attrition and renewals
- Selling costs
- Discount rates
- Growth rates used to extrapolate cash flows beyond the budget period

Customer consumption is forecasted using normalized historical correlation between weather and customer consumption and weather projections. Just Energy uses weather derivatives to mitigate the risk that weather will deviate from expectations. An average customer consumption growth rate of 9% was used in the projections. An isolated 5% decrease in the consumption assumptions would not have an impact on the results of the impairment test.

New customer additions and attrition and renewal rate estimates are based on historical results and are adjusted for new marketing initiatives that are included in the budget. A 9% average increase in the overall customer base was used in the projections. An isolated 5% decrease annually in the overall customer base would not have an impact on the results of the impairment test.

Selling costs fluctuate with customer additions, renewals and attrition. Selling costs used in the financial forecast are based on assumptions consistent with the above new customer additions, renewals and attritions. Rates used are based on historical information and are adjusted for new marketing initiatives included in the budget. An average increase of 9% was applied to selling costs in the projections. An isolated 5% increase annually in selling costs would not have an impact on the results of the impairment test.

Discount rates represent the current market assessment of the risks specific to the Company, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of Just Energy and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Just Energy's investors and the cost of debt is based on the interest bearing borrowings the Company is obliged to service. Just Energy used a discount rate of 9%. An isolated 5% increase in the WACC would not have an impact on the results of the impairment test.

Financial projections used in the budget period which covers years 1, 2 and 3 have been approved by the Executive Committee. The results in years 4 and 5 are based on year 3 results adjusted for inflation. An isolated 5% decrease in the growth rates used to extrapolate cash flows beyond the budget period would not have an impact on the results of the impairment test.

22 EARNINGS (LOSS) PER SHARE

	2013	2012
Basic earnings (loss) per share		
Profit (loss) from continuing operations	**$ 601,705**	$ (128,455)
Profit (loss) available to shareholders	**$ 530,308**	$ (126,522)
Basic shares outstanding	**140,041,759**	138,227,174
Basic earnings (loss) per share from continuing operations	**$ 4.30**	$ (0.93)
Basic earnings (loss) per share available to shareholders	**$ 3.79**	$ (0.92)
Diluted earnings (loss) per share		
Profit (loss) from continuing operations	**$ 601,705**	$ (128,455)
Profit (loss) available to shareholders	**$ 530,308**	$ (126,522)
Adjustment for dilutive impact of convertible debentures	**29,281**	–
Adjusted earnings (loss) from continuing operations	**$ 630,986**	$ (128,455)
Adjusted earnings (loss) available to shareholders	**$ 559,589**	$ (126,522)
Basic shares outstanding	**140,041,759**	138,227,174
Dilutive effect of:		
Restricted share grants	**3,687,837**	–
Deferred share grants	**154,341**	–
Convertible debentures	**27,413,163**	–
Shares outstanding on a diluted basis	**171,297,100**	138,227,174
Diluted earnings (loss) per share from continuing operations	**$ 3.68**	$ (0.93)
Diluted earnings (loss) per share available to shareholders	**$ 3.27**	$ (0.92)

23 CAPITAL DISCLOSURE

Just Energy defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. Just Energy's objectives when managing capital are to maintain flexibility by:

i) enabling it to operate efficiently;

ii) providing liquidity and access to capital for growth opportunities; and

iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its long-term debt, and as at March 31, 2013 and 2012, all of these covenants have been met.

24 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 $106,173.

25 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operating decisions. The definition includes subsidiaries, joint ventures and other persons.

Subsidiaries and joint ventures

Transactions between Just Energy and its subsidiaries meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these consolidated financial statements. Transactions with joint ventures are disclosed in Note 11.

Key management personnel

Just Energy's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of Just Energy and comprise the Chair of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

During the years ended March 31, 2013 and 2012, Just Energy recorded the following as an expense related to these individuals:

	March 31, 2013	March 31, 2012
Salaries and benefits	**$ 2,122**	$ 4,242
Share-based compensation	**5,500**	5,490
	$ 7,622	$ 9,732

As at March 31, 2013, these individuals held approximately 1,955,117 RSGs (2012 – 1,631,500).

26 DIVIDENDS PAID AND PROPOSED

For the year ended March 31, 2013, dividends of $1.24 (2012 – $1.24) per share were declared and paid by Just Energy. This amounted to $178,400 (2012 – $175,382), which was approved throughout the period by the Board of Directors and was paid out during the year.

Declared dividends subsequent to year-end

On April 2, 2013, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend was paid on April 30, 2013 to shareholders of record at the close of business on April 15, 2013.

On May 2, 2013, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend will be paid on May 31, 2013 to shareholders of record at the close of business on May 15, 2013.

27 COMMITMENTS

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

As at March 31, 2013

	Less than 1 year	**1–3 years**	**4–5 years**	**Exceeding 5 years**	**Total**
Premises and equipment leasing	**$ 7,550**	**$ 10,755**	**$ 7,037**	**$ 6,258**	**$ 31,600**
Royalty payments	**–**	**4,489**	**9,643**	**31,650**	**45,782**
Long-term gas and electricity contracts	**1,372,855**	**993,719**	**182,020**	**1,272**	**2,549,866**
	$ 1,380,405	**$ 1,008,963**	**$ 198,700**	**$ 39,180**	**$ 2,627,248**

As at March 31, 2012

	Less than 1 year	1–3 years	4–5 years	Exceeding 5 years	Total
Premises and equipment leasing	$ 8,296	$ 12,231	$ 7,570	$ 7,087	$ 35,184
Long-term gas and electricity contracts	1,363,421	1,057,222	175,049	622	2,596,314
	$ 1,371,717	$ 1,069,453	$ 182,619	$ 7,709	$ 2,631,498

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. For the main office building of Just Energy, there is a renewal option for an additional five years. No purchase options are included in any major leasing contracts. Royalty represents the future payments NHS is required to make on revenue earned on its current installed base. 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.

28 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2013	2012
Changes in:		
Accrued gas receivables	**$ (25,867)**	$ 22,033
Gas delivered in excess of consumption	**6,459**	(10,300)
Accrued gas payable	**21,213**	(15,267)
Deferred revenue	**(6,341)**	11,274
	$ (4,536)	$ 7,740

29 CHANGES IN NON-CASH WORKING CAPITAL

	2013	2012
Accounts receivable and unbilled revenues	**$ (17,465)**	$ 13,399
Gas in storage	**576**	(3,520)
Prepaid expenses and deposits	**(2,708)**	410
Inventory	**(5,245)**	(1,355)
Trade and other payables and provisions	**22,619**	(24,010)
	$ (2,223)	$ (15,076)

30 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.