

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Just Energy Income Fund 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 Canadian Generally Accepted Accounting Principles. 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 Income Fund maintains systems of internal accounting and administrative controls. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Fund's 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 comprised 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 KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Unitholders. 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 Income Fund by Ontario Energy Savings Corp., as administrator.

(signed)

Ken Hartwick
Chief Executive Officer and President

(signed)

Beth Summers
Chief Financial Officer

AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the consolidated balance sheets of Energy Savings Income Fund as at March 31, 2009 and 2008 and the consolidated statement of operations, unitholders' equity (deficit), comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed)

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
May 13, 2009

CONSOLIDATED BALANCE SHEETS

As at March 31

(thousands of dollars)

	2009	2008
Assets		
Current		
Cash and cash equivalents	\$ 59,094	\$ 27,310
Restricted cash (Note 5)	7,609	4,749
Accounts receivable	249,480	207,793
Gas in storage	6,690	4,268
Inventory	257	–
Unbilled revenues	57,779	47,299
Prepaid expenses	2,020	2,343
Corporate taxes recoverable	–	2,665
Other assets – current (Note 12a)	5,544	193,398
	388,473	489,825
Gas contracts (less accumulated amortization – \$710; 2008 – \$nil)	1,513	–
Electricity contracts (less accumulated amortization – \$37,216; 2008 – \$32,401)	3,584	1,527
Goodwill	117,061	116,146
Capital assets (Note 7)	19,971	16,637
Other assets – long term (Note 12a)	5,153	75,560
Future income tax assets (Note 9)	–	9,420
	\$ 535,755	\$ 709,115
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 165,431	\$ 128,682
Customer rebates payable (Note 5)	7,309	4,617
Management incentive program payable	1,093	2,235
Unit distribution payable	10,977	30,696
Corporate taxes payable	1,906	–
Accrued gas accounts payable	41,379	38,522
Other liabilities – current (Note 12a)	519,352	59,150
	747,447	263,902
Long-term debt (Note 8)	76,500	67,583
Deferred lease inducements	2,382	2,817
Other liabilities – long term (Note 12a)	401,720	156,390
Future income tax liabilities (Note 9)	–	19,458
	1,228,049	510,150
Non-controlling interest (Note 6b)	292	–
Equity (deficit)		
Deficit	\$(1,470,277)	\$ (211,931)
Accumulated other comprehensive income	364,566	40,789
	(1,105,711)	(171,142)
Unitholders' capital	398,454	358,103
Contributed surplus	14,671	12,004
Unitholders' equity (deficit)	(692,586)	198,965
	\$ 535,755	\$ 709,115

Guarantees (Note 16), Commitments (Note 17), Contingencies (Note 18)

See accompanying notes to consolidated financial statements

Approved on behalf of Just Energy Income Fund by Ontario Energy Savings Corp., as administrator.

(signed)

Rebecca MacDonald, Executive Chair

(signed)

Michael Kirby, Corporate Director

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (DEFICIT)

For the years ended March 31
(thousands of dollars)

	2009	2008
Accumulated earnings (deficit)		
Accumulated earnings, beginning of year	\$ 392,082	\$ 237,802
Adjustment for change in accounting policy (2008 – net of income taxes of \$49) (Note 3(III))	2,964	1,519
Net income (loss)	(1,107,473)	152,761
Accumulated earnings (deficit), end of year	(712,427)	392,082
Distributions		
Distributions, beginning of year	(604,013)	(435,430)
Distributions	(148,944)	(159,832)
Class A preference share distributions – net of income taxes of \$2,767 (2008 – \$4,948)	(4,893)	(8,751)
Distributions, end of year	(757,850)	(604,013)
Deficit	(1,470,277)	(211,931)
Accumulated other comprehensive income		
Accumulated other comprehensive income, beginning of year	40,789	–
Transitional adjustment upon implementation – derivative instruments designated as cash flow hedges and derivative gains previously deferred (2008 – net of income taxes of \$1,536)	–	113,865
Adjustment upon conversion – unrealized losses on translation of self-sustaining foreign operations	–	(87)
Other comprehensive income (loss)	323,777	(72,989)
Accumulated other comprehensive income, end of year	364,566	40,789
Unitholders' capital (Note 10)		
Unitholders' capital, beginning of year	358,103	328,153
Trust units exchanged	3,606	5,000
Trust units issued on exercise/exchange of unit compensation (Note 11d)	5,778	4,793
Trust units issued	41,176	25,157
Repurchase and cancellation of units	(6,603)	–
Class A preference shares exchanged	(3,606)	(5,000)
Unitholders' capital, end of year	398,454	358,103
Contributed surplus (Note 11d)	14,671	12,004
Unitholders' equity (deficit), end of year	\$ (692,586)	\$ 198,965

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31

(thousands of dollars, except per unit amounts)

	2009	2008
Sales	\$ 1,899,213	\$ 1,738,690
Cost of sales	1,576,397	1,463,890
Gross margin	322,816	274,800
Expenses		
General and administrative expenses	59,586	51,638
Capital tax	220	827
Marketing expenses	68,093	56,121
Unit based compensation (Note 11d)	4,098	3,076
Bad debt expense	13,887	6,951
Amortization of gas contracts	710	177
Amortization of electricity contracts	2,884	7,384
Amortization of capital assets	5,100	5,110
	154,578	131,284
Income before the undernoted	168,238	143,516
Interest expense (Note 8)	3,857	5,346
Change in fair value of derivative instruments (Note 12a)	1,336,976	831
Other income	(7,604)	(921)
Income (loss) before income tax	(1,164,991)	138,260
Recovery of income tax (Note 9)	(57,460)	(14,501)
Non-controlling interest (Note 6b)	(58)	-
Net income (loss)	\$ (1,107,473)	\$ 152,761

See accompanying notes to consolidated financial statements

Income per unit (Note 14)		
Basic	\$ (10.03)	\$ 1.42
Diluted	\$ (9.93)	\$ 1.41

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended March 31

(thousands of dollars, except per unit amount)

	2009	2008
Net income (loss)	\$ (1,107,473)	\$ 152,761
Unrealized gain (loss) on translation of self-sustaining operations	(1,906)	3,951
Unrealized and realized gain (loss) on derivative instruments designated as cash flow hedges prior to July 1, 2008, net of income taxes of \$89,256 (2008 – \$(15,266)) (Note 12a)	498,654	(76,940)
Amortization of deferred unrealized gain on discontinued hedges after July 1, 2008, net of income taxes of \$38,805 (Note 12a)	(172,971)	-
Other comprehensive income (loss)	323,777	(72,989)
Comprehensive income (loss)	\$ (783,696)	\$ 79,772

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31
(thousands of dollars)

	2009	2008
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income (loss)	\$ (1,107,473)	\$ 152,761
Items not affecting cash		
Amortization of gas contracts	710	177
Amortization of electricity contracts	2,884	7,384
Amortization of capital assets	5,100	5,110
Unit based compensation	4,098	3,076
Non-controlling interest	(58)	–
Future income taxes (Note 9)	(64,088)	(18,692)
Other	(3,940)	(141)
Change in fair value of derivative instruments	1,336,976	831
	1,281,682	(2,255)
Adjustments required to reflect net cash receipts from gas sales (Note 19)	(7,623)	(2,620)
Changes in non-cash working capital (Note 20)	6,181	(11,879)
Cash inflow from operations	172,767	136,007
Financing		
Exercise of trust unit options (Note 11d)	4,293	4,053
Issue of trust units	–	18,079
Distributions paid to Unitholders	(129,357)	(131,132)
Distributions on Class A preference shares	(8,460)	(11,849)
Tax impact on distributions to Class A preference shareholders	2,767	4,948
Units purchased for cancellation	(6,603)	–
Issuance of long-term debt and increase in bank indebtedness	87,726	97,294
Repayment of long-term debt and bank indebtedness	(85,731)	(68,303)
Restricted cash	(122)	1,962
	(135,487)	(84,948)
Investing		
Purchase of capital assets	(6,345)	(7,842)
Acquisitions (Note 6)	(1,842)	(33,400)
	(8,187)	(41,242)
Effect of foreign currency translation on cash balances	2,691	707
Net cash inflow	31,784	10,524
Cash, beginning of year	27,310	16,786
Cash, end of year	\$ 59,094	\$ 27,310
Supplemental information		
Interest paid	\$ 4,009	\$ 5,545
Income taxes paid	\$ 1,153	\$ 1,251
Supplemental disclosure relating to non-cash financing and investing activities		
Acquisition of capital assets through lease inducements	\$ –	\$ 2,817

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2009

(thousands of dollars, except where indicated and per unit amounts)

NOTE 1 ORGANIZATION

Just Energy Income Fund ("Just Energy" or the "Fund") which was formerly known as Energy Savings Income Fund changed its name effective June 1, 2009.

Just Energy is an open-ended, limited-purpose trust established under the laws of the Province of Ontario to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates: Ontario Energy Savings L.P. ("OESLP"), Energy Savings (Manitoba) L.P. ("ESMLP"), Energy Savings (Quebec) L.P. ("ESPQ"), ES (B.C.) Limited Partnership ("ESBC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JE Illinois"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana Corp. ("JE Indiana"), Just Energy Texas L.P. ("JE Texas") and Newten Home Comfort L.P. ("NHCLP") (collectively the "Energy Savings Group").

NOTE 2 OPERATIONS

The Just Energy Group

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. 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. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers. Just Energy also has environmentally friendly offerings of natural gas and electricity through its Green Energy Option ("GEO") program.

NOTE 3 (I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and include the accounts of Just Energy Income Fund and its directly or indirectly owned subsidiaries and affiliates.

(b) 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.

(c) Unbilled revenues/accrued gas accounts payable or gas delivered in excess of consumption/deferred revenues

Unbilled revenues 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 accounts 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 our operations, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas accounts 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 and Quebec gas markets.

(d) Gas in storage

Gas in storage primarily represents the gas delivered to the LDCs in the states of Illinois, Indiana and New York. The balance will fluctuate as gas is injected or withdrawn from storage. Injections typically occur from April through November and withdrawals occur from December through March.

In addition, a portion of the gas in storage relates to operations in the Province of Alberta. In Alberta, there is a month to month carryover, which represents the difference between the gas delivered to the LDC within a month and customer consumption. The delivery volumes in the following month are adjusted accordingly.

Gas in storage is stated at the lower of cost and net realizable value.

(e) Inventory

Inventory, comprising water heaters, is stated at the lower of cost and net realizable value.

(f) Capital assets

Capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets, with the half year rule applied to acquisitions, as follows.

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Computer software	Declining balance	100%
Commodity billing and settlement systems	Straight line	5 years
Water heaters	Straight line	15 years
Leasehold improvements	Straight line	Term of lease

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(g) Asset retirement obligations

Asset retirement obligations, including any restoration costs required in connection with leased assets or properties, are recognized at fair value in the period in which the obligations are incurred and a reasonable estimate of fair value can be made. Just Energy did not have any such obligations outstanding for the years ended March 31, 2009 and 2008.

(h) Goodwill

Goodwill, reflecting the excess of the acquisition and incremental costs over the fair value of assets purchased by the Fund, is not amortized. The carrying amount of goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps; in the first step the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit including goodwill exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination.

(i) Gas contracts

Gas contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various gas contracts. These contracts are amortized over their average estimated remaining life. The Fund regularly evaluates existing gas contracts including the estimates of useful lives.

(j) Electricity contracts

Electricity contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various electricity contracts. These contracts are amortized over their average estimated remaining life. The Fund regularly evaluates existing electricity contracts including the estimates of useful lives.

(k) Other assets (liabilities) – current/long term, change in fair value of derivative instruments and other comprehensive income (loss)

Just Energy's various derivative instruments have been accounted for using Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement. Effective July 1, 2008, the Fund ceased the utilization of hedge accounting. In accordance with CICA Handbook Section 3865, Hedges, the Fund is amortizing the accumulated gains and losses to June 30, 2008, from other comprehensive income in the same period in which the original hedged item affects the Statement of Operations. No retrospective restatement is required for this change. The derivatives are measured at fair value and booked to the consolidated balance sheets. Effective July 1, 2008, all changes in fair value between periods are booked to change in fair value of derivative instruments on the consolidated statements of operations.

Prior to July 1, 2008, financial instruments that met hedging requirements were accounted for under CICA Handbook Section 3865, Hedges. For derivative instruments accounted for under CICA Handbook Section 3865, Just Energy formally documented the relationship between hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process included linking all derivative financial instruments to anticipated transactions. Just Energy also formally assessed, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that were used in hedging transactions were highly effective in offsetting changes in cash flows of the hedged items. The derivatives were measured at fair value and booked to the consolidated balance sheets. Changes in fair value between periods were booked to other comprehensive income for the effective portion of the hedge with the remaining change being booked to change in fair value of derivative instruments.

Just Energy enters into hedges of its cost of sales relating to its fixed-price electricity sales by entering into fixed for floating electricity swap contracts and physical forward contracts, heat rate swap contracts and financial and physical forward gas contracts (to fulfill obligations under the heat rate swaps) with electricity and natural gas suppliers. These swaps and forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865 and, in some limited circumstances, CICA Handbook Section 3855.

Just Energy enters into hedges of its cost of sales relating to its fixed-price gas contracts by entering into a combination of physical gas forwards, financial gas forwards, physical transportation forwards and option contracts. Physical gas forwards and transportation forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865. Option contracts and financial gas forwards are accounted for in accordance with CICA Handbook Section 3855. The premiums and settlements for these derivative instruments are recognized in cost of sales, when incurred.

Just Energy enters into hedges for its foreign exchange risk relating to its anticipated repatriation of U.S. denominated currency by entering into foreign exchange forward contracts with its lender. Since April 1, 2007, Just Energy has accounted for these forward contracts in accordance with CICA Handbook Section 3855 by recording them on the consolidated balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value booked to change in fair value of derivative instruments.

(l) Derivative instruments

Electricity:

Just Energy has entered into contracts with customers to provide electricity at fixed prices ("customer electricity contracts"). Customer electricity contracts include requirements contracts and contracts with fixed or variable volumes at fixed prices. The customer electricity contracts expose Just Energy to changes in market prices of electricity and consumption. To reduce its exposure to movements in commodity prices arising from the acquisition of electricity at floating rates, Just Energy uses electricity derivative contracts ("electricity derivative contracts"). These electricity derivative contracts are fixed for floating swaps, physical electricity forward contracts or a combination of heat rate swaps and physical or financial forward gas contracts.

Just Energy agrees to exchange the difference between the variable or indexed price and the fixed price on a notional quantity of electricity for a specified time frame in the fixed-for-floating contract arrangement. Just Energy takes title to electricity at a fixed price for scheduling into the power grid under the forward contracts. Just Energy agrees to pay for certain quantities of power based on the floating price of natural gas under heat rate swaps. In order to cover the floating price of gas under these arrangements, prices for gas are fixed through either physical or financial forward gas contracts. These contracts are expected to be effective as economic hedges of the electricity price exposure. Just Energy continues to monitor its effective hedging relationship between retail consumption and its supply contracts and prior to July 1, 2008, after which the Fund ceased the utilization of hedge accounting, evaluated the effectiveness of this relationship on a quarterly basis to meet the criteria for hedge accounting.

The fair value of the electricity derivative contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, the changes in the fair value were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any electricity derivative contracts that did not qualify for hedge accounting or were de-designated as a hedge were recorded at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments.

Any gains or losses accumulated up to the date that the electricity derivative contract was terminated or de-designated as a hedge were deferred in accumulated other comprehensive income ("AOCI") then recorded in cost of sales when the hedged customer electricity contract affected income.

Gas:

Just Energy has entered into contracts with customers to provide gas at fixed prices ("customer gas contracts"). The customer gas contracts expose Just Energy to changes in market prices of gas and consumption. To reduce its exposure to movements in commodity prices and usage, Just Energy uses gas physical and financial contracts ("gas supply contracts"). These gas supply contracts are expected to be effective as economic hedges of the gas price exposure.

Just Energy continues to monitor its effective hedging relationship between retail consumption and its supply contracts, and prior to July 1, 2008, after which the Fund ceased the utilization of hedge accounting, evaluated the effectiveness of this relationship on a quarterly basis to meet the criteria for hedge accounting.

Just Energy uses physical forwards, transportation forwards (together "physical gas supply contracts") and other gas financial instruments to fix the price of its gas supply. Under the physical gas supply contracts, Just Energy agrees to pay a specified price per volume of gas or transportation. Other financial instruments comprise financial puts and calls that fix the price of gas in jurisdictions where Just Energy has scheduling responsibilities and therefore is exposed to commodity price risk on volumes above or below its base supply.

The fair value of physical gas contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, the changes were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any physical gas contract that did not qualify for hedge accounting or was de-designated as an accounting hedge together with the gas financial instruments were valued at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments. Any gains or losses accumulated up to the date that the physical gas supply contract was terminated or de-designated as a hedge were deferred in AOCI then recorded in cost of sales when the hedged customer gas contract affected income.

Foreign exchange:

To reduce its exposure to movements in foreign exchange rates, Just Energy uses foreign exchange forwards ("foreign exchange contracts"). These foreign exchange contracts were expected to be effective as hedges of the anticipated cross border cash flow but were found to not be effective under GAAP accounting requirements during fiscal 2007.

Up until September 30, 2006, unrealized gains on foreign exchange contracts up to the date of de-designation of the hedging relationship were deferred to be recognized over the term of the contract based on the timing of the underlying hedged transactions. As of December 31, 2006, these derivative financial instruments have been recorded on the balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value recognized in income as other income (expense). The deferred gain was reclassified to AOCI as of April 1, 2007.

(m) Revenue recognition

Just Energy delivers gas and/or electricity to end-use customers who have entered into long-term fixed-price contracts. Revenue is recognized when the commodity is consumed by the end-use customer or sold to third parties. The Fund assumes credit risk in only three jurisdictions – Alberta, Illinois and Texas, where credit review processes are in place prior to commodity flowing to the customer.

Just Energy recognizes revenue from the monthly rental and sale of water heaters.

(n) Marketing expenses

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred.

(o) Foreign currency translation

The operations of the Fund's U.S.-based subsidiaries are self-sustaining operations. Accordingly, the assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange for the period. The resulting gains and losses are accumulated as a component of Unitholders' equity within AOCI.

(p) Per unit amounts

The computation of income per unit is based on the weighted average number of units outstanding during the year. Diluted earnings per unit is computed in a similar way to basic earnings per unit except that the weighted average units outstanding are increased to include additional units assuming the exercise of unit options, unit appreciation rights and deferred unit grants, if dilutive.

(q) Unit based compensation plans

The Fund accounts for all of its unit based compensation awards using the fair value based method.

Awards are valued at grant date and are not subsequently adjusted for changes in the prices of the underlying unit and other measurement assumptions. Compensation for awards without performance conditions is recognized as an expense and a credit to contributed surplus over the related vesting period of the awards. Compensation for awards with performance conditions is recognized based on management's best estimate of whether the performance condition will be achieved.

When options and other unit based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to Unitholders' equity. The amount of cash, if any, received from participants is also credited to Unitholders' equity.

(r) 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) for its affiliates and 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 trust units of the Fund, on a matching one for one basis.

Participation in either plan is voluntary. The plan has a two-year vesting period beginning from the later of the plan's effective date and the employee's starting date. During the year, Just Energy contributed \$739 (2008 – \$647) to both plans, which was paid in full during the year.

(s) Exchangeable securities

Just Energy follows the recommendations of the Emerging Issues Committee ("EIC") relating to the presentation of exchangeable securities issued by subsidiaries of income funds. The recommendations require that the exchangeable securities issued by a subsidiary of an income fund be presented on the consolidated balance sheet of the income fund as a part of Unitholders' equity if the following criteria have been met:

- the holders of the exchangeable securities are entitled to receive distributions of earnings economically equivalent to distributions received on units of the income fund; and
- the exchangeable securities ultimately are required to be exchanged for units of the income fund as a result of the passage of fixed periods of time or the non-transferability to third parties of the exchangeable securities without first exchanging them for units of the income fund.

The Class A preference shares meet these criteria and have been classified as Unitholders' equity. In addition, all distributions paid to the Class A preference shareholders must be recorded in Unitholders' equity, net of tax. The management incentive program, which is a bonus equal to the distribution amount received by a Unitholder, is additional compensation to senior management of Ontario Energy Savings Corp. ("OESC"), a wholly owned subsidiary of the Fund.

(t) Use of estimates

The preparation of the financial statements, in conformity with Canadian Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. In particular, valuation techniques such as those used in the preparation of fair values are significantly affected by the assumptions used and the amount and timing of estimates. The aggregate fair value amounts represent point-in-time estimates only and should not be interpreted as being realizable in an immediate settlement of the supply contracts.

(u) Income taxes

The Fund is a taxable entity under the Income Tax Act (Canada) and is taxable on income that is not distributed or distributable to the Fund's Unitholders. Payments made between the Canadian operating entities and the Fund ultimately transfer both current and future income tax liabilities to the Unitholders. The future income tax liability associated with Canadian assets recorded on the balance sheet is recovered over time through these payments.

Effective January 1, 2011, the Fund will be subject to a Specified Investment Flow-Through ("SIFT") entities tax on distributions of Canadian taxable income that has not been subject to a Canadian corporate income tax in the Canadian operating entities. Therefore, the future tax asset or liability associated with Canadian assets recorded on the balance sheet as at that date will be realized over time as the temporary differences between the carrying value of assets in the consolidated financial statements and their respective tax bases are realized. Current Canadian income taxes will be accrued for at that time to the extent that there is taxable income in the Fund or its underlying operating entities.

The U.S.-based corporate subsidiaries are subject to U.S. income taxes on their taxable income determined under U.S. income tax rules and regulations. As the U.S. subsidiaries had combined operating losses for tax purposes at March 31, 2009, no provision for current U.S. income tax has been made by those U.S. entities.

The Fund follows the liability method of accounting for income 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, using substantively enacted income tax rates. A valuation allowance is recorded against a future income tax asset if it is not anticipated that the asset will be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating future income tax liabilities and assets is recognized in income during the period that the change occurs.

(II) Adoption of new accounting standards

On April 1, 2008, the Fund adopted three new accounting standards that were issued by CICA; Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments – Disclosures; and Handbook Section 3863, Financial Instruments – Presentation. Just Energy adopted these standards prospectively as required by the standards.

Capital Disclosures

Section 1535 requires disclosure of information related to the objectives, policies and processes for managing capital. In addition, disclosures include whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there is no impact on the financial position of the Fund (Note 13).

Financial Instruments – Disclosures and Financial Instruments – Presentation

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation, which replace Section 3861, Financial Instruments – Disclosure and Presentation, increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. As this standard only addresses presentation and disclosure requirements, there is no impact on the financial position of the Fund (Note 12).

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the CICA approved an abstract (EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities), which clarifies that the company's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this abstract. The Fund incorporated the provisions of EIC 173 in the current year on a retrospective basis without restatement of prior periods and recorded an adjustment to increase opening accumulated earnings of \$2,964.

(III) Recently issued accounting standards

The following are the new standards, not yet in effect, which are required to be adopted by the Fund on the effective date.

Goodwill and Intangible Assets

As of April 1, 2009, the Fund will be required to adopt CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Fund has not yet determined the impact of this standard on its consolidated financial statements.

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with CICA Handbook Section 1601, Consolidated Financial Statements ("CICA 1601"), and CICA Handbook Section 1602, Non-controlling Interest ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for fiscal years beginning on or after January 1, 2011. The Fund has not yet determined the impact of these standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, CICA announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim financial statement under IFRS for the three-month period ending June 30, 2011, and a complete set of financial statements under IFRS for the year ending March 31, 2012.

Just Energy has identified differences between Canadian GAAP and IFRS relevant to the Fund and an initial assessment has been made of the impact of the required changes to accounting systems, business processes, and requirements for personnel training and development. Based on the initial assessment of the differences applicable to the Fund, a project team was assembled and a conversion plan was developed in March 2009 to manage the transition to IFRS.

As part of the conversion plan, the Fund is in the process of analyzing the detailed impacts of these identified differences and developing solutions to bridge these differences. Just Energy is currently on target with its conversion plan.

NOTE 4 SEASONALITY OF OPERATIONS

Just Energy's operations are seasonal. Gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September. Electricity consumption is lowest in October through December and April through June.

NOTE 5 RESTRICTED CASH/CUSTOMER REBATES PAYABLE

Restricted cash and customer rebates payable represent, (i) funds held as security for payment of certain monthly charges in Texas, and (ii) rebate monies received from LDCs in Ontario as provided by the Independent Electricity System Operator ("IESO").

(i) ESTC is required to post collateral to wire owners to secure payment of future expected charges under the Texas Electric Choice as required by the Public Utility Commission of Texas.

(ii) OESLP is obligated to disperse the monies to eligible end-use customers in accordance with the Ontario Power Generation Rebate as part of OESLP's Retailer License conditions.

NOTE 6 ACQUISITIONS

(a) Acquisition of CEG Energy Options Inc.'s ("CEG") natural gas customers

On August 14, 2008, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG in British Columbia. CEG was a Western Canada marketer of natural gas wholly owned by SemCanada Energy Company, both of which filed for creditor protection under the Companies' Creditors Arrangement Act on July 30, 2008. The customer contracts had annualized volumes of approximately 4.9 million GJ.

The purchase price has been allocated as follows:

Net assets acquired	
Gas contracts	\$ 1,842
Consideration	
Cash	\$ 1,842

The gas contracts will be amortized over the average remaining life of the contracts, which at the time of the acquisition was 20 months.

(b) Partnership with Newten Home Comfort Inc.

On July 18, 2008, the Fund, through its affiliates, entered into a limited partnership to form Newten Home Comfort L.P., a business involving the marketing, leasing, sale, and installation of tankless and high efficiency water heaters. The Fund will hold approximately an 80% equity interest and will invest up to \$1,400 as equity and up to \$1,850 as convertible debt financing in Newten Home Comfort L.P. As at March 31, 2009, the Fund had invested \$1,000 as equity.

(c) Acquisition of Just Energy Texas L.P.

During the prior fiscal year, the Fund completed the acquisition of Just Energy Texas L.P., including all of its electricity contracts. The aggregate cost of this transaction, including transaction costs, was US\$34,165 including cash acquired in the amount of US\$3,373. Pursuant to the agreement, the Fund acquired approximately 1.3 million megawatt hours (MWh) of contracted customer usage. The acquisition was funded through a credit facility drawdown, of which \$18,079 (US\$18,362) including interest of \$356 (US\$362) was returned to the Fund on October 9, 2007, in exchange for 1,169,399 units of the Fund issued from treasury. The units are subject to the terms of an escrow agreement for the benefit of the Just Energy Texas L.P. vendors and are being released to the vendors over a three-year period.

The purchase price was allocated as follows:

	US\$	CAD\$
Net assets acquired		
Working capital (including cash of US\$3,373, CAD\$3,659)	\$ 7,236	\$ 7,849
Electricity contracts	11,400	12,365
Goodwill	17,826	19,336
Capital assets	18	20
Long-term liabilities	(2,315)	(2,511)
	<u>\$ 34,165</u>	<u>\$ 37,059</u>
Consideration		
Cash	\$ 34,165	\$ 37,059

The acquisition of Just Energy Texas L.P. was accounted for using the purchase method of accounting. The Fund allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition.

The electricity contracts acquired are amortized over the average estimated remaining life of the contracts. During the first quarter of fiscal 2009, upon finalization of the purchase price allocation, there was an increase of \$3,457 (US\$3,187) in intangible assets relating to electricity contracts and a corresponding reduction in goodwill.

NOTE 7 CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value
2009			
Furniture and fixtures	\$ 3,770	\$ 1,889	\$ 1,881
Office equipment	11,119	3,959	7,160
Computer equipment	5,387	2,543	2,844
Computer software	2,565	1,750	815
Commodity billing and settlement system	6,993	6,654	339
Water heaters	2,324	77	2,247
Leasehold improvements	7,603	2,918	4,685
	\$ 39,761	\$ 19,790	\$ 19,971
2008			
Furniture and fixtures	\$ 3,345	\$ 1,444	\$ 1,901
Office equipment	9,051	2,433	6,618
Computer equipment	3,145	2,160	985
Computer software	1,196	603	593
Commodity billing and settlement system	6,563	5,477	1,086
Leasehold improvements	7,451	1,997	5,454
	\$ 30,751	\$ 14,114	\$ 16,637

NOTE 8 LONG-TERM DEBT

A credit facility in the amount of \$170,000 is available to Just Energy to meet working capital requirements. Interest is payable on outstanding loans at rates that vary with Bankers' Acceptance, 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 of 1.5%, prime rate advances at bank prime plus 0.5%, and letters of credit at 1.5%. As at March 31, 2009, the Canadian prime rate was 2.5% and the U.S. prime rate was 3.25%. As at March 31, 2009, Just Energy had drawn \$76,500 (2008 – \$67,583) against the facility and total letters of credit outstanding amounted to \$8,459 (2008 – \$8,149). Just Energy has \$85,041 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 pledge of the assets of Just Energy and the majority of its operating subsidiaries and affiliates. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2009 and 2008, all of these covenants have been met. Interest expense for the year ended March 31, 2009, was \$3,833 (2008 – \$5,346). Interest is expensed at the effective interest rate.

NOTE 9 INCOME TAXES

The Fund is a mutual fund trust for income tax purposes and will be taxed as a SIFT for years commencing after 2010. As such, prior to January 1, 2011, the Fund is only subject to current income taxes on any taxable income not distributed to Unitholders. Subsequent to December 31, 2010, the Fund will be subject to current income taxes on any taxable income not distributed to Unitholders and on all taxable income earned from Canadian corporate and flow-through subsidiaries, other than dividends from Canadian corporate subsidiaries distributed to Unitholders. If the Fund's equity capital grows beyond certain dollar limits prior to January 1, 2011, the Fund would become a SIFT and would commence in that year being subject to tax on distributed income. The Fund expects that its distributed income will not be subject to tax prior to 2011 and intends to distribute all its taxable income earned prior to then. Accordingly, the Fund has not provided for future income taxes on its temporary differences and those of its flow-through subsidiary trust and partnerships expected to reverse prior to 2011 as it is considered tax-exempt for accounting purposes.

A valuation allowance has been provided against future tax assets of certain Canadian and foreign subsidiaries where the Fund has determined that it is more likely than not that those future tax assets will not be realized in the foreseeable future. The valuation allowance may be reduced in future periods if the Fund determines that it is more likely than not that all or a portion of those future tax assets will be realized.

Canadian-based corporate subsidiaries are subject to tax on their taxable income at a rate of 33% (2008 – 36%).

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to the pre-tax income for Just Energy and the income tax provision in the financial statements.

	2009	2008
Income before income tax	\$ (1,164,991)	\$ 138,260
Income tax expense at the combined basic rate of 33% (2008 – 36%)	(384,448)	49,774
Taxes on income attributable to Unitholders	(49,294)	(49,883)
Unrecognized tax benefit on mark to market losses on derivative instruments	385,070	–
Tax impact of corporate reorganization	(3,729)	(7,021)
Benefit of U.S. tax losses and other tax assets not previously recognized	(5,199)	(7,371)
Non-deductible expenses	140	–
Recovery of income tax	\$ (57,460)	\$ (14,501)
Components of Just Energy's income tax recovery are as follows:		
Income tax provision (recovery)	\$ 3,861	\$ (757)
Amount credited to Unitholders' equity	2,767	4,948
Current income tax provision	6,628	4,191
Future tax recovery	(64,088)	(18,692)
Recovery of income tax	\$ (57,460)	\$ (14,501)
Components of the Fund's net future income tax liability are as follows:		
Partnership income deferred for tax purposes and book carrying amount of investments in partnerships in excess of tax cost	\$ 598	\$ 4,055
Excess of tax basis over book basis for U.S. operations	(13,037)	(8,767)
Mark to market gains (losses) on derivative instruments	(140,047)	14,750
	(152,486)	10,038
Less: valuation allowance	152,486	–
Future income tax liabilities (net)	\$ –	\$ 10,038

U.S.-based corporate subsidiaries are subject to tax on their taxable income at a rate of 40% (2008 – 40%).

At March 31, 2009, the U.S. subsidiaries of Just Energy had \$3,147 (US\$2,495) in combined operating losses for tax purposes, all of which will expire by 2026. The tax benefit of these losses has been recognized in earnings, reducing the future taxes related to other comprehensive income ("OCI") of the U.S. subsidiaries in these financial statements.

NOTE 10 UNITHOLDERS' CAPITAL**Trust units of the Fund**

An unlimited number of units may be issued. Each unit is transferable, voting and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

The Fund intends to make distributions to its Unitholders based on the cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expense of the Fund, the amount which may be paid by the Fund in connection with any cash redemptions or repurchases of units and any other amount that the Board of Directors considers necessary to provide for the payment of any costs which have been or will be incurred in the activities and operations of the Fund. The Fund's intention is for Unitholders of record on the 15th day of each month to receive distributions at the end of the month, excluding any Special Distributions.

Class A preference shares of OESC

The terms of the unlimited Class A preference shares of OESC are non-voting, non-cumulative and exchangeable into trust units in accordance with the OESC shareholders' agreement as restated and amended, with no priority on dissolution. Pursuant to the amended and restated Declaration of Trust which governs the Fund, the holders of Class A preference shares are entitled to vote in all votes of Unitholders as if they were the holders of the number of units that they would receive if they exercised their shareholder exchange rights. Class A preference shareholders have equal entitlement to distributions from the Fund as Unitholders.

	2009		2008	
Issued and outstanding	Units/Shares		Units/Shares	
Trust units				
Balance, beginning of year	102,152,194	\$ 341,337	98,082,535	\$ 306,387
Options exercised	355,000	4,840	345,833	4,556
Unit appreciation rights exchanged	65,036	938	17,868	237
Distribution reinvestment plan	1,697,394	18,863	536,559	7,078
Units issued	1,336,115	22,313	1,169,399	18,079
Units cancelled	(909,700)	(6,603)	–	–
Exchanged from Class A preference shares	1,442,484	3,606	2,000,000	5,000
Balance, end of year	106,138,523	385,294	102,152,194	341,337
Class A preference shares				
Balance, beginning of year	6,706,212	16,766	8,706,212	21,766
Exchanged into units	(1,442,484)	(3,606)	(2,000,000)	(5,000)
Balance, end of year	5,263,728	13,160	6,706,212	16,766
Unitholders' capital, end of year	111,402,251	\$ 398,454	108,858,406	\$ 358,103

Distribution reinvestment program

Under the Fund's distribution reinvestment program ("DRIP"), Unitholders holding a minimum of 100 units can elect to receive their distributions (both regular and special) in units rather than cash at a 2% discount to the simple average closing price of the units for five trading days preceding the applicable distribution payment date, providing the units are issued from treasury and not purchased on the open market.

Units cancelled

During the year, the Fund obtained approval from its Board of Directors to make a normal course issuer bid to purchase up to 9,000,000 units for the 12-month period commencing November 21, 2008 and ending November 20, 2009. A maximum of 44,754 units can be purchased during any trading day.

During the year, the Fund purchased and cancelled 909,700 units for a cash consideration of \$6,603.

Units issued

During the year, the Fund issued 1,336,115 units for the 50% portion of the Special Distribution declared, to be paid in units, in the prior fiscal year.

NOTE 11 UNIT BASED COMPENSATION PLANS

(a) Unit option plan

The Fund grants awards under its 2001 unit option plan to directors, officers, full-time employees and service providers (non-employees) of Just Energy. In accordance with the unit option plan, the Fund may grant options to a maximum of 11,300,000 units. As at March 31, 2009, there were 758,666 options still available for grant under the plan. Of the options issued, 555,500 options remain outstanding at year-end. The exercise price of the unit options equals the closing market price of the Fund's units on the last business day preceding the grant date. The unit options will 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 the Fund's option plan during the year and status at March 31, 2009, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price ¹	Weighted average grant date fair value ²
Balance, beginning of year	970,500	\$ 11.25 – \$18.70	\$ 14.64	
Granted	50,000	12.70	12.70	\$ 0.91
Forfeited/cancelled	(110,000)	15.11 – 17.15	15.77	
Exercised	(355,000)	11.25 – 12.17	12.09	
Balance, end of year	555,500	\$ 11.25 – \$18.70	\$ 15.88	

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

² The weighted average grant date fair value is calculated by dividing the fair value of options granted by the number of options granted.

2009

Range of exercise prices	Options outstanding		Options exercisable		
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$12.69 – \$15.63	330,500	1.95	\$ 15.05	158,700	\$ 15.55
\$15.90 – \$18.70	225,000	1.76	17.10	154,000	17.08
Balance, end of year	555,500	1.88	\$ 15.88	312,700	\$ 16.30

2008

Range of exercise prices	Options outstanding		Options exercisable		
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$11.25 – \$12.69	360,000	0.53	\$ 12.10	356,000	\$ 12.09
\$15.09 – \$15.63	335,500	2.72	15.46	112,600	15.61
\$15.90 – \$18.70	275,000	2.76	16.99	84,000	17.10
Balance, end of year	970,500	1.92	\$ 14.64	552,600	\$ 13.57

Options available for grant

	2009	2008
Balance, beginning of year	698,666	812,666
Add: cancelled/forfeited during the year	110,000	44,000
Less: granted during the year	(50,000)	(158,000)
Balance, end of year	758,666	698,666

The Fund uses a binomial option pricing model to estimate the fair values. The binomial model was chosen because of the yield associated with the units. Fair values of employee unit options are estimated at grant date. Fair values of non-employee unit options are estimated and revalued each reporting period until a measurement date is achieved. The following weighted average assumptions have been used in the valuation for fiscal 2009:

Risk-free rate	3.13%
Expected volatility	27.31%
Expected life	5 years
Expected distributions	\$1.24 per year

(b) Unit appreciation rights

The Fund grants awards under its 2004 unit appreciation rights ("UARs") plan to senior officers, employees and service providers of its subsidiaries and affiliates in the form of fully paid UARs. In accordance with the unit appreciation rights plan, the Fund may grant UARs to a maximum of 2,000,000. As at March 31, 2009, there were 374,668 UARs still available for grant under the plan. Of the UARs issued, 1,388,896 UARs remain outstanding at March 31, 2009. Except as otherwise provided (i) the UARs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the UAR grantee continues as a senior officer, employee or service provider of the Fund or any affiliate thereof; (ii) the UARs expire no later than ten years from the grant date; (iii) a holder of UARs is entitled to distributions as if a UAR were a unit; and (iv) when vested, the holder of a UAR may exchange one UAR for one unit.

UARs available for grant	2009	2008
Balance, beginning of year	804,170	78,277
Less: granted during the year	(455,215)	(284,704)
Add: increase in UARs available for grant	-	1,000,000
Add: cancelled/forfeited during the year	25,713	10,597
Balance, end of year	374,668	804,170

(c) Deferred unit grants

The Fund grants awards under its 2004 Directors' deferred compensation plan to all independent directors on the basis each director is required to annually receive \$15 of his compensation entitlement in deferred unit grants ("DUGs") and may elect to receive all or any portion of the balance of his annual compensation in DUGs. In accordance with the deferred compensation plan, the Fund may grant DUGs to a maximum of 100,000. The DUGs 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 of March 31, 2009, there were 31,568 DUGs available for grant under the plan. Of the DUGs issued, 62,530 DUGs remain outstanding at March 31, 2009.

DUGs available for grant	2009	2008
Balance, beginning of year	56,537	71,143
Less: granted during the year	(24,969)	(14,606)
Balance, end of year	31,568	56,537

(d) Contributed surplus

Amounts credited to contributed surplus include unit based compensation awards, UARs and DUGs. Amounts charged to contributed surplus are awards exercised during the year.

Contributed surplus	2009	2008
Balance, beginning of year	\$ 12,004	\$ 9,633
Add: unit based compensation awards	4,098	3,076
non-cash deferred unit grants distributions	55	35
Less: unit based awards exercised	(1,486)	(740)
Balance, end of year	\$ 14,671	\$ 12,004

Total amounts credited to Unitholders' capital in respect of unit options and deferred unit grants exercised or exchanged during the year ended March 31, 2009, amounted to \$5,778 (2008 – \$4,793).

Cash received from options exercised for the year ended March 31, 2009, amounted to \$4,293 (2008 – \$4,053).

NOTE 12 FINANCIAL INSTRUMENTS**(a) Fair value**

The Fund has a variety of gas and electricity supply contracts that are captured under CICA Handbook Section 3855, Financial Instruments – Measurement and Recognition. 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 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 values, but there is 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, the Fund ceased the utilization of hedge accounting. Accordingly, all the mark to market changes on the Fund's derivative instruments are recorded on a single line on the consolidated statements of operations. Due to the commodity price volatility and size of the Fund, the quarterly swings in mark to market on these positions will increase the volatility in the Fund's earnings.

The following table illustrates the (gains)/losses related to the Fund's derivative financial instruments classified as held-for-trading, recorded against other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)	For the year ended March 31, 2008	For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	\$ 223,191	\$ n/a	\$ 5,535	\$ n/a
Renewable energy certificates (ii)	527	n/a	(854)	n/a
Options (iii)	(4,847)	n/a	530	n/a
Physical gas forward contracts (iv)	771,300	n/a	–	n/a
Transportation forward contracts (v)	(5,059)	n/a	–	n/a
United States				
Fixed-for-floating electricity swaps (vi)	96,031	84,666	–	–
Physical electricity forwards (vii)	130,911	116,116	–	–
Unforced capacity forward contracts (viii)	5,249	4,730	39	42
Renewable energy certificates (ix)	(104)	(68)	(75)	(75)
Verified emission-reduction certificates (x)	8	–	–	–
Options (xi)	790	1,068	(139)	(264)
Physical gas forward contracts (xii)	336,831	299,516	–	–
Transportation forward contracts (xiii)	(6,252)	(4,992)	–	–
Fixed financial swaps (xiv)	(242)	(191)	–	–
Heat rate swaps (xv)	(251)	(228)	–	–
Foreign exchange forward contracts (xvi)	978	n/a	(4,772)	n/a
Amortization of deferred unrealized gains of discontinued hedges	(211,776)		3,244	
Change in fair value of derivative instruments	\$ 1,337,285		\$ 3,508	

The following table illustrates the (gains)/losses representing the ineffective portion of the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)	For the year ended March 31, 2008	For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	\$ (476)	\$ n/a	\$ (3,116)	\$ n/a
United States				
Fixed-for-floating electricity swaps (vi)	167	164	439	423
Change in fair value of derivative instruments	(309)		(2,677)	
Total change in fair value of derivative instruments	\$ 1,336,976		\$ 831	

The following table illustrates the (gains)/losses related to the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in other comprehensive income.

Other comprehensive income ("OCI")

	Fiscal 2009		Fiscal 2008	
	OCI – For the year ended March 31, 2009	OCI – For the year ended March 31, 2009 (USD)	OCI – For the year ended March 31, 2008	OCI – For the year ended March 31, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	\$ (75,354)	\$ n/a	\$ 103,531	\$ n/a
Renewable energy certificates (ii)	–	n/a	–	n/a
Options (iii)	–	n/a	–	n/a
Physical gas forward contracts (iv)	(313,071)	n/a	40,317	n/a
Transportation forward contracts (v)	(5,958)	n/a	(3,164)	n/a
United States				
Fixed-for-floating electricity swaps (vi)	(40,473)	(39,808)	(18,822)	(18,745)
Physical electricity forwards (vii)	(30,573)	(30,071)	(13,811)	(14,344)
Unforced capacity forward contracts (viii)	(4,743)	(4,665)	–	–
Renewable energy certificates (ix)	–	–	–	–
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	–	–	–	–
Physical gas forward contracts (xii)	(124,760)	(122,711)	(43,133)	(44,576)
Transportation forward contracts (xiii)	7,022	6,907	–	–
Fixed financial swap (xiv)	–	–	–	–
Heat rate swaps (xv)	–	–	–	–
Foreign exchange forward contracts (xvi)	–	n/a	–	n/a
Amortization of deferred unrealized gains of discounted hedges	(4,550)		(3,244)	
Other comprehensive income	\$ (592,460)		\$ 61,674	

The following table summarizes the nature of the financial assets and liabilities recorded in the financial statements as at March 31, 2009.

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	\$ –	\$ –	\$ 149,476	\$ 158,289
Renewable energy certificates (ii)	94	251	–	23
Options (iii)	792	23	237	997
Physical gas forward contracts (iv)	–	–	198,329	103,734
Transportation forward contracts (v)	787	2,160	927	163
United States				
Fixed-for-floating electricity swaps (vi)	–	–	34,997	24,577
Physical electricity forwards (vii)	–	–	48,242	41,456
Unforced capacity forward contracts (viii)	19	213	366	–
Renewable energy certificates (ix)	57	191	19	48
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	395	–	204	1,349
Physical gas forward contracts (xii)	–	–	84,010	69,627
Transportation forward contracts (xiii)	4	–	961	1,457
Fixed financial swaps (xiv)	–	869	628	–
Heat rate swaps (xv)	72	1,171	956	–
Foreign exchange forward contracts (xvi)	3,324	275	–	–
As at March 31, 2009	\$ 5,544	\$ 5,153	\$ 519,352	\$ 401,720

The following tables summarize the nature of the financial assets and liabilities recorded in the financial statements as at March 31, 2008.

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	\$ 13,344	\$ 12,517	\$ 49,965	\$ 139,695
Renewable energy certificates (ii)	222	632	–	–
Options (iii)	–	–	1,937	3,442
Physical gas forward contracts (iv)	125,669	36,270	–	5,228
Transportation forward contracts (v)	520	–	6,915	2,903
United States				
Fixed-for-floating electricity swaps (vi)	1,117	232	–	3,939
Physical electricity forwards (vii)	12,637	2,715	–	–
Unforced capacity forward contracts (viii)	–	–	43	–
Renewable energy certificates (ix)	10	67	–	–
Verified emission-reduction certificates (x)	–	–	–	–
Options (xi)	1,610	–	290	1,183
Physical gas forward contracts (xii)	35,832	20,875	–	–
Transportation forward contracts (xiii)	–	–	–	–
Fixed financial swaps (xiv)	–	–	–	–
Heat rate swaps (xv)	–	–	–	–
Foreign exchange forward contracts (xvi)	2,325	2,252	–	–
As at March 31, 2008	\$ 193,286	\$ 75,560	\$ 59,150	\$ 156,390

The following table summarizes financial instruments classified as held for trading as at March 31, 2009, to which the Fund is committed:

Contact type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
Canada						
(i) Fixed-for-floating electricity swaps*	0.0001–35 MWh	13,464,104 MWh	April 1, 2009 – August 1, 2015	\$55.24–\$128.13	(\$307,765)	\$1,012,783
(ii) Renewable energy certificates	10–26,100 MWh	499,322 MWh	Dec. 31, 2009 – Dec. 31, 2014	\$3.00–\$9.00	\$322	\$2,284
(iii) Options	46–40,500 GJ/month	8,711,942 GJ	April 30, 2009 – Feb. 28, 2014	\$5.50–\$13.20	(\$419)	\$15,145
(iv) Physical gas forward contracts	0.14–4,809 GJ/day	155,443,652 GJ	April 30, 2009 – April 30, 2015	\$3.56–\$10.00	(\$302,063)	\$1,240,440
(v) Transportation forward contracts	33–15,500 GJ/day	85,858,757 GJ	April 1, 2009 – October 31, 2013	\$0.01–\$1.68	\$1,857	\$79,189
United States						
(vi) Fixed-for-floating electricity swaps	0.10–14.70 MWh	1,868,707 MWh	April 30, 2009 – March 31, 2014	\$54.24–\$172.48 (US\$43.00–\$136.75)	(\$59,574) (US\$47,232)	\$219,344 (US\$173,903)
(vii) Physical electricity forwards	1.0–25.0 MWh	3,437,488 MWh	April 1, 2009 – May 31, 2014	\$28.25–\$139.06 (US\$22.40–\$110.25)	(\$89,698) (US\$71,116)	\$300,023 (US\$237,868)
(viii) Unforced capacity fixed physical contract	1.1–112.4 MW Cap	214 MW Cap	April 30, 2009 – April 30, 2009	\$378.39–\$945.98 (US\$300–\$750)	(\$11) (US\$9)	\$165 (US\$131)
(viii) Unforced capacity forward contracts	5–40 MW Cap	2,180 MW Cap	April 30, 2009 – Nov. 30, 2012	\$3,784–\$10,091 (US\$3,000–\$8,000)	(\$123) (US\$97)	\$14,650 (US\$11,165)
(ix) Renewable energy certificates	2,000–40,000 MWh	474,400 MWh	Dec. 31, 2009 – Dec. 31, 2013	\$5.80–\$28.38 (US\$4.60–\$22.50)	\$181 (US\$143)	\$4,626 (US\$3,668)
(x) Verified emission-reduction certificates	10,000 Tonnes	60,000 Tonnes	Dec. 31, 2009 – Dec. 31, 2012	\$10.41 (US\$8.25)	\$ – (US\$ –)	\$624 (US\$495)
(xi) Options	5–73,000 mmBTU/month	7,598,033 mmBTU	April 30, 2009 – May 31, 2013	\$6.94–\$17.41 (US\$5.50–\$13.80)	(\$1,158) (US\$919)	\$16,812 (US\$13,329)
(xii) Physical gas forward contracts	5–4,207 mmBTU/day	47,425,538 mmBTU	April 30, 2009 – April 30, 2014	\$4.10–\$14.98 (US\$3.25–\$11.88)	(\$153,637) (US\$121,808)	\$509,151 (US\$403,672)
(xiii) Transportation forward contracts	380–10,500 mmBTU/day	33,370,625 mmBTU	April 1, 2009 – Jan. 31, 2013	\$0.01–\$0.76 (US\$0.01–\$0.60)	(\$2,414) (US\$1,914)	\$6,997 (US\$5,547)
(xiv) Fixed financial swap	100–4,500 mmBTU/day	4,116,400 mmBTU	Nov. 30, 2009 – May 31, 2014	\$7.62–\$9.13 (US\$6.04–\$7.24)	(\$241) (US\$191)	\$33,871 (US\$26,854)
(xv) Heat rate swaps	1–15 MWh	1,414,213 MWh	July 31, 2009 – May 31, 2014	\$30.63–\$82.22 (US\$30.63–\$65.19)	\$287 (US\$228)	\$90,149 (US\$71,292)
(xvi) Foreign exchange forward contracts**	\$1,982–\$2,276 (US\$2,000)	n/a	April 7, 2009 – April 7, 2010	\$0.99–\$1.1381	\$3,599	\$55,126 (US\$52,000)

* The electricity fixed-for-floating contracts related to the Province of Alberta are predominantly 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 subject to change with customer usage requirements. There are also load-shaped fixed-for-floating contracts in Ontario wherein the quantity of electricity is established but varies throughout the term of the contracts.

** Hedge accounting was applied to most of these forwards up to September 30, 2006. However, the hedge was de-designated and a loss of \$195 for the year ended March 31, 2007, was recorded in other liabilities. As the required hedge accounting effectiveness was achieved for certain quarters of fiscal 2007, a \$1,933 gain was deferred and recorded in AOCI and is being recognized in the Statement of Operations over the remaining term of each hedging relationship.

The following table summarizes the nature of financial assets and liabilities recorded in the financial statements.

	Fiscal 2009		Fiscal 2008	
	Loss on cash flow hedges transferred from other comprehensive income to the Statement of Operations	Unrealized gain recorded in other comprehensive income	Loss on cash flow hedges transferred from other comprehensive income to the Statement of Operations	Unrealized gain recorded in other comprehensive income
Canada				
Fixed-for-floating electricity swaps (i)	\$ (19,208)	\$ 94,562	\$ (93,999)	\$ (9,490)
Physical gas forward contracts and transportation forward contracts (iv)	(135,808)	454,837	(523,116)	485,965
United States				
Fixed-for-floating electricity swaps (vi)	(13,826)	54,299	(53,562)	72,339
Physical electricity forwards (vii)	(30,659)	61,232	(87,416)	101,215
Unforced capacity forward contracts (viii)	–	4,743	–	–
Physical gas forward contracts and transportation forward contracts (xi)	(26,184)	143,922	(165,012)	208,158
Amortization of deferred unrealized gains of discontinued hedges	(211,776)	–	3,244	–
Total realized and unrealized gains/(losses)	\$ (437,461)	\$ 813,595	\$ (919,861)	\$ 858,187

The estimated amortization of deferred gains and losses reported in AOCI that is expected to be amortized to net income within the next 12 months is a gain of \$218,052.

(b) Classification of financial assets and liabilities

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

	Carrying amount	Fair value
<i>As at March 31, 2009</i>		
Cash and cash equivalents and restricted cash	\$ 66,703	\$ 66,703
Accounts receivable	249,480	249,480
Accounts payable and accrued liabilities, customer rebates payable, management incentive program payable and unit distribution payable	184,809	184,809
Long-term debt	76,500	76,500
<i>For the years ended</i>		
Interest expense on financial liabilities not held for trading	\$ 3,833	\$ 5,346

The carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, management incentive program payable and unit distribution payable approximate their fair value due to their short-term liquidity.

The carrying value of the long-term debt approximates its fair value as the interest payable on outstanding amounts at rates that vary with Bankers' Acceptance, LIBOR, Canadian bank prime rate or U.S. prime rate.

(c) Management of risks arising from financial instruments

The risks associated with the Fund'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 the Fund 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 investment in U.S. operations.

A portion of Just Energy's earnings 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 earnings. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure in the future to U.S. fluctuations than in prior years.

The Fund may, from time to time, experience losses resulting from fluctuations in the values of these foreign currencies, which could adversely affect operating results.

With respect to translation exposure, as at March 31, 2009, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar, assuming that all the other variables had remained constant, net income for the year ended March 31, 2009, would have been \$20,295 higher/lower and other comprehensive income would have been \$4,289 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.

The Fund's exposure to interest rate risk is relatively immaterial and temporary in nature. As such, the Fund does not believe that this long-term debt exposes it to material financial risks and has determined that there is no need to set out parameters to actively manage this risk.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before taxes for the year ended March 31, 2009, of approximately \$270.

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. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of the 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 in Canadian dollars and thereby fix margins such that Unitholder distributions can be appropriately established. Derivative instruments are generally transacted over the counter. 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 asset balance recognized in the financial statements. 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.

Other assets and other liabilities on the consolidated balance sheets represent the fair value of the derivative instruments. As a result of commodity volatility and the size of the Fund, annual swings in the mark to market on the Fund's positions could have a significant impact on these balances.

As at March 31, 2009, if the electricity prices had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2009, would have increased (decreased) by \$90,661 (\$90,366) primarily as a result of the change in the fair value of the Fund's derivative instruments.

As at March 31, 2009, if the natural gas prices had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2009, would have increased (decreased) by \$121,149 (\$120,219) primarily as a result of the change in the fair value of the Fund's derivative instruments.

Changes in gas and electricity prices will not significantly impact the Fund's gross margin percentage due to its fixed-price contracts with its customers.

(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 and Illinois, 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 flow of Just Energy. Management factors default from credit risk in its margin expectations for Illinois, Texas and Alberta.

As at March 31, 2009, accounts receivables from Alberta, Texas and Illinois with a carrying value of \$17,022 (March 31, 2008 – \$14,285) were past due but not doubtful. As at March 31, 2009, the aging of the accounts receivables from Alberta, Texas and Illinois was as follows.

Current	\$ 44,745
1–30 days	13,590
31–60 days	6,591
61–90 days	2,276
Over 90 days	1,221
	<u>\$ 68,423</u>

For the year ended March 31, 2009, changes in the allowance for doubtful accounts were as follows:

Balance, beginning of period	\$ 9,162
Provision for doubtful accounts	13,887
Bad debts written off	(15,075)
Others	683
Balance, end of period	<u>\$ 8,657</u>

For the remaining markets, the 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 or replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated distributions. Counterparty limits are established within the Risk Management Policy. Any exception to these limits requires approval from the Board of Directors of OESC. The Risk Office 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, 2009, the maximum credit risk exposure amounted to \$3,617,478, representing the notional value of its derivative financial instruments and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Fund 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.

(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 \$2,065 to accommodate for its counterparties' risk of default. A significant portion of these gas and electricity purchases is from Shell Energy North America and its affiliates.

NOTE 13 CAPITAL DISCLOSURES

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

- (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 distribution to Unitholders.

The Fund 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 profitable growth. The Fund's capital management objectives have remained unchanged from the prior year. The Fund is not subject to any externally imposed capital requirements other than financial covenants in its credit facility, and as at March 31, 2009, all of these covenants have been met.

NOTE 14 INCOME (LOSS) PER UNIT

	2009	2008
Basic income (loss) per unit		
Net income (loss) available to Unitholders	\$ (1,107,473)	\$ 152,761
Weighted average number of units outstanding	104,841,000	98,830,000
Weighted average number of Class A preference shares	5,623,000	8,701,000
Basic units and shares outstanding	110,464,000	107,531,000
Basic income (loss) per unit	\$ (10.03)	\$ 1.42
Diluted income (loss) per unit		
Net income (loss) available to Unitholders	\$ (1,107,473)	\$ 152,761
Basic units and shares outstanding	110,464,000	107,531,000
Dilutive effect of:		
Unit options	16,000	115,000
Unit appreciation rights	1,021,000	766,000
Deferred unit grants	45,000	28,000
Units outstanding on a diluted basis	111,546,000	108,440,000
Diluted income (loss) per unit	\$ (9.93)	\$ 1.41

NOTE 15 REPORTABLE BUSINESS SEGMENTS

Just Energy operates in two reportable geographic segments, Canada and the United States. Reporting by geographic region is in line with Just Energy's performance measurement parameters. Both the Canadian and the U.S. operations have gas and electricity business segments.

Just Energy evaluates segment performance based on gross margin.

The following tables present Just Energy's results by geographic segment:

	Canada	United States	Consolidated
2009			
Sales gas	\$ 814,275	\$ 343,889	\$ 1,158,164
Sales electricity	518,388	222,661	741,049
Sales	\$ 1,332,663	\$ 566,550	\$ 1,899,213
Gross margin	\$ 231,720	\$ 91,096	\$ 322,816
Amortization of gas contracts	710	–	710
Amortization of electricity contracts	178	2,706	2,884
Amortization of capital assets	4,660	440	5,100
Other operating expenses	89,889	55,995	145,884
Income before the undernoted	136,283	31,955	168,238
Interest expense	2,479	1,378	3,857
Change in fair value of derivative instruments	872,402	464,574	1,336,976
Other income	(7,574)	(30)	(7,604)
Non-controlling interest	(58)	–	(58)
Recovery of income tax	(1,971)	(55,489)	(57,460)
Net loss	\$ (728,995)	\$ (378,478)	\$ (1,107,473)
Additions to capital assets	\$ 6,169	\$ 176	\$ 6,345
Total goodwill	\$ 94,576	\$ 22,485	\$ 117,061
Total assets	\$ 368,873	\$ 166,882	\$ 535,755
2008			
Sales gas	\$ 785,788	\$ 247,463	\$ 1,033,251
Sales electricity	544,278	161,161	705,439
Sales	\$ 1,330,066	\$ 408,624	\$ 1,738,690
Gross margin	\$ 220,247	\$ 54,553	\$ 274,800
Amortization of gas contracts	177	–	177
Amortization of electricity contracts	1,284	6,100	7,384
Amortization of capital assets	3,647	1,463	5,110
Other operating expenses	66,438	52,175	118,613
Income (loss) before the undernoted	148,701	(5,185)	143,516
Interest expense	2,174	3,172	5,346
Change in fair value of derivative instruments	(566)	1,397	831
Other income	(680)	(241)	(921)
Recovery of income tax	(3,353)	(11,148)	(14,501)
Net income	\$ 151,126	\$ 1,635	\$ 152,761
Additions to capital assets	\$ 7,143	\$ 699	\$ 7,842
Total goodwill	\$ 94,576	\$ 21,570	\$ 116,146
Total assets	\$ 520,384	\$ 188,731	\$ 709,115

NOTE 16 GUARANTEES**(a) Officers and directors**

Corporate indemnities have been provided by the Fund 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 the Fund and its subsidiaries and/or affiliates, subject to certain restrictions. The Fund 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 the Fund'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, the Fund and/or the Fund'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 the Fund 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 \$77,000.

NOTE 17 COMMITMENTS

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

	Premises and equipment leasing	Master Services Agreement with EPCOR	Long-term gas & electricity contracts with various suppliers
2010	\$ 5,499	\$ 10,111	\$ 1,343,509
2011	4,877	13,233	1,014,596
2012	4,273	7,861	646,924
2013	2,937	–	376,666
2014	2,097	–	154,508
Thereafter	5,815	–	12,852
	<u>\$ 25,498</u>	<u>\$ 31,205</u>	<u>\$ 3,549,055</u>

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 18 CONTINGENCIES

During the prior year, the Citizen's Utility Board, AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission alleging claims that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. Just Energy has commenced discussions with the various parties to address and defend the allegations and intends to seek a constructive resolution to the matter.

At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2009.

NOTE 19 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2009	2008
Changes in:		
Accrued gas accounts payable	\$ 2,857	\$ 5,465
Unbilled revenues	(10,480)	(8,085)
	<u>\$ (7,623)</u>	<u>\$ (2,620)</u>

NOTE 20 CHANGES IN NON-CASH WORKING CAPITAL

	2009	2008
Accounts receivable	\$ (17,251)	\$ (14,887)
Gas in storage	(1,288)	1,609
Prepaid expenses	381	(134)
Corporate taxes recoverable	4,447	1,661
Accounts payable and accrued liabilities	20,131	(694)
Management incentive program payable	(1,142)	981
Inventory	(229)	–
Other	1,132	(415)
	\$ 6,181	\$ (11,879)

NOTE 21 COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 22 SUBSEQUENT EVENT

On April 22, 2009, Just Energy and Universal Energy Group Ltd. ("UEG") jointly announced that they have entered into a definitive agreement pursuant to which Just Energy will propose to acquire all of the outstanding common shares of UEG. The plan of arrangement provides for a share exchange through which each outstanding share of UEG will be exchanged for 0.58 of a share of a subsidiary of Just Energy, which will be exchangeable into one Just Energy trust unit at any time at the option of the holder, for no additional consideration. The transaction will result in a corresponding adjustment to the conversion feature of UEG's outstanding 6% convertible unsecured subordinated debentures (TSX: UEG.DB) in accordance with their terms.

The transaction is expected to close in early July and is subject to certain conditions including approval of UEG shareholders, compliance with the Competition Act, approval of Just Energy's lenders, and satisfaction of other customary approvals including regulatory, stock exchange and court approvals.

During the prior year, the Attorney General for Illinois filed a complaint against JE Illinois (the "Illinois AG Complaint"). The Illinois AG Complaint alleged that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. On May 12, 2009, a settlement of the action was reached subject to court approval. Under this settlement, JE Illinois will comply with several consumer safeguards, many of which JE Illinois has practiced for more than a year. In addition, \$1,000 will be made available to a limited number of customers in settlement of claims.