FIRST QUARTER REPORT 2010

Q1

just energy™

ENERGY MADE EASY

FORMERLY ENERGY SAVINGS INCOME FUND

HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2009, INCLUDED:

Sales (seasonally adjusted) of $432.6 million, up 8% year over year.

—

Gross margin (seasonally adjusted) of $74.8 million, up 25% year over year.

—

Distributable cash after gross margin replacement of $42.2 million ($0.37 per unit), up 36% year over year.

—

Distributable cash after all marketing expenses of $36.1 million ($0.32 per unit), up 19% year over year.

—

Adjusted net income of $24.6 million ($0.22 per unit), down 11% from $27.6 million ($0.25 per unit).

—

Distributions of $0.31 per unit.

—

Total customers, up 6% year over year.

—

Margin per customer, up 14% year over year driven by growing contribution from Green Energy Option ("GEO") sales. In that last 12 months, 39% of all customers took GEO and on average elected to consume 71% of GEO supply.

—

Acquisition of Universal Energy Group, our most active competitor with more than 570,000 customers closed on July 1.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Fellow Unitholders,

Faced with the continuing recession, Just Energy produced strong results in the first quarter. Our gross margin increase of 25% year over year reflects both the continued solid profitability of our customer base as well as our growth. Our increase in distributable cash after margin replacement of 36% year over year shows that our operating leverage remains strong and that we can parlay growth in customers and margins to enhanced overall profitability.

Our most significant recent event was the acquisition of our most active competitor, Toronto-based Universal Energy Group. This transaction closed on July 1, and we believe the future periods will show the acquisition to be accretive for Just Energy Unitholders. The potential for the merged operation gives management great confidence that Just Energy can maintain its unique record of profitable growth going forward.

Our sales for the first quarter grew 8%, tracking our 6% year over year growth in customers. The first quarter saw 97,000 gross customer additions, up 14% from the 85,000 added in the fourth quarter and up 39% from the 70,000 customers marketed a year earlier. Net additions for the quarter were 11,000, which reflects continued high attrition in the United States caused by economy-driven foreclosures and utility cut-offs.

Customers by market	**Q1 fiscal 2010**	Q1 fiscal 2009	% increase
Canada – gas	**727,000**	741,000	
United States – gas	**238,000**	213,000	
Total gas	**965,000**	954,000	1%
Canada – electricity	**574,000**	588,000	
United States – electricity	**262,000**	155,000	
Total electricity	**836,000**	743,000	13%
Total customers	**1,801,000**	1,697,000	6%

We were able to turn the 8% increase in sales into a 25% increase in gross margin because of a 14% increase in margin per customer. This was achieved in a number of ways. Firstly, Q1 fiscal 2009 experienced a loss in the Texas electricity of $5 million due to balancing at high peak prices from warmer than normal weather. Excluding this loss, our margin would have been up 16% year over year.

The primary driver of this increase was continued customer receptivity toward our Green Energy Option ("GEO") products. In the last 12 months, 39% of our new customers took an average of 71% of their energy from green sources – and the percentage choosing GEO is increasing steadily. This drives higher margin per customer. For example, a new Ontario electricity customer taking 100% "brown" electricity annually generates $121 in margin. The same customer taking 100% GEO would generate margins of approximately $200 per year.

We expect GEO additions to continue to increase as a percentage of new customers and the longer term impact will be continued increases in margin per customer going forward. This should help offset any ongoing adverse impact of very low commodity prices currently seen in North America.

Our 25% increase in gross margin translated into a 36% increase in distributable cash after margin replacement because our general and administrative costs, bad debt expense and marketing expenditures did not increase as quickly as gross margin. As many of these costs are fixed, the high growth in new customers and associated growth in margin reflect the operating leverage inherent in our business model.

Three months ended June 30
(millions of dollars, except per unit)

	Fiscal 2010	**Per unit**	Fiscal 2009	Per unit
Sales[1]	**$ 432.6**		$ 401.8	
Gross margin[1]	**74.8**	**$ 0.66**	59.7	$ 0.54
Distributable cash				
After margin replacement	**42.2**	**0.37**	31.0	0.28
After all marketing expenses	**36.1**	**0.32**	30.3	0.27
Adjusted net income	**24.6**	**0.22**	27.6	0.25
Payout ratio	**97%**		111%	

[1] Seasonally adjusted.

Distributable cash after all marketing was up 19% year over year. This reflected our 11,000 net customer additions for the quarter versus Q1 fiscal 2009 when there were no net customer additions through marketing. Of our total marketing expenditures, $6.1 million went toward growth in our customer base while $0.8 million was spent on this growth in fiscal 2009.

Adjusted net income was $24.6 million down from $27.6 million last year, a different result from both margin and distributable cash. This is due to two factors. First, fiscal 2010 had a non-cash $4.3 million tax provision adjustment as compared to the same quarter last year. As a trust, future Canadian taxes do not impact distributable cash or our ability to pay and sustain distributions. The second factor is that a $4.2 million increase in gross margin collected in the current quarter is shown as part of seasonally adjusted gross margin, but is not included in adjusted net income. This margin will be reflected in adjusted net income in future periods.

Our distributions were solid at $0.31 per unit in what is seasonally our slowest quarter, but our strong results meant that the first quarter payout ratio was lower than 100% for the first time in the history of the Fund.

For many months, we have been working on the possible acquisition of Universal Energy Group. On July 1, 2009, we closed the transaction issuing the equivalent of 0.58 Just Energy units for each Universal share.

We gain in a number of areas. Universal had an active sales force that has helped build a customer base in excess of 570,000 residential customer equivalents ("RCEs"). These sales contractors will aid our expansion into new U.S. jurisdictions, such as Michigan, Ohio and California. We also gain a profitable and growing home services business, renting and selling water heaters. Finally, we gain a 67% interest in a 150-million-litre ethanol plant located in Belle Plaine, Saskatchewan. We hope to bring this recently commissioned plant to full capacity and profitability in the near future.

The Universal purchase should be accretive to distributable cash in fiscal 2010 but the full benefit of the deal should be seen in future years as the benefit of eliminating administrative overlap will be fully realized.

We continue to review other potential acquisitions as a method of enhancing our growth going forward. Many smaller U.S. competitors are facing questionable futures as credit markets and supplier security requirements have tightened, threatening the long-term existence of poorly capitalized marketers.

I believe that 25% margin growth and 36% distributable cash growth are excellent results in the midst of a recession. Management plans to use this quarter and the purchase of Universal as the base for an exceptional year for Just Energy.

I want to thank my fellow Unitholders for their continued support.

Yours sincerely,

Ken Hartwick

Ken Hartwick
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

August 5, 2009

Overview

The following discussion and analysis is a review of the financial condition and results of operations of Just Energy Income Fund ("Just Energy" or the "Fund") for the quarter ended June 30, 2009, and has been prepared with all information available up to and including August 5, 2009. This analysis should be read in conjunction with the unaudited interim consolidated financial statements for the first quarter ended June 30, 2009, as well as the audited consolidated financial statements and related MD&A for the year ended March 31, 2009, contained in the Fund's 2009 Annual Report. The financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All dollar amounts are expressed in Canadian dollars. Quarterly reports, the annual report and supplementary information can be found under "reports and filings" on our corporate website at www.justenergy.com. Additional information can be found on SEDAR at www.sedar.com.

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: Just Energy Ontario L.P. ("JE Ontario"), Just Energy Manitoba L.P. ("JE Manitoba"), Just Energy Quebec L.P. ("JE Quebec"), Just Energy (B.C.) Limited Partnership ("JE BC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JEIC"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana Corp. ("JEINC"), Just Energy Texas L.P. ("JETLP") and Newten Home Comfort L.P. ("NHCLP"), collectively, 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. In addition, through NHCLP, the Fund sells and rents high efficiency and tankless water heaters.

The Fund also offers "green" products through its Green Energy Option ("GEO") program. The electricity GEO product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro, or biomass. The gas GEO product offers carbon offset credits, which will allow customers to reduce or eliminate the carbon footprint of their home or business. Management believes that these new products will not only add to profits but also increase sales receptivity and improve renewal rates.

On July 1, 2009, Just Energy completed the purchase of all of the outstanding common shares of the Universal Energy Group Ltd. ("UEG"), a TSX-listed marketer of deregulated natural gas and electricity. The agreement provided for a share exchange through which each outstanding share of UEG would be exchanged for 0.58 of a share (the "Exchangeable Shares") of a subsidiary of the Fund. Each Exchangeable Share is exchangeable into one Just Energy trust unit at any time at the option of the holder for no additional consideration. The transaction resulted in the issuance of 21.3 million Exchangeable Shares, increasing the equivalent units of the Fund to 132.9 million.

Forward-looking information

This MD&A contains certain forward-looking information pertaining to customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, customer attrition, fluctuations in natural gas and electricity prices, changes in regulatory regimes, decisions by regulatory authorities and competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels are included in the Fund's annual information form and other reports on file with Canadian security regulatory authorities which can be accessed on our corporate website at www.justenergy.com or through the SEDAR website at www.sedar.com.

Practice change

Effective July 1, 2008, the Fund changed its practice from treating future supply hedging positions as hedges for accounting purposes. Accordingly, all mark to market adjustments for supply contracts are reflected in the consolidated statements of operations. In the view of management, the previous practice offered no greater clarity for the financial statement user and was very labour intensive and costly to produce. The new accounting practice consolidates all the unrealized, non-cash changes in value of future supply into a single line on the consolidated statements of operations. The Fund's MD&A reports the adjusted net income excluding all non-cash mark to market adjustments for all supply-related derivative instruments and the related tax effect. The expected future net margin is set based on the derivative instruments and is effectively unchanged with commodity market movements. Given commodity volatility and the size of the Fund, the annual swings in mark to market on these positions can be in the hundreds of millions of dollars.

Just Energy believes that the result of this practice change and the associated MD&A disclosure is that actual period operating results will be more transparent for investors.

Key terms

"LDC" means a local distribution company, the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.

"RCE" means residential customer equivalent or the "customer", which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis and, as regards electricity, 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario.

"Attrition" means customers whose contracts were terminated primarily due to relocation or death, or cancelled by Just Energy due to delinquent accounts.

"Failed to renew" means customers who did not renew expiring contracts at the end of their term.

"Delivered volume" represents the actual volume of gas and electricity provided on behalf of customers to the LDCs for the period.

"Gross margin per RCE" represents the gross margin realized on Just Energy's customer base, including both low margin customers acquired through various acquisitions and gains/losses from sales of excess commodity supply.

Non-GAAP financial measures

All non-GAAP financial measures do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Seasonally adjusted sales and seasonally adjusted gross margin

Management believes the best basis for analyzing both the Fund's results and the amount available for distribution is to focus on amounts actually received ("seasonally adjusted") because this figure provides the margin earned on actual customer consumption. Seasonally adjusted sales and gross margin are not defined performance measures under Canadian GAAP. Seasonally adjusted analysis applies solely to the Canadian gas market and specifically to Ontario, Quebec and Manitoba.

No seasonal adjustment is required for electricity as the supply is balanced daily. In the other gas markets, payments for supply by the LDCs are aligned with customer consumption.

Cash Available for Distribution

"Distributable cash after marketing expense" refers to the net Cash Available for Distribution to Unitholders. Seasonally adjusted gross margin is the principal contributor to Cash Available for Distribution. Distributable cash is calculated by the Fund as seasonally adjusted gross margin, adjusted for cash items including general and administrative expenses, marketing expenses, bad debt expense, interest expense, corporate taxes, capital taxes and other items. This non-GAAP measure may not be comparable to other income funds.

"Distributable cash after gross margin replacement" represents the net Cash Available for Distribution to Unitholders as defined above. However, only the marketing expenses associated with maintaining the Fund's gross margin at a stable level equal to that in place at the beginning of the period are deducted. Management believes that this is more representative of the ongoing operating performance of the Fund because it includes all expenditures necessary for the retention of existing customers and the addition of new margin to replace those of customers that have not been renewed. This non-GAAP measure may not be comparable to other income funds.

For reconciliation to cash from operating activities, please refer to the "Cash Available for Distribution and distributions" analysis on page 8.

Adjusted net income

"Adjusted net income" represents the net income (loss) excluding the impact of mark to market gains (losses) arising from derivative financial instruments on our future supply. Just Energy ensures that customer margins are protected by entering into fixed-price supply contracts. In accordance with GAAP, the associated customer contracts are not marked to market, but there is a requirement to mark to market the future supply contracts. This creates unrealized gains (losses) that are not offset by the related customer gains (losses) depending upon current pricing volatility.

Management believes that these short-term mark to market non-cash gains (losses) do not impact the long-term financial performance of the Fund. The related future supply has been sold under long-term customer contracts at fixed prices; therefore the annual movement in the theoretical value of this future supply is not an appropriate measure of current or future operating performance.

Standardized Distributable Cash

Standardized Distributable Cash is a non-GAAP measure developed to provide a consistent and comparable measurement of distributable cash across entities.

"Standardized Distributable Cash" is defined as cash flows from operating activities, as reported in accordance with GAAP, less an adjustment for total capital expenditures as reported in accordance with GAAP and restrictions on distributions arising from compliance with financial covenants restrictive at the date of the calculation of Standardized Distributable Cash.

For reconciliation to cash from operating activities, please refer to the "Standardized Distributable Cash and Cash Available for Distribution" analysis on page 10.

Financial highlights

For the three months ended June 30
(thousands of dollars, except where indicated and per unit amounts)

	Fiscal 2010			Fiscal 2009	
	$	Per unit[5]	Change	$	Per unit[5]
Sales	**399,010**	**$ 3.53**	**6%**	377,910	$ 3.43
Net income[1]	**102,627**	**$ 0.91**	**200%**	34,232	$ 0.31
Adjusted net income[2]	**24,552**	**$ 0.22**	**(11)%**	27,631	$ 0.25
Gross margin (seasonally adjusted)[3]	**74,769**	**$ 0.66**	**25%**	59,703	$ 0.54
Distributable cash					
After gross margin replacement	**42,219**	**$ 0.37**	**36%**	31,046	$ 0.28
After marketing expense	**36,087**	**$ 0.32**	**19%**	30,282	$ 0.27
Distributions	**35,014**	**$ 0.31**	**4%**	33,681	$ 0.31
General and administrative	**15,617**	**$ 0.14**	**16%**	13,447	$ 0.12
Distributable cash payout ratio[4]					
After gross margin replacement	**83%**			108%	
After marketing expense	**97%**			111%	

[1] Net income includes the impact of unrealized gains (losses) which represent the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices minimizing any impact of quarter-end mark to market gains and losses.

[2] Adjusted net income is a more appropriate measure of the performance of the Fund since the underlying supply is held to its maturity, and therefore, mark to market gains and losses do not impact the long-term financial performance of the Fund.

[3] See discussion of non-GAAP measures on page 5.

[4] Management targets an annual payout ratio after all marketing expenses, excluding any Special Distribution, of less than 100%.

[5] The per unit calculation is done on a fully diluted basis.

Reconciliation of net income to adjusted net income

	Fiscal 2010	Fiscal 2009
Net income	**$ 102,627**	$ 34,232
Change in fair value of derivative instruments	**(87,880)**	(11,115)
Tax impact on change in fair value of derivative instruments	**9,805**	4,514
Adjusted net income	**$ 24,552**	$ 27,631

Operations

Gas

In each of the markets that Just Energy operates, it is required to deliver gas to the LDCs for its customers throughout the year. Gas customers are charged a fixed price for the full term of their contract. Just Energy purchases gas supply in advance of marketing. The LDC provides historical customer usage to enable Just Energy to purchase an approximation of matched supply. Furthermore, in many markets, Just Energy mitigates exposure to customer usage by purchasing options that cover potential differences in customer consumption due to weather variations. The cost of this strategy is incorporated in the price to the customer. To the extent that balancing requirements are outside the options purchased, Just Energy bears the financial responsibility for fluctuations in customer usage. Volume variances may result in either excess or short supply. Excess supply is sold in the spot market resulting in either a gain or loss compared to the weighted average cost of supply. In the case of greater than expected gas consumption, Just Energy must purchase the short supply at the market price, which may reduce or increase the customer gross margin typically realized.

Ontario, Quebec and British Columbia

In Ontario, Quebec and British Columbia, the volumes delivered for a customer typically remain constant throughout the year. Just Energy does not recognize sales until the customer actually consumes the gas. During the winter months, gas is consumed at a rate which is greater than delivery and in the summer months, deliveries to LDCs exceed customer consumption. Just Energy receives cash from the LDCs as the gas is delivered, which is even throughout the year.

Manitoba and Alberta

In Manitoba and Alberta, the volume of gas delivered is based on the estimated consumption for each month. Therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash received from customers and LDCs will be higher in the winter months.

Alberta's regulatory environment is different from the other Canadian provincial markets. In Alberta, Just Energy is required to invoice and receive payments directly from customers. Just Energy entered into an agreement with EPCOR Utilities Inc. ("EPCOR") for the provision of billing and collection services in Alberta which was amended and extended in December 2008. Pursuant to the amended agreement, EPCOR will continue to provide billing and collection services for AESLP until November 30, 2011, with respect to AESLP's existing customers. In the early fall of 2009, Just Energy intends to begin billing and collection services directly for all new customers signed and renewed customers.

New York, Illinois and Indiana

In New York, Illinois and Indiana, the volume of gas delivered is based on the estimated consumption and storage requirements for each month. Therefore the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash flow from the New York, Illinois and Indiana operations is greatest during the third and fourth (winter) quarters, as normally, cash is received from the LDCs in the same period as customer consumption.

Electricity

Ontario, Alberta, New York and Texas

Just Energy does not bear the risk for variations in customer consumption in any of the electricity markets in which it operates other than for certain customers in Texas. In Ontario and New York, Just Energy provides customers with price protection for the majority of their electricity requirements. The customers experience either a small balancing charge or credit on each bill due to fluctuations in prices applicable to their volume requirements not covered by a fixed price. In Alberta, Just Energy offers a load-following product for which it has acquired load-following supply and therefore does not have exposure to variances in customer consumption. To the extent possible given the competitive nature and market knowledge of customers, future offerings for Texas customers will be a load balanced product, and Just Energy will not bear the risk for variations in customer consumption.

Cash flow from electricity operations is greatest during the second and fourth quarters (summer and winter), as electricity consumption is typically highest during these periods.

Water heaters

NHCLP commenced providing Ontario residential customers with a long-term water heater rental program in the summer of 2008, offering tankless water heaters, high efficiency conventional and power vented tanks. As at June 30, 2009, Just Energy had installed over 5,400 water heaters in residential homes and is earning revenue from its installed base of customers. Currently this represents less than 1% of consolidated sales for the quarter.

Cash Available for Distribution and distributions

For the three months ended June 30
(thousands of dollars, except per unit amounts)

	Fiscal 2010		Fiscal 2009	
		Per unit		Per unit
Reconciliation to statements of cash flow				
Cash inflow from operations	**$ 37,795**		$ 45,262	
Add:				
Decrease in non-cash working capital	**(2,246)**		(15,665)	
Tax impact on distributions to Class A preference shareholders	**538**		685	
Cash Available for Distribution	**$ 36,087**		$ 30,282	
Cash Available for Distribution				
Gross margin per financial statements	**$ 66,075**	**$ 0.59**	$ 55,221	$ 0.50
Adjustments required to reflect net cash receipts from gas sales	**8,694**		4,482	
Seasonally adjusted gross margin	**$ 74,769**	**$ 0.66**	$ 59,703	$ 0.54
Less:				
General and administrative	**(15,617)**		(13,447)	
Capital tax expense	**(80)**		(66)	
Bad debt expense	**(3,829)**		(1,063)	
Income tax recovery (expense)	**40**		(143)	
Interest expense	**(480)**		(891)	
Other items	**669**		(223)	
	(19,297)		(15,833)	
Distributable cash before marketing expenses	**55,472**	**$ 0.49**	43,870	$ 0.40
Marketing expenses to maintain gross margin	**(13,253)**		(12,824)	
Distributable cash after gross margin replacement	**42,219**	**$ 0.37**	31,046	$ 0.28
Marketing expenses to add new gross margin	**(6,132)**		(764)	
Cash Available for Distribution	**$ 36,087**	**$ 0.32**	$ 30,282	$ 0.27
Distributions				
Unitholder distributions	**$ 32,935**		$ 31,461	
Class A preference share distributions	**1,631**		1,896	
Unit appreciation rights and deferred unit grants distributions	**448**		324	
Total distributions	**$ 35,014**	**$ 0.31**	$ 33,681	$ 0.31
Diluted average number of units outstanding		**112.9m**[1]		110.2m

[1] The increase in the diluted units is due to a combination of the Distribution Reinvestment and Unit Purchase Plan, Unit appreciation rights and Director deferred unit grants.

Distributable cash

Distributable cash after gross margin replacement for the current quarter ended June 30, 2009, was $42.2 million ($0.37 per unit), up 36% from $31.0 million ($0.28 per unit) in fiscal 2009. The growth reflects a 25% increase in seasonally adjusted gross margin. Factors which aided margin growth included a 6% year over year increase in total customers, higher margin per customer due to opportunistic pricing and continued strong acceptance of the GEO product as well as favourable U.S. exchange rates. Also, in the first quarter of fiscal 2009, a $5.0 million loss in Texas was recorded, related to the warmer than normal Texas weather, which resulted in high peak prices for the customers balanced by Just Energy.

The higher gross margins in the year were offset by increased general and administrative costs and bad debt expenses. Increased general and administrative costs of 16%, over the prior year comparable quarter, were primarily due to staffing costs in our corporate office to support our current and future growth, U.S. exchange rate impact on U.S. dollar denominated costs and an increase in collection costs. Bad debt expense increased in the first quarter of fiscal 2010 compared to 2009, due to the increased volumes in those markets where the Fund bears the credit risk and the weak economic conditions in the U.S. markets.

Just Energy spent $13.3 million in marketing expenses to maintain its current level of gross margin, which represents 68% of the total marketing expense for the quarter. A further $6.1 million was spent to increase future gross margin, reflecting the 11,000 net RCE additions to date for fiscal 2010. Management's estimate of the future contracted gross margin decreased slightly to $1,003.2 million from $1,020.3 million in the fourth quarter of fiscal 2009 due to the increased cost of retention initiatives put in place to maintain customers in a period of very low utility pricing.

Distributable cash after all marketing expenses amounted to $36.1 million ($0.32 per unit) for the first quarter of fiscal 2010, an increase of 19% from $30.3 million ($0.27 per unit) in the prior year comparable quarter. The increase is due to the higher gross margin offset by increased expenditures noted above. The lower rate of increase for distributable cash was due to the higher marketing costs associated with the significant increase in net customer additions year over year. The payout ratio after deduction of all marketing expenses for the current quarter was 97%, versus 111% in fiscal 2009. This is the first time in the Fund's history that the first quarter payout ratio was less than 100%.

For further information on the changes in the gross margin, please refer to "Sales and gross margin – Seasonally adjusted" on page 11 and "General and administrative expenses", "Marketing expenses", "Bad debt expense" and "Interest expense" are further clarified on pages 18 and 19.

Adjusted net income

Adjusted net income was $24.6 million for the quarter ($0.22 per unit) down from $27.6 million ($0.25 per unit) in the first quarter of fiscal 2009. Adjusted net income was down largely because there was an increase in the non-cash tax provision adjustment of over $4.3 million in the first quarter, as compared to the same period last year. In addition a $4.2 million increase in gross margin, which was collected in the first quarter, is shown in the seasonally adjusted margin but is not included in adjusted net income. This margin will be reflected in adjusted net income in future periods.

Discussion of distributions

For the three months ended June 30
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Cash flow from operations[1] (A)	**$ 37,795**	$ 45,262
Net income (B)	**102,627**	34,232
Total distributions (C)	**35,014**	33,681
Excess of cash flows from operating activities over distributions paid (A–C)	**2,781**	11,581
Excess of net income over distributions paid (B–C)	**67,613**	551

[1] Includes non-cash working capital balances.

Net income includes non-cash gains and losses associated with the changes in the current market value of Just Energy's derivative instruments. These instruments form part of the Fund's requirement to purchase commodity according to estimated demand and, as such, changes in value do not impact the distribution policy or the long-term financial performance of the Fund. Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting and all gains and losses on derivative instruments have been recorded in change in fair value of derivative instruments.

The change in fair value associated with these derivatives included in the net income for the first quarter of fiscal 2010 was a gain of $87.9 million. For the same quarter last year, Just Energy used hedge accounting during this time, and thus booked the changes in fair value predominantly to other comprehensive income. The total change in fair value for the quarter in fiscal 2009 was a gain of $514.2 million of which $503.1 million was booked to other comprehensive income, net of taxes of $89.3 million.

The Fund has, in the past, paid out distributions that were higher than both financial statement net income and operating cash flow. In the view of management, the non-GAAP measure, distributable cash, is an appropriate measure of the Fund's ability to distribute funds, as the cost of carrying incremental working capital necessary for the growth of the business has been deducted in the distributable cash calculation. Further, investment in the addition of new customers intended to increase cash flow is expensed in the financial statements while the original customer base was capitalized. Management believes that the current level of distributions is sustainable in the foreseeable future.

The timing differences between distributions and cash flow from operations created by the cost of carrying incremental working capital due to business seasonality and expansion are funded by the operating credit facility.

Standardized Distributable Cash and Cash Available for Distribution

For the three months ended June 30

(thousands of dollars, except per unit amounts)

	Fiscal 2010	Fiscal 2009
Reconciliation to statements of cash flow		
Cash inflow from operations	**$ 37,795**	$ 45,262
Capital expenditures[1]	**(7,406)**	(208)
Standardized Distributable Cash	**$ 30,389**	$ 45,054
Adjustments to Standardized Distributable Cash		
Change in non-cash working capital[2]	**$ (2,246)**	$ (15,665)
Tax impact on distributions to Class A preference shareholders[3]	**538**	685
Capital expenditures[1]	**7,406**	208
Cash Available for Distribution	**$ 36,087**	$ 30,282
Standardized Distributable Cash – per unit basic	**0.27**	0.41
Standardized Distributable Cash – per unit diluted	**0.27**	0.41
Payout Ratio based on Standardized Distributable Cash	**115%**	75%

[1] Capital expenditures are effectively funded out of the credit facility. The majority of capital expenditures in the current quarter related to the purchase of water heaters for subsequent rental. These expenditures expand the productive capacity of the business.

[2] Change in non-cash working capital is excluded from the calculation of Cash Available for Distribution as the Fund has a $250.0 million credit facility, effective July 1, 2009, which is available for use to fund working capital requirements. This eliminates the potential impact of timing distortions relating to the respective items.

[3] Payments to the holders of Class A preference shares are equivalent to distributions. The number of Class A preference shares outstanding is included in the denominator of any per unit calculation.

In accordance with the Canadian Institute of Chartered Accountants ("CICA") July 2007 interpretive release, Standardized Distributable Cash in Income Trusts and other Flow-Through Entities, the Fund has presented the distributable cash calculation to conform to this guidance. In summary, for the purposes of the Fund, Standardized Distributable Cash is defined as the periodic cash flows from operating activities, including the effects of changes in non-cash working capital less total capital expenditures as reported in the GAAP financial statements.

Financing strategy

The Fund's $250.0 million credit facility will be sufficient to meet the Fund's short-term working capital and capital expenditure requirements. Working capital requirements can vary widely due to seasonal fluctuations and planned U.S.-related growth. In the long term, the Fund may be required to access the equity or debt markets in order to fund significant acquisitions.

Productive capacity

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term, fixed-price contracts. As such, the Fund's productive capacity is determined by the gross margin earned from the contract price and the related supply cost.

The productive capacity of Just Energy is achieved through the retention of existing customers and the addition of new customers to replace those that have not been renewed. The productive capacity is maintained and grows through independent contractors, call centre renewal efforts and various mail campaigns.

Effectively all of the marketing costs related to customer contracts are expensed immediately but fall into two categories. The first represents marketing expenses to maintain gross margin at pre-existing levels and by definition maintain productive capacity. The second category is marketing expenditures to add new margin which therefore expands productive capacity. As noted above, capital expenditures by the Fund are utilized to expand the productive capacity of the business.

Financial statement analysis

Sales and gross margin – Per financial statements

For the three months ended June 30
(thousands of dollars)

		Fiscal 2010				Fiscal 2009
Sales	Canada	United States	Total	Canada	United States	Total
Gas	**$ 149,697**	**$ 50,434**	**$ 200,131**	$ 159,493	$ 39,963	$ 199,456
Electricity	**123,491**	**75,388**	**198,879**	130,822	47,632	178,454
	$ 273,188	**$ 125,822**	**$ 399,010**	$ 290,315	$ 87,595	$ 377,910
Increase/(decrease)	**(6)%**	**44%**	**6%**			
Gross margin	Canada	United States	Total	Canada	United States	Total
Gas	**$ 22,714**	**$ 10,694**	**$ 33,408**	$ 30,149	$ 5,980	$ 36,129
Electricity	**19,639**	**13,028**	**32,667**	19,574	(482)	19,092
	$ 42,353	**$ 23,722**	**$ 66,075**	$ 49,723	$ 5,498	$ 55,221
Increase/(decrease)	**(15)%**	**331%**	**20%**			

Canada

Sales were $273.2 million for the three months ended June 30, 2009, a decrease of 6% from the prior comparable period. Gross margin was $42.4 million for the first quarter, down 15% from the first quarter of fiscal 2009.

United States

Sales and gross margin in the U.S. were $125.8 million and $23.7 million for the first quarter, an increase of 44% and 331%, respectively, from the same period last year.

Seasonally adjusted analysis

Sales and gross margin – Seasonally adjusted[1]

For the three months ended June 30
(thousands of dollars)

		Fiscal 2010				Fiscal 2009
Sales	Canada	United States	Total	Canada	United States	Total
Gas	**$ 149,697**	**$ 50,434**	**$ 200,131**	$ 159,493	$ 39,963	$ 199,456
Adjustments[1]	**33,555**	**–**	**33,555**	23,916	–	23,916
	$ 183,252	**$ 50,434**	**$ 233,686**	$ 183,409	$ 39,963	$ 223,372
Electricity	**123,491**	**75,388**	**198,879**	130,822	47,632	178,454
	$ 306,743	**$ 125,822**	**$ 432,565**	$ 314,231	$ 87,595	$ 401,826
Increase/(decrease)	**(2)%**	**44%**	**8%**			
Gross margin	Canada	United States	Total	Canada	United States	Total
Gas	**$ 22,714**	**$ 10,694**	**$ 33,408**	$ 30,149	$ 5,980	$ 36,129
Adjustments[1]	**8,694**	**–**	**8,694**	4,482	–	4,482
	$ 31,408	**$ 10,694**	**$ 42,102**	$ 34,631	$ 5,980	$ 40,611
Electricity	**19,639**	**13,028**	**32,667**	19,574	(482)	19,092
	$ 51,047	**$ 23,722**	**$ 74,769**	$ 54,205	$ 5,498	$ 59,703
Increase/(decrease)	**(6)%**	**331%**	**25%**			

[1] For Ontario, Manitoba and Quebec gas markets.

Gross margin analysis

For the three months ended June 30
(thousands of dollars)

	Fiscal 2010			Fiscal 2009		
	Canada	United States	Total	Canada	United States	Total
Gas						
Customer margin	**$ 36,957**	**$ 12,291**	**$ 49,248**	$ 34,513	$ 4,900	$ 39,413
Gain (loss) from dispositions of excess supply and financial reconciliations[1]	**(5,549)**	**(1,597)**	**(7,146)**	118	1,080	1,198
Gas margin	**$ 31,408**	**$ 10,694**	**$ 42,102**	$ 34,631	$ 5,980	$ 40,611
Electricity						
Customer margin	**$ 19,700**	**$ 13,608**	**$ 33,308**	$ 20,276	$ (482)	$ 19,794
Gain (loss) from dispositions of excess supply[2]	**(61)**	**(580)**	**(641)**	(702)	0	(702)
Electricity margin	**$ 19,639**	**$ 13,028**	**$ 32,667**	$ 19,574	$ (482)	$ 19,092
Total	**$ 51,047**	**$ 23,722**	**$ 74,769**	$ 54,205	$ 5,498	$ 59,703
Increase/(decrease)	**(6)%**	**331%**	**25%**			

[1] Results from the sale of excess supply due to variances in customer demand and associated utility reconciliations of excess delivered supply.

[2] Results from the sale of excess supply purchased in advance of customer usage or fluctuations in customer usage attributable to the remaining customers on load-following contracts.

On a seasonally adjusted basis, sales increased by 8% in the first quarter of fiscal 2010 to $432.6 million as compared to $401.8 million in fiscal 2009. Gross margins were $74.8 million for the three months ended June 30, 2009, up 25% from the prior year comparable quarter.

Canada

Seasonally adjusted sales were $306.7 million for the quarter, down 2% from $314.2 million in fiscal 2009. Seasonally adjusted gross margins were $51.0 million in the first quarter of fiscal 2010, a decrease of 6% from $54.2 million in the same period last year.

Gas

Canadian gas sales remained unchanged at $183.3 million in the first quarter as compared to $183.4 million in fiscal 2009. In the first quarter of fiscal 2010, total customer delivered volumes were flat and there was a 2% decline in the customer base. However, despite the drop in the customer base, customer revenue grew by 7% due to an increase in the contract price for new customers signed compared to those customers lost through attrition. Gross margin totalled $31.4 million, down 9% from the first quarter of fiscal 2009 reflecting lower margins earned on CEG acquired customers and losses on the sale of excess gas at lower spot prices. Excess volumes sold during the quarter at a loss of $5.5 million were partially offset by gas balancing purchases at low spot prices reflected in the customer gross margin. The $5.5 million loss was as a result of delivery requirements established by the utilities and their customer consumption estimates which were much higher than actual consumption. Therefore, Just Energy was required to first purchase and deliver excess supply to the utilities and then sell the excess supply not needed for customers at very low spot prices.

After allowance for balancing and inclusive of acquisitions, average gross margin per customer ("GM/RCE") for the three months ended June 30, 2009, amounted to $195/RCE, compared to $216/RCE from the prior comparable quarter. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

Electricity

Electricity sales were $123.5 million for the quarter, a decrease of 6% from the first quarter of fiscal 2009. The reduced sales are attributable to a 7% decrease in total consumption partially attributable to a 2% decline in the number of customers, quarter over quarter, and unfavourable weather in Alberta. Despite lower consumption, gross margin remained flat at $19.6 million, as compared to the same quarter last year due to higher contract prices for the new customers signed and a strong increase in the GEO customers.

During the quarter, a small amount of excess volume was sold and the balancing losses for the quarter totalled $0.1 million, reduced from a $0.7 million loss in the prior year comparable quarter.

Average gross margin per customer after all balancing and including acquisitions for the quarter ended June 30, 2009, in Canada amounted to $141/RCE, up 8% compared to $131/RCE from the prior comparable quarter. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

United States

Sales for the first three months of fiscal 2010 were $125.8 million, an increase of 44% from $87.6 million in the prior year comparable quarter. Seasonally adjusted gross margin was $23.7 million, up 331% from $5.5 million from the same quarter last year.

Gas

Gas sales and gross margin in the U.S. for the first quarter of fiscal 2010 totalled $50.4 million and $10.7 million, respectively, versus $40.0 million and $6.0 million in fiscal 2009. The sales increase of 26% relates primarily to higher average prices, and the 14% increase in customer consumption reflects a 12% increase in customers and the impact of colder weather. Sales and margins also benefited from an increase in the U.S. dollar exchange rate over the same period last year. The U.S. gas gross margin increased by 79% during the three months ended June 30, 2009. The increase in gross margin for the quarter resulted from increased customers, increased margin per customer driven by strong GEO sales, higher weather-related consumption, lower commodity costs and higher exchange rates.

Average gross margin after all balancing costs for the three months ended June 30, 2009, was $274/RCE, an increase of 53% over the prior year comparable period of $179/RCE. The GM/RCE value includes an appropriate allowance for bad debt expense in Illinois.

Electricity

U.S. electricity seasonally adjusted sales and gross margin for the year were $75.4 million and $13.0 million, respectively, versus the prior comparable quarter of fiscal 2009 in which sales and gross margin amounted to $47.6 million and $(0.5) million. Sales and margins increased due to a 69% increase in customers quarter over quarter as well as GEO sales at higher margins, improved supply management and a reduction in load-following customers in Texas. In the first quarter of fiscal 2009, gross margins were negatively impacted by the warmer than normal Texas weather in May and June, which resulted in high peak prices balanced at Just Energy's expense for certain load-following customers. Management estimated this loss at approximately $5.0 million.

Average gross margin per customer for electricity during the current quarter increased dramatically to $176/RCE compared to $(18)/RCE in the prior year comparable period as a direct result of improved management of supply required to balance load-following customers. The GM/RCE value for Texas includes an appropriate allowance for the bad debt expense.

Summary of quarterly results

(thousands of dollars, except per unit amounts)

	Q1 fiscal 2010	Q4 fiscal 2009	Q3 fiscal 2009	Q2 fiscal 2009
Sales per financial statements	**$ 399,010**	$ 713,573	$ 513,608	$ 294,122
Gross margin (seasonally adjusted)	**74,769**	106,143	87,554	61,793
General and administrative expense	**15,617**	18,150	14,753	13,236
Net income (loss)	**102,627**	(168,621)	(49,094)	(923,990)
Net income (loss) per unit – basic	**0.92**	(1.57)	(0.44)	(8.33)
Net income (loss) per unit – diluted	**0.91**	(1.57)	(0.44)	(8.31)
Adjusted net income	**24,552**	88,744	46,682	6,872
Adjusted net income per unit – basic	**0.22**	0.81	0.42	0.06
Adjusted net income per unit – diluted	**0.22**	0.79	0.42	0.06
Amount available for distribution				
After gross margin/customer replacement	**42,219**	72,244	57,475	34,755
After marketing expense	**36,087**	62,515	48,162	28,394
Payout ratio[1]				
After gross margin/customer replacement	**83%**	48%	93%	100%
After marketing expense	**97%**	56%	111%	122%

	Q1 fiscal 2009	Q4 fiscal 2008	Q3 fiscal 2008	Q2 fiscal 2008
Sales per financial statements	$ 377,910	$ 652,617	$ 449,673	$ 283,531
Gross margin (seasonally adjusted)	59,703	87,960	71,247	57,664
General and administrative expense	13,447	17,138	12,416	11,142
Net income	34,232	94,025	28,064	4,754
Net income per unit – basic	0.31	0.87	0.26	0.05
Net income per unit – diluted	0.31	0.87	0.26	0.04
Adjusted net income	27,631	87,663	34,890	8,393
Adjusted net income per unit – basic	0.25	0.81	0.32	0.08
Adjusted net income per unit – diluted	0.25	0.80	0.32	0.08
Amount available for distribution				
After gross margin replacement	31,046	54,334	47,242	37,589
After marketing expense	30,282	53,992	42,462	29,690
Payout ratio[1]				
After gross margin replacement	108%	61%	164%	86%
After marketing expense	111%	61%	183%	109%

[1] Includes a one-time Special Distribution of $18.6 million in Q3 fiscal 2009 and $44.7 million in Q3 fiscal 2008.

The Fund's results reflect seasonality as consumption is greatest during the third and fourth quarters (winter quarters). While year over year quarterly comparisons are relevant, sequential quarters will vary materially. The main impact of this will be higher distributable cash with a lower payout ratio in the third and fourth quarters and lower distributable cash with a higher payout ratio in the first and second quarters excluding any Special Distribution.

Analysis of the first quarter

Sales are typically lower in the first quarter because gas consumption is highest during the winter months and approximately 54% of the current customer base is gas customers. The 6% increase in sales compared to the prior year comparable quarter is attributable to a 6% increase in the customer base (growth concentrated in the U.S.), weather-related consumption increases and favourable U.S. exchange rates during this time period. Adjusted net income which excludes the impact of the change in fair value of the Fund's derivative instruments decreased by 11% to $24.6 million for the three months ended June 30, 2009.

Gross margin increased by 25% in the first quarter of fiscal 2010 to $74.8 million from $59.7 million in the same period last year. Increased customer additions, higher margin per customer driven in part by increased GEO sales, the favourable change in the U.S. exchange rate and higher per customer consumption accounted for this increase. General and administration costs were $15.6 million for the quarter, an increase of 16% over $13.4 million last year.

The distributable cash after customer gross margin replacement was $42.2 million, up 36% from $31.0 million in the prior comparable quarter. The increase in gross margin was due to an increased number of customers, favourable exchange rates and improved per unit margins quarter over quarter.

After the deduction of all marketing expenses, distributable cash totalled $36.1 million, up 19% from $30.3 million in the first quarter of fiscal 2009. Distributions for the quarter were $35.0 million, an increase of 4% over the same period last year. The payout ratio after payment of all marketing costs for the first quarter of fiscal 2010 was 97% versus 111% for the same period last year.

Customer aggregation

Long-term customers

	April 1, 2009	Additions	Attrition	Failed to renew	June 30, 2009	% increase (decrease)
Natural gas						
Canada	743,000	9,000	(17,000)	(8,000)	727,000	(2)%
United States	235,000	27,000	(22,000)	(2,000)	238,000	1%
Total gas	978,000	36,000	(39,000)	(10,000)	965,000	(1)%
Electricity						
Canada	578,000	15,000	(15,000)	(4,000)	574,000	(1)%
United States	234,000	46,000	(11,000)	(7,000)	262,000	12%
Total electricity	812,000	61,000	(26,000)	(11,000)	836,000	3%
Combined	1,790,000	97,000	(65,000)	(21,000)	1,801,000	1%

Gross customer additions for the quarter were 97,000, up 14% from the 85,000 customers added in the fourth quarter of fiscal 2009. Total net customer additions for the quarter were 11,000 slightly below the 15,000 net customer additions in the last quarter. Gross additions were up 39% from the 70,000 customers signed by our sales force in the first quarter of fiscal 2009. Overall, there was a 1% increase in total customers.

For the three-month period ended June 30, 2009, total gas customer numbers declined by 1% as compared to last year, which reflects customer additions above targeted levels in the U.S. offset by higher than expected attrition and weaker than expected additions in Canada. U.S. gas customers increased by 1% due to growth in New York.

Total electricity customers were up 3% for the first quarter of fiscal 2010. All customer growth was in the United States with Canada lagging due to high relative five-year prices in Ontario. All electricity purchase contracts entered into by the Province of Ontario since deregulation have been at prices far higher than the current regulated rate and management believes that, over time, regulated prices should move toward that of our five-year offering. In the interim, the Fund has modified its electricity offering to focus on GEO supply. The take-up of the GEO product has been strong despite a significantly higher cost of green electricity to the customer. U.S. electricity volumes were up 12% with strong growth in both New York and Texas.

Delivered volumes in the quarter

Delivered volumes details the change in the actual growth of volumes delivered to customers for the first quarter of fiscal 2010 as compared to fiscal 2009. This measure tracks our actual financial results and reflects weather and other volume variances.

The following table shows the actual delivered volumes for the first quarter of fiscal 2010 and the prior comparable quarter:

For the three months ended June 30

	Fiscal 2010	Fiscal 2009	% increase (decrease)
Natural gas (GJ)			
Canada	**16,913,915**	16,898,440	–
United States	**3,347,478**	2,948,535	14%
Total gas[1]	**20,261,393**	19,846,975	2%
Electricity (MWh)			
Canada	**1,374,021**	1,483,863	(7)%
United States	**601,409**	429,006	40%
Total electricity[1]	**1,975,430**	1,912,869	3%

[1] Includes 230,000 GJ of GEO gas and 80,000 MWh of GEO electricity delivered in the first quarter of fiscal 2010.

Gas deliveries increased by 2% in the three months ended June 30, 2009, due to the increased U.S. customer base and colder weather conditions noted during the quarter. Electricity volumes increased by 3% over the prior year comparable quarter due to strong customer additions in Texas and New York.

Green Energy Option

Sales of the GEO product continue to support and reaffirm the strong demand for the GEO product in all markets. The GEO program allows customers to choose to purchase units of green energy in the form of renewable energy or carbon offsets, in an effort to reduce greenhouse gas emissions. When a customer purchases a unit of green energy, it creates a contractual obligation for Just Energy to purchase a supply of green energy at least equal to the demand created by the customer's purchase. A review was conducted by Grant Thornton LLP of Just Energy's *Renewable Energy and Carbon Offsets Sales and Purchases* report for the period from January 1, 2007 through December 31, 2008, validating the Fund's renewables and carbon offset purchases. Of all customers who contracted with Just Energy in the last 12 months, 39% took GEO for some or all of their energy needs. On average, these customers elected to consume 71% of GEO supply.

Attrition

Natural gas

The trailing 12-month natural gas attrition in Canada was 9% for the quarter, below management's target of 10%. In the U.S., gas attrition for the trailing 12 months was 31%, above management's annual target of 20% but decreased from the 34% noted in the fourth quarter of fiscal 2009. High U.S. gas attrition is a residual effect of the North American recession. While the rate of foreclosures has slowed, the first quarter is a period where customers who have not paid their high winter gas bills are cut off by the utility. The number of cut-offs was the highest seen in the Fund's history and caused increased attrition.

Electricity

The trailing 12-month electricity attrition rate in Canada for the year was 10%, consistent with management's target of 10%. Electricity attrition in the United States over the last 12 months was 17%, below management's target of 20%.

Failed to renew

The Just Energy renewal process is a multi-faceted program and aims to maximize the number of customers who choose to sign a new contract prior to the end of their existing contract term. Efforts begin up to 15 months in advance, allowing a customer to re-contract for an additional four or five years.

The trailing 12-month renewal rate for all Canadian gas customers was 72%. In the Ontario gas market, customers who do not positively elect to renew or terminate their contract receive a one-year fixed price for the ensuing year. A total of 60,400 gas customers were renewed in the last 12 months and 25,500 renewed for a one-year term.

Electricity renewals for Canadian customers in Ontario and Alberta were 68%. In the Ontario electricity market, there is no opportunity to renew a residential or small volume customer for a one-year term should the customer fail to positively renew or terminate his or her contract. Management targets a renewal rate for electricity customers of 60%. For the fiscal year ended March 31, 2009, 67% of all expiring electricity customer volumes were successfully renewed.

In the U.S. markets, Just Energy currently only has Illinois gas and Texas electricity customers up for renewal. Renewing Illinois gas customers approximated only 1,000 customers and the results were not representative of our annual renewal rates. The Texas electricity renewal rate was 73%, significantly better than our target rate of 60% based on over 38,000 customers.

The table below shows actual renewal rates versus target.

	Year to date fiscal 2010	Target – fiscal 2010
Natural gas		
Canada	72%	70%
United States	–	50
Electricity		
Canada	68	65
United States	73	60

Gas and electricity contract renewals

This table shows the percentage of customers up for renewal in each of the following years:

Fiscal period	Canada – gas	Canada – electricity	U.S. – gas	U.S. – electricity
Remainder of 2010	19%	4%	9%	1%
2011	26	21	14	5
2012	21	22	11	10
2013	15	29	25	13
2014	14	19	25	46
Beyond 2014	5	5	16	25
Total	100%	100%	100%	100%

Just Energy continuously monitors its customer renewal rates and continues to modify its offering to existing customers in order to maximize the number of customers who renew their contracts.

Gross margin earned through new marketing efforts

Annual gross margin per customer for new and renewed customers (excludes GEO impact)

In the first quarter of fiscal 2010, the Fund continued to see the positive impact of continued efforts to maintain strong margin per customer during challenging marketing periods. Overall, average gross margin per RCE was up 14% quarter over quarter primarily due to the loss in U.S. electricity in the prior comparable quarter. In the first quarter of fiscal 2009 gross margins were negatively impacted by warmer than normal Texas weather which resulted in high peak prices balanced at Just Energy's expense.

The table below depicts the annual margins on contracts of customers signed in the quarter. This table reflects only the margins on "brown" energy purchased by customers. To the extent that customers elected green electricity, margins per customer are materially higher. Sales of the GEO products have been very strong with approximately 39% of all customers added in the past year taking some or all green energy supply. Those who purchased the GEO product elect, on average, 71% of their consumption. A 100% GEO electricity customer in Ontario generates annual margins of approximately $200, much higher than the "brown" margins realized.

Annual gross margin per customer[1]

	Fiscal 2010	Annual target fiscal 2010
Customers added in the quarter		
Canada – gas	$ 169	$ 170
Canada – electricity	121	143
United States – gas	160	170
United States – electricity	216	143
Customers lost in the quarter		
Canada – gas	195	
Canada – electricity	115	
United States – gas	259	
United States – electricity	102	

[1] Customer sales price less cost of associated supply and allowance for bad debt and U.S. working capital. This table excludes the margin impact of the sale of GEO products.

General and administrative expenses

General and administrative costs were $15.6 million for the three months ended June 30, 2009, representing a 16% increase from $13.4 million in the first quarter of fiscal 2009. The expenses increased primarily due to staffing costs in our corporate office to support our current and future growth, U.S. exchange rate impact on U.S. dollar denominated costs and an increase in collection costs. Corporate headcount increased by 27 to a total of 712 full-time employees primarily to enable operations to prepare for the new Alberta customers to be billed internally, for sales support for our commercial expansion and for customer service and IT to service our expanding customer base. Collection costs were up slightly in the first quarter of fiscal 2010 largely reflecting collection efforts related to the Texas growth.

Marketing expenses

Marketing expenses, which consist of commissions paid to independent sales contractors for signing new customers as well as an allocation of corporate costs, were $19.4 million, an increase of 43% from $13.6 million in the first quarter of fiscal 2009. In the first quarter of fiscal 2010, 97,000 new customers were signed by our marketing sales force, compared to 70,000 customers added through our sales offices in Q1 of fiscal 2009. Last year during the first quarter, 32,000 short-term Texas customers were reclassified as long-term customers based on the renewal experience to date. The increase in the current quarter expense reflects the growth in customer additions and the impact of the higher U.S. dollar on our U.S.-based marketing costs.

Marketing expenses to maintain gross margin are allocated based on the ratio of gross margin lost from attrition as compared to the gross margin signed from new and renewed customers during the fiscal year. Marketing expenses to maintain gross margin were $13.3 million, an increase of 3% from $12.8 million from the prior year comparable quarter.

Marketing expenses to add new gross margin are allocated based on the ratio of net new gross margin earned on the customers signed, less attrition, as compared to the gross margin signed from new and renewed customers during the period. Marketing expenses to add new gross margin in the first quarter totalled $6.1 million, an increase from $0.8 million in the prior year comparable period. The large increase is consistent with the increase in the net customer additions of 11,000 in fiscal 2010 versus a negative 22,000 net customers added through our sales offices during the first quarter of fiscal 2009. All marketing costs related to the GEO product offerings are allocated against new margin, and there has been a substantial increase in the sale of GEO products in the current quarter.

The quarterly actual aggregation costs per customer added were as follows:

	Fiscal 2010	Fiscal 2009
Natural gas		
Canada	**$ 209/RCE**	
United States	**199/RCE**	
Total gas	**202/RCE**	$ 208/RCE
Electricity		
Canada	**162/RCE**	
United States	**161/RCE**	
Total electricity	**$ 161/RCE**	$ 172/RCE

Actual total aggregation costs for gas and electricity customers to date for fiscal 2010 were $202 per customer for gas and $161 per customer for electricity. For the first quarter of fiscal 2009, the aggregation costs were $208 per customer for gas and $172 per customer for electricity.

In the first quarter of fiscal 2010, customer additions were above targeted levels and therefore, lower corporate, marketing and customer service costs were allocated to each new customer. Approximately 40% of the total marketing expense relates to the costs associated with corporate, marketing and customer service overhead. The reduction in the aggregation cost per customer reflects the leveraging of the fixed marketing costs as customer additions increase.

Unit based compensation

Compensation in the form of units (non-cash) granted by the Fund to the directors, officers, full-time employees and service providers of its subsidiaries and affiliates pursuant to the 2001 unit option plan, the 2004 unit appreciation rights plan and the directors' deferred compensation plan amounted to $0.7 million for the first quarter of fiscal 2010, a decrease from the $0.9 million paid in Q1 of fiscal 2009.

Bad debt expense

In Illinois, Alberta and Texas, Just Energy assumes the credit risk associated with the collection of all customer accounts. In addition, for commercial direct-billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Credit review processes have been established to manage the customer default rate. Management factors default from credit risk into its margin expectations for all of the above-noted markets.

Bad debt expense for three months ended June 30, 2009, was $3.8 million versus $1.1 million expensed in the prior year comparable quarter. The bad debt expense increase was partially due to the 22% increase in total revenues for the quarter in the markets where Just Energy assumes the risk for accounts receivable collections. The increased expenses are due to the higher U.S. exchange rate and increased default rates noted in the U.S. markets due to the recessionary conditions. Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency.

For the first quarter, the bad debt expense represents 3.4% of $112.4 million in revenues, slightly above the Fund's 2–3% target range. Higher credit losses should be expected with the current North American recession. In particular, two factors caused losses to be higher in our first quarter: the increased number of utility cut-offs following high winter bills, and the inability to cut off Texas electricity customers, as a result of regulation during extreme weather, which eliminates our ability to mitigate our credit losses. Management continues to target bad debt expense of approximately 2–3% during fiscal 2010, and believes that the upper end of the range will be adequate even during a severe and extended recession.

For each of Just Energy's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from Just Energy's customers for a regulated fee.

Interest expense

Total interest expense for the three months ended June 30, 2009, amounted to $0.5 million, a decrease from $0.9 million in fiscal 2009. The decrease is due to reduced U.S. direct borrowing costs under the credit facility agreement. The U.S. line was completely repaid at the end of fiscal 2009. Just Energy is required to meet a number of financial covenants under the credit facility agreement, and as at June 30, 2009, all of these covenants were met.

Foreign exchange

Just Energy has an exposure to U.S. dollar exchange rates as a result of its U.S. operations and any changes in the applicable exchange rate may result in a decrease or increase in other comprehensive income (loss). For the quarter, a foreign exchange unrealized gain of $18.2 million was reported in other comprehensive income (loss) versus an unrealized loss of $0.3 million reported in the same period last year.

Overall, the high U.S. dollar increases sales and gross margin, but this is partially offset by higher operating costs denominated in U.S. dollars. While there can be quarterly fluctuations because of relative inflows and outflows, the overall annual impact on adjusted net income is currently not material, given the high growth of the U.S. markets.

Class A preference share distributions

The remaining holder of the Just Energy Corp. ("JEC") (formerly Ontario Energy Savings Corp.) Class A preference shares (which are exchangeable into units on a 1:1 basis) is entitled to receive, on a quarterly basis, a payment equal to the amount paid or payable to a Unitholder on an equal number of units. The total amount paid for the three months ended June 30, 2009, including tax, amounted to $1.6 million versus $1.9 million paid in fiscal 2009. The decrease in the preference share distributions resulted from the exchange of 1,442,484 shares into units during fiscal 2009. The distributions on the Class A preference shares are reflected in the Statement of Unitholders' Equity of the Fund's consolidated financial statements, net of tax.

Provision for (recovery of) income tax

For the three months ended June 30
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Current income tax expense (recovery)	**$ (40)**	$ 143
Amount credited to Unitholders' equity	**538**	685
Future tax expense (recovery)	**9,805**	(1,014)
Provision for (recovery of) income tax	**$ 10,303**	$ (186)

The Fund recorded a current income tax recovery of $0.04 million for the first quarter versus a tax expense of $0.1 million in the same period last year. The change is mainly attributable to state income taxes that our U.S. entities paid, Canadian income tax expense, and a small portion of U.S. withholding tax remitted. Also included in the income tax provision is an amount relating to the tax impact of the distributions paid to the Class A preference shareholder of JEC. In accordance with EIC 151, Exchangeable Securities Issued by Subsidiaries of Income Trusts, all Class A preference shares are included as part of Unitholders' equity and the distributions paid to the shareholder are included as distributions on the Statement of Unitholders' equity, net of tax. For the three months ended June 30, 2009, the tax impact of these distributions, based on an estimated tax rate of 33%, amounted to $0.5 million as compared to $0.7 million in fiscal 2009. A future tax expense of $9.8 million has been recorded for the first quarter on the change in fair value of derivative instruments with a corresponding tax recovery being recorded in other comprehensive income.

Effective January 1, 2011, the Fund will be taxed as a Specified Investment Flow-Through ("SIFT") trust on Canadian 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 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 June 30, 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.

Liquidity and capital resources

Summary of cash flows

For the three months ended June 30
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Operating activities	**$ 37,795**	$ 45,262
Investing activities	**(7,406)**	(208)
Financing activities, excluding distributions	**(11,196)**	(4,725)
Gain on foreign exchange	**(1,099)**	(22)
Increase in cash before distributions	**18,094**	40,307
Distributions (cash payments)	**(31,977)**	(26,573)
Increase (decrease) in cash	**(13,883)**	13,734
Cash – beginning of period	**59,094**	27,310
Cash – end of period	**$ 45,211**	$ 41,044

Operating activities

Cash flow from operating activities for the three months ended June 30, 2009, was $37.8 million, a decrease from $45.3 million in the prior year comparable quarter. The decrease is primarily attributable to an increase in net income offset by unrealized income related to the financial instruments recorded in the quarter.

Investing activities

The Fund purchased capital assets totalling $7.4 million during the quarter, an increase from $0.2 million in the same period last year. In fiscal 2010, Just Energy's capital spending related to the water heater business and purchases of office equipment and IT software.

Financing activities

Financing activities excluding distributions relate primarily to a decrease of the operating line for working capital requirements. During the three months ended June 30, 2009, Just Energy repaid a total of $11.5 million against the credit facility versus $5.1 million repaid in the first quarter of fiscal 2009. On July 1, 2009, in connection with the acquisition of UEG, Just Energy increased its credit facility from $170 million to $250 million. As part of the increase in the credit facility, Societe Generale and Alberta Treasury Branches joined Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada and Bank of Nova Scotia as the syndicate of lenders thereunder. As Just Energy continues to expand in the United States markets, the need to fund working capital and security requirements will increase, driven primarily by the number of customers aggregated, and to a lesser extent by the number of new markets. Based on the markets in which Just Energy currently operates and others that management expects to enter, funding requirements will be supported through the credit facility.

The Fund's liquidity requirements are driven by the delay from the time that a customer contract is signed until cash flow is generated. Approximately 50% of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract, with most of the remaining 50% being paid after the energy commodity begins flowing to the customer.

The elapsed period between the times when a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, Just Energy receives payment directly from the customer.

Distributions (cash payments)

Investors should note that due to the institution of a distribution reinvestment program ("DRIP") on December 20, 2007, a portion of distributions declared are not paid in cash. This program was suspended on December 1, 2008, with the commencement of the normal course issuer bid and was re-instituted on March 31, 2009. Under the program, Unitholders can elect to receive their distributions in units at a 2% (formerly 5%) discount to the prevailing market price rather than the cash equivalent. During the first quarter, the Fund made cash distributions to its Unitholders and Class A preference shareholder in the amount of $32.0 million, compared to $26.6 million in fiscal 2009.

Just Energy will continue to utilize its cash resources for expansion into new markets, growth in its existing energy marketing customer base, GEO products and water heaters business, and also to make accretive acquisitions of customers as well as distributions to its Unitholders.

At the end of the quarter, the annual rate for distributions per unit was $1.24. The Fund intends to make distributions to its Unitholders, based upon cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expenses 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.

Balance sheet as at June 30, 2009, compared to March 31, 2009

Cash decreased from $59.1 million as at March 31, 2009, to $45.2 million. The utilization of the credit facility decreased from $76.5 million to $65.0 million as a result of higher cash receipts from the winter billings (higher customer consumption). Working capital requirements in the U.S. and Alberta result from the timing difference between customer consumption and cash receipts. For electricity, working capital is required to fund the lag between settlements with the suppliers and settlement with the LDCs. Under the new terms of the credit facility, effective July 1, 2009, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 4.0%, prime rate advances at Canadian and U.S. prime plus 3.0%, and letters of credit at 4.0%.

The decrease in accounts receivable from $249.5 million to $189.1 million is primarily attributable to the decrease in revenue associated with the period of lower gas consumption in the first quarter in comparison to the fourth quarter. Accounts payable and accrued liabilities has also decreased from $165.4 million to $137.7 million relating to decreased customer consumption associated with the seasonality of the Fund.

Gas in storage has increased from $6.7 million to $23.4 million for the first quarter of fiscal 2010. The increased balance reflects injections into storage for the expanding U.S. customer base, which occur from April to November.

At the end of the first quarter, customers in Ontario, Manitoba and Quebec had consumed more gas than was supplied to the LDCs for their use. Since Just Energy is paid for this gas when delivered yet recognizes revenue when the gas is consumed by the customer, the result on the balance sheet is the unbilled revenue amount of $24.2 million and accrued gas accounts payable of $16.5 million. At March 31, 2009, Just Energy had unbilled revenues amounting to $57.8 million and accrued gas accounts payable of $41.4 million.

Prepaid expenses have increased from $2.0 million to $9.8 million for the first quarter of fiscal 2010. The increased balance includes $7.2 million of expenditures related to the acquisition of UEG on July 1, 2009.

Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting. Previously, the Fund had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income. The mark to market gains and losses can result in significant changes in net income and accordingly Unitholders' equity from quarter to quarter due to commodity price volatility. Given that the Fund has purchased this supply to cover future customer usage at fixed prices, management believes that these non-cash quarterly changes are not meaningful.

Contractual obligations

In the normal course of business, the Fund is obligated to make future payments for contracts and other commitments that are known and non-cancellable.

Payments due by period

(thousands of dollars)

	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Property and equipment lease agreements	$ 25,199	$ 5,394	$ 9,017	$ 4,999	$ 5,789
EPCOR billing and collections	29,083	7,989	21,094	–	–
Gas and electricity supply purchase commitments	3,394,100	1,012,461	1,733,225	625,131	23,283
	$ 3,448,382	$ 1,025,844	$ 1,763,336	$ 630,130	$ 29,072

Other obligations

In the opinion of management, the Fund has no material pending actions, claims or proceedings that have not been either included in its accrued liabilities or in the financial statements. In the normal course of business, the Fund could be subject to certain contingent obligations that become payable only if certain events were to occur. The inherent uncertainty surrounding the timing and financial impact of any events prevents any meaningful measurement, which is necessary to assess any material impact on future liquidity. Such obligations include potential judgments, settlements, fines and other penalties resulting from actions, claims or proceedings.

Transactions with related parties

The Fund does not have any material transactions with any individuals or companies that are not considered independent to the Fund or any of its subsidiaries and/or affiliates.

Critical accounting estimates

The consolidated financial statements of the Fund have been prepared in accordance with Canadian GAAP. Certain accounting policies require management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, cost of sales, marketing and general and administrative expenses. Estimates are based on historical experience, current information and various other assumptions that are believed to be reasonable under the circumstances. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of critical accounting estimates is not meant to be exhaustive. The Fund might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

Unbilled revenues/Accrued gas accounts payable

Unbilled revenues result when customers consume more gas than has been delivered by Just Energy to the LDCs. These estimates are stated at net realizable value. Accrued gas accounts payable represents Just Energy's obligation to the LDC with respect to gas consumed by customers in excess of that delivered. This obligation is also valued at net realizable value. This estimate is required for the gas business unit only, since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Gas delivered in excess of consumption/Deferred revenues

Gas delivered to LDCs in excess of consumption by customers is valued at the lower of cost and net realizable value. Collections from LDCs in advance of their consumption results in deferred revenues which are valued at net realizable value. This estimate is required for the gas business unit only since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Allowance for doubtful accounts

Just Energy assumes the credit risk associated with the collection of customers' accounts in Alberta, Illinois and Texas. In addition, for large direct-billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Management estimates the allowance for doubtful accounts in these markets based on the financial conditions of each jurisdiction, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience.

Goodwill

In assessing the value of goodwill for potential impairment, assumptions are made regarding Just Energy's future cash flow. If the estimates change in the future, the Fund may be required to record impairment charges related to goodwill. An impairment review of goodwill was performed during fiscal 2009, and as a result of the review, it was determined that no impairment of goodwill existed at March 31, 2009.

Fair value of derivative financial instruments and risk management

The Fund has entered into a variety of derivative financial instruments as part of the business of purchasing and selling gas, electricity and the green energy option. Just Energy enters into contracts with customers to provide electricity and gas at fixed prices and provide comfort to certain customers that a specified amount of energy will be derived from green generation. These customer contracts expose Just Energy to changes in market prices to supply these commodities. To reduce the exposure to the commodity market price changes, Just Energy uses derivative financial and physical contracts to secure fixed-price commodity supply to cover its estimated delivery or green commitment obligations.

The Fund's business model objective is to minimize commodity risk other than consumption changes, which are usually attributable to weather. Accordingly, it is Just Energy's policy to hedge the estimated requirements of its customers with offsetting hedges of natural gas and electricity at fixed prices for terms equal to those of the customer contracts. The cash flow from these supply contracts is expected to be effective in offsetting the Fund's price exposure and serves to fix acquisition costs of gas and electricity to be delivered under the fixed-price or price-protected customer contracts. Just Energy's policy is not to use derivative instruments for speculative purposes.

Just Energy's expansion in the U.S. has introduced foreign exchange-related risks. Just Energy has entered into foreign exchange forwards in order to hedge the exposure to fluctuations in cross border cash flows.

The financial statements are in compliance with Section 3855 of the CICA Handbook, which requires a determination of fair value for all derivative financial instruments. Up to June 30, 2008, the financial statements also applied Section 3865 of the CICA Handbook which permitted a further calculation for qualified and designated accounting hedges to determine the effective and ineffective portion of the hedge. This calculation permitted the change in fair value to be accounted for predominately in the statement of other comprehensive income. As of July 1, 2008, management decided that the increasing complexity and costs of maintaining this accounting treatment outweighed the benefits. This fair value (and when it was applicable, the ineffectiveness) is determined using market information at the end of each quarter. Management believes the Fund remains economically hedged operationally across all jurisdictions.

Preference shares of JEC and trust units

As at August 5, 2009, there were 5,263,728 Class A preference shares of JEC outstanding and 116,986,831 units of the Fund outstanding. Also outstanding were 10,797,072 units of Just Energy Exchange Corp.

Taxability of distributions

Cash and unit distributions received in calendar 2008 were allocated 100% to other income. Additional information can be found on our website at www.justenergy.com. Management estimates the distributions for calendar 2009 to be allocated in a similar manner to that of 2008.

Adoption of new accounting policies

On April 1, 2009, the Fund adopted a new accounting standard that was issued by the CICA; Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Just Energy adopted this standard retroactively as required by the standards.

Recently issued accounting standards

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

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, the 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. 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.

Legal proceedings

On February 7, 2008, the Attorney General for Illinois filed a complaint against JEIC (the "Illinois AG Complaint"). The Illinois AG Complaint alleged that independent sales agents used deceptive practices in the sale of Just Energy contracts to Illinois customers. On May 12, 2009, a settlement of the action was reached. The settlement was approved by the Circuit Court, Cook County, on May 15, 2009. Under the settlement, JEIC will comply with several consumer safeguards, many of which JEIC has practiced for more than a year. In addition, $1.0 million has been made available to be paid to a limited number of customers in settlement of claims. Any unused portion of the $1.0 million will be paid to the Illinois Department of the Attorney General. On March 3, 2008, the Citizen's Utility Board (the "CUB"), AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission alleging claims very similar to those in the Illinois AG Complaint. Just Energy has commenced discussion with CUB to address and defend the allegations and intends to seek a constructive resolution to the matter.

On March 20, 2008, an Indiana resident filed a proposed consumer class action against JEIC in Illinois also based on allegations similar to those made by the Illinois Attorney General. The court dismissed the action and ordered the plaintiff to refile in the proper jurisdiction. The action has been restricted to Indiana plaintiffs on a limited basis.

On April 4, 2008, NYESC was served with a complaint initiated by a commercial customer in New York that proposed a class action against NYESC, the Fund and the LDC (Consolidated Edison) on behalf of residents of New York City. On December 16, 2008, the court dismissed the complaint against the Fund, and the complaint against NYESC was referred to arbitration. The plaintiff's representative filed an appeal but has not yet, under state court rules, perfected it. It has until September 15, 2009, to perfect its rights. Just Energy will resolve or vigorously contest the claims in these matters. Management believes that the pending legal actions against JEIC and NYESC are not expected to have a material impact on the financial condition of the Fund at this time.

Controls and procedures

During the most recent interim period, there have been no changes in the Fund's policies and procedures that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

Corporate governance

Just Energy is committed to transparency in our operations and our approach to governance meets all recommended standards. Full disclosure of our compliance with existing corporate governance rules is available on our website at www.justenergy.com and is included in the Fund's May 29, 2009 management proxy circular. Just Energy actively monitors the corporate governance and disclosure environment to ensure timely compliance with current and future requirements.

Outlook

On July 1, 2009, Just Energy completed the purchase of all of the outstanding common shares of the Universal Energy Group Ltd. ("UEG"), a TSX-listed marketer of deregulated natural gas and electricity. The agreement provided for a share exchange through which each outstanding share of UEG would be exchanged for 0.58 of a share (the "Exchangeable Shares") of a subsidiary of the Fund. Each Exchangeable Share is exchangeable into one Just Energy trust unit at any time at the option of the holder for no additional consideration. The transaction resulted in the issuance of 21.3 million Exchangeable Shares, increasing the equivalent units of the Fund to 132.9 million.

As part of the acquisition of UEG, the Fund has entered into support agreements (the "Support Agreements") with holders of 51% of the outstanding shares of UEG, which among other things, resulted in an escrow agreement at closing under which 60% of the holder's Exchangeable Shares were escrowed as of closing and released as to 50% on the first anniversary of the closing date and as to 50% on the second anniversary of the closing date.

Management believes that the acquisition of UEG will be accretive in fiscal 2010 to both gross margin and distributable cash per unit despite the transition costs of merging the operations. The full benefit of the acquisition will not be seen until fiscal 2011 when the savings from elimination of administrative overlap are expected to be fully realized.

The UEG acquisition brings a total of 14 U.S. state marketing licenses, which will provide an option for accelerated entry into attractive American markets. UEG currently supplies over 570,000 RCEs in Ontario, British Columbia, Michigan, California, Ohio, Pennsylvania, Maryland and New Jersey.

On July 2, 2009, National Energy Corporation ("NEC"), a wholly owned home services subsidiary of UEG, acquired Newten Home Comfort Inc., an arm's length third party that held a 20% interest of NHCLP, Just Energy's recently established water heater business. Accordingly, NHCLP became a wholly owned subsidiary of Just Energy. NEC operates a very successful home services business renting and selling water heaters and related products, and management believes the growth of this business will accelerate significantly. UEG also owns a 66.7% interest in Terra Grain Fuels, a 150-million-litre capacity wheat-based ethanol plant located in Belle Plaine, Saskatchewan. The plant is currently making repairs to its facility to move to full capacity production.

The financial positions of the Fund's commodity suppliers remain sound based on analysis by management as are those of the banks participating in the credit facility. Management does not believe that weakness in the global credit markets will have any near-term impact on either existing business or the Fund's ability to grow in the future.

Management's best estimation is that Just Energy will again grow its key operating measures during fiscal 2010. Gross margin and distributable cash after gross margin replacement per unit are expected to grow by approximately 5–10%, including the acquisition from UEG. Distributable cash after marketing expenses is expected to grow at a slightly lower rate due to increased marketing expenses associated with the forecasted RCE additions and GEO product growth. Total RCEs are expected to grow after all attrition and failure to renew. However, management is not in a position to provide guidance on the level of customer growth, pending the integration of the UEG sales force into Just Energy. Investors will be updated in future quarters on the customer growth expectations. After the first quarter, Just Energy is on pace required to meet these targets. As the UEG acquisition will only impact the final three quarters of the year, management expects to update guidance following the full merger of operations.

Sales of the GEO products have been very strong with approximately 39% of all customers added in the trailing 12 months taking some or all green energy supply. Continued sales of GEO at these levels will alter the economics of Just Energy as GEO customers generate much more profit than previous five-year fixed-rate customers. For example, GEO electricity customers in Ontario generate annual margins of approximately $200, much higher than regular Just Energy customer targets. Management sees no slowing of demand for GEO energy.

The economies of Just Energy's markets are currently in the midst of a significant recession. These very weak North American economic conditions and the turmoil in the credit and financial markets have not affected Just Energy's growth rates or its ability to realize high margin per customer. The major impact of the recession has been higher customer attrition in the United States due to high levels of utility shut-off following the winter billing period. These shut-offs not only maintained attrition at a high level, but combined with a mandated moratorium on Texas electricity cut-offs, increased bad debt losses above the target range of 2–3%. Management is confident that bad debt loss will be in the target range for the year as a whole. The Fund does not bear bad debt risk in Ontario, Quebec, Manitoba, British Columbia (excluding large volume customers), New York and Indiana. These markets contain approximately 73% of Just Energy's customers.

The Fund intends to continue its geographic expansion into new markets in the United States through both organic growth and focused acquisitions. The Fund is actively reviewing a number of further possible acquisitions. Just Energy continues to actively monitor the progress of the deregulated markets in various jurisdictions.

Changes made to the Income Tax Act require certain income trusts, including Just Energy, to pay taxes after 2010, similar to those paid by taxable Canadian corporations. The payment of such taxes will, in the future, reduce the cash flow of the Fund, thereby reducing the amount available for distributions to unitholders. Just Energy is actively analyzing potential restructuring options in preparation for conversion from a trust to a corporation on or before 2011.

CONSOLIDATED BALANCE SHEETS

(Unaudited, thousands of dollars)

	June 30, 2009	March 31, 2009
Assets		
Current		
Cash and cash equivalents	**$ 45,211**	$ 59,094
Restricted cash	**7,009**	7,609
Accounts receivable	**189,075**	249,480
Gas in storage	**23,458**	6,690
Inventory	**684**	257
Unbilled revenues	**24,224**	57,779
Prepaid expenses and deposits	**9,761**	2,020
Corporate taxes recoverable	**183**	–
Other assets – current *(Note 6a)*	**5,618**	5,544
	305,223	388,473
Gas contracts (less accumulated amortization – $993; March 31, 2009 – $710)	**1,231**	1,513
Electricity contracts (less accumulated amortization – $36,684; March 31, 2009 – $37,216)	**2,995**	3,584
Goodwill	**115,308**	117,061
Capital assets (less accumulated amortization – $20,733; March 31, 2009 – $19,790)	**25,290**	19,971
Other assets – long term *(Note 6a)*	**7,664**	5,153
	$ 457,711	$ 535,755
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 137,709**	$ 165,431
Customer rebates payable	**7,021**	7,309
Management incentive program payable	**576**	1,093
Unit distribution payable	**10,992**	10,977
Corporate taxes payable	**401**	1,906
Accrued gas accounts payable	**16,518**	41,379
Other liabilities – current *(Note 6a)*	**501,638**	519,352
	674,855	747,447
Long-term debt	**65,060**	76,500
Deferred lease inducements	**2,277**	2,382
Other liabilities – long term *(Note 6a)*	**367,660**	401,720
	1,109,852	1,228,049
Non-controlling interest	**237**	292
Equity (deficit)		
Deficit	**$ (1,402,126)**	$ (1,470,277)
Accumulated other comprehensive income	**333,482**	364,566
	(1,068,644)	(1,105,711)
Unitholders' capital	**401,115**	398,454
Contributed surplus	**15,151**	14,671
Unitholders' deficit	**(652,378)**	(692,586)
	$ 457,711	$ 535,755

Commitments (Note 9)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (DEFICIT)

For the three months ended June 30
(Unaudited, thousands of dollars)

	2009	2008
Accumulated earnings (deficit)		
Accumulated earnings, beginning of period	**$ (712,427)**	$ 392,082
Net income	**102,627**	34,232
Accumulated earnings (deficit), end of period	**(609,800)**	426,314
Distributions		
Distributions, beginning of period	**(757,850)**	(604,013)
Distributions	**(33,383)**	(31,785)
Class A preference share distributions – net of income taxes of $538 (2008 – $685)	**(1,093)**	(1,211)
Distributions, end of period	**(792,326)**	(637,009)
Deficit	**(1,402,126)**	(210,695)
Accumulated other comprehensive income		
Accumulated other comprehensive income, beginning of period	**364,566**	40,789
Other comprehensive income (loss)	**(31,084)**	502,828
Accumulated other comprehensive income, end of period	**333,482**	543,617
Unitholders' capital *(Note 5)*		
Unitholders' capital, beginning of period	**398,454**	358,103
Trust units exchanged	**–**	3,606
Trust units issued on exercise/exchange of unit compensation *(Note 5b)*	**197**	468
Trust units issued	**2,464**	13,235
Class A preference shares exchanged	**–**	(3,606)
Unitholders' capital, end of period	**401,115**	371,806
Contributed surplus *(Note 5b)*	**15,151**	12,742
Unitholders' equity (deficit), end of period	**$ (652,378)**	$ 717,470

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended June 30
(Unaudited, thousands of dollars, except per unit amounts)

	2009	2008
Sales	**$ 399,010**	$ 377,910
Cost of sales	**332,935**	322,689
Gross margin	**66,075**	55,221
Expenses		
General and administrative expenses	**15,617**	13,447
Capital tax	**80**	66
Marketing expenses	**19,385**	13,588
Unit based compensation *(Note 5b)*	**657**	857
Bad debt expense	**3,829**	1,063
Amortization of gas contracts	**283**	–
Amortization of electricity contracts	**311**	1,967
Amortization of capital assets	**1,194**	1,216
	41,356	32,204
Income before the undernoted	**24,719**	23,017
Interest expense	**480**	891
Change in fair value of derivative instruments *(Note 6a)*	**(87,880)**	(11,115)
Other income	**(756)**	(805)
Income before income tax	**112,875**	34,046
Provision for (recovery of) income tax	**10,303**	(186)
Non-controlling interest	**(55)**	–
Net income	**$ 102,627**	$ 34,232

See accompanying notes to consolidated financial statements

Income per unit *(Note 7)*		
Basic	**$ 0.92**	$ 0.31
Diluted	**$ 0.91**	$ 0.31

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three months ended June 30
(Unaudited, thousands of dollars)

	2009	2008
Net income	**$ 102,627**	$ 34,232
Unrealized gain (loss) on translation of self-sustaining operations	**18,246**	(288)
Unrealized and realized gain on derivative instruments designated as cash flow hedges prior to July 1, 2008, net of income taxes of $89,344 *(Note 6a)*	**–**	503,116
Amortization of deferred unrealized gain on discontinued hedges after July 1, 2008, net of income taxes of $9,805 *(Note 6a)*	**(49,330)**	–
Other comprehensive income (loss)	**(31,084)**	502,828
Comprehensive income	**$ 71,543**	$ 537,060

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended June 30
(Unaudited, thousands of dollars)

	2009	2008
Net inflow (outflow) of cash related to the following activities		
Operating		
Net income	**$ 102,627**	$ 34,232
Items not affecting cash		
Amortization of gas contracts	**283**	–
Amortization of electricity contracts	**311**	1,967
Amortization of capital assets	**1,194**	1,216
Unit based compensation	**657**	857
Non-controlling interest	**(55)**	–
Future income taxes	**9,805**	(1,014)
Other	**(87)**	(1,028)
Change in fair value of derivative instruments	**(87,880)**	(11,115)
	(75,772)	(9,117)
Adjustments required to reflect net cash receipts from gas sales	**8,694**	4,482
Changes in non-cash working capital	**2,246**	15,665
Cash inflow from operations	**37,795**	45,262
Financing		
Exercise of trust unit options *(Note 5b)*	**–**	338
Distributions paid to Unitholders	**(30,884)**	(24,826)
Distributions on Class A preference shares	**(1,631)**	(2,432)
Tax impact on distributions to Class A preference shareholders	**538**	685
Issuance of long-term debt and increase in bank indebtedness	**7,526**	2,500
Repayment of long-term debt and bank indebtedness	**(19,000)**	(7,554)
Restricted cash	**278**	(9)
	(43,173)	(31,298)
Investing		
Purchase of capital assets	**(7,406)**	(208)
Effect of foreign currency translation on cash balances	**(1,099)**	(22)
Net cash inflow (outflow)	**(13,883)**	13,734
Cash, beginning of period	**59,094**	27,310
Cash, end of period	**$ 45,211**	$ 41,044
Supplemental information		
Interest paid	**$ 439**	$ 941
Income taxes paid	**$ 977**	$ 66

See accompanying notes to consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2009
(thousands of dollars, except where indicated and per unit amounts)

NOTE 1 INTERIM FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements do not conform in all respects to the requirements of Canadian Generally Accepted Accounting Principles ("GAAP") for annual financial statements and should therefore be read in conjunction with the audited consolidated financial statements and notes thereto included in the Fund's annual report for fiscal 2009. The unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian GAAP applicable to interim consolidated financial statements and follow the same accounting policies and methods in their applications as the most recent annual financial statements, except as described in Note 3.

NOTE 2 ORGANIZATION

Just Energy Income Fund ("Just Energy" or the "Fund"), 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: Just Energy Ontario L.P. ("JE Ontario"), Just Energy Manitoba L.P. ("JE Manitoba"), Just Energy Quebec L.P. ("JE Quebec"), Just Energy (B.C.) Limited Partnership ("JE BC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JEIC"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana Corp. ("JEINC"), Just Energy Texas L.P. ("JETLP") and Newten Home Comfort L.P. ("NHCLP"), collectively the "Just Energy Group".

NOTE 3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of new accounting standards

On April 1, 2009, the Fund adopted a new accounting standard that was issued by the Canadian Institute of Chartered Accountants ("CICA"), Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Just Energy adopted this standard retroactively as required by the standards with no impact on the financial statements.

(b) 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:

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. 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 UNITHOLDERS' CAPITAL

(a) 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 Just Energy Corp. ("JEC")

The terms of the unlimited Class A preference shares of JEC are non-voting, non-cumulative and exchangeable into trust units in accordance with the JEC 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 period	**106,138,523**	**$ 385,294**	102,152,194	$ 341,337
Options exercised	**–**	**–**	30,000	378
Unit appreciation rights exchanged	**14,590**	**197**	6,336	89
Distribution reinvestment plan	**221,775**	**2,464**	485,568	6,440
Units issued	**–**	**–**	406,917	6,796
Exchanged from Class A preference shares	**–**	**–**	1,442,484	3,606
Balance, end of period	**106,374,888**	**387,955**	104,523,499	358,646
Class A preference shares				
Balance, beginning of period	**5,263,728**	**13,160**	6,706,212	16,766
Exchanged into units	**–**	**–**	(1,442,484)	(3,606)
Balance, end of year	**5,263,728**	**13,160**	5,263,728	13,160
Unitholders' capital, end of period	**111,638,616**	**$ 401,115**	109,787,227	$ 371,806

Distribution reinvestment plan

Under the Fund's distribution reinvestment plan ("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 prior fiscal 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. No units were purchased and cancelled during the three months ended June 30, 2009.

Units issued

On June 30, 2008, the Fund issued 406,917 units relating to a portion of the Special Distribution declared on December 31, 2007, payable in units.

(b) Contributed surplus

Amounts credited to contributed surplus include unit based compensation awards, unit appreciation rights ("UARs") and deferred unit grants ("DUGs"). Amounts charged to contributed surplus are awards exercised during the year.

Contributed surplus	2009	2008
Balance, beginning of period	**$ 14,671**	$ 12,004
Add: unit based compensation awards	**657**	857
non-cash deferred unit grants distributions	**20**	11
Less: unit based awards exercised	**(197)**	(130)
Balance, end of period	**$ 15,151**	$ 12,742

Total amounts credited to Unitholders' capital in respect of unit options and deferred unit grants exercised or exchanged during the three months ended June 30, 2009, amounted to $197 (2008 – $468).

Cash received from options exercised for the three months ended June 30, 2009, amounted to $nil (2008 – $338).

NOTE 6 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 result in 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, which are 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 three months ended June 30, 2009	For the three months ended June 30, 2009 (USD)	For the three months ended June 30, 2008	For the three months ended June 30, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	**$ 31,147**	**n/a**	$ (110)	n/a
Renewable energy certificates (ii)	**(254)**	**n/a**	472	n/a
Verified emission-reduction certificates (iii)	**–**	**n/a**	–	n/a
Options (iv)	**792**	**n/a**	(2,494)	n/a
Physical gas forward contracts (v)	**(9,811)**	**n/a**	–	n/a
Transportation forward contracts (vi)	**3,256**	**n/a**	–	n/a
United States				
Fixed-for-floating electricity swaps (vii)	**(3,601)**	**(3,197)**	(2,704)	(2,660)
Physical electricity forwards (viii)	**(22,180)**	**(19,689)**	–	–
Unforced capacity forward contracts (ix)	**(2,640)**	**(2,344)**	(56)	(55)
Renewable energy certificates (x)	**412**	**366**	58	57
Verified emission-reduction certificates (xi)	**209**	**186**	–	–
Options (xii)	**1,303**	**1,156**	(8,713)	(8,570)
Physical gas forward contracts (xiii)	**(26,286)**	**(23,333)**	–	–
Transportation forward contracts (xiv)	**(83)**	**(74)**	–	–
Heat rate swaps (xv)	**(1,464)**	**(1,299)**	2	2
Fixed financial swaps (xvi)	**(399)**	**(355)**	–	–
Foreign exchange forward contracts (xvii)	**854**	**n/a**	(1,507)	n/a
Other	**–**	**n/a**	(304)	n/a
Amortization of deferred unrealized gains of discontinued hedges	**(59,135)**		4,550	
Change in fair value of derivative instruments	**$ (87,880)**		$ (10,806)	

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 three months ended June 30, 2009	For the three months ended June 30, 2009 (USD)	For the three months ended June 30, 2008	For the three months ended June 30, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	**$ –**	**n/a**	$ (476)	n/a
United States				
Fixed-for-floating electricity swaps (vii)	**–**	**–**	167	164
Change in fair value of derivative instruments	**–**		(309)	
Total change in fair value of derivative instruments	**$ (87,880)**		$ (11,115)	

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	**June 30, 2009**		June 30, 2008	
	For the three months ended June 30, 2009	**For the three months ended June 30, 2009 (USD)**	For the three months ended June 30, 2008	For the three months ended June 30, 2008 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	**$ –**	**n/a**	$ (75,354)	n/a
Renewable energy certificates (ii)	**–**	**n/a**	–	n/a
Verified emission-reduction certificates (iii)	**–**	**n/a**	–	n/a
Options (iv)	**–**	**n/a**	–	n/a
Physical gas forward contracts (v)	**–**	**n/a**	(313,071)	n/a
Transportation forward contracts (vi)	**–**	**n/a**	(5,958)	n/a
United States				
Fixed-for-floating electricity swaps (vii)	**–**	**–**	(40,473)	(39,808)
Physical electricity forwards (viii)	**–**	**–**	(30,573)	(30,071)
Unforced capacity forward contracts (ix)	**–**	**–**	(4,743)	(4,665)
Renewable energy certificates (x)	**–**	**–**	–	–
Verified emission-reduction certificates (xi)	**–**	**–**	–	–
Options (xii)	**–**	**–**	–	–
Physical gas forward contracts (xiii)	**–**	**–**	(124,760)	(122,711)
Transportation forward contracts (xiv)	**–**	**–**	7,022	6,907
Heat rate swaps (xv)	**–**	**–**	–	–
Fixed financial swaps (xvi)	**–**	**–**	–	–
Foreign exchange forward contracts (xvii)	**–**	**–**	–	–
Amortization of deferred unrealized gains of discounted hedges	**–**		(4,550)	
Other comprehensive income	**$ –**		$ (592,460)	

The following table summarizes the nature of the financial assets and liabilities recorded in the financial statements as at June 30, 2009.

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 177,279	$ 161,634
Renewable energy certificates (ii)	157	420	–	–
Verified emission-reduction certificates (iii)	–	–	–	–
Options (iv)	656	–	392	1,475
Physical gas forward contracts (v)	–	–	188,838	103,410
Transportation forward contracts (vi)	5	1,745	1,429	1,724
United States				
Fixed-for-floating electricity swaps (vii)	–	–	30,468	20,745
Physical electricity forwards (viii)	–	697	31,909	28,597
Unforced capacity forward contracts (ix)	1,163	1,440	–	–
Renewable energy certificates (x)	38	92	90	298
Verified emission-reduction certificates (xi)	–	–	75	141
Options (xii)	–	–	847	1,567
Physical gas forward contracts (xiii)	–	–	65,669	46,537
Transportation forward contracts (xiv)	10	–	839	1,312
Heat rate swaps (xv)	844	1,605	673	–
Fixed financial swaps (xvi)	–	1,665	3,130	220
Foreign exchange forward contracts (xvii)	2,745	–	–	–
As at June 30, 2009	**$ 5,618**	**$ 7,664**	**$ 501,638**	**$ 367,660**

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 table summarizes financial instruments classified as held-for-trading as at June 30, 2009, to which the Fund is committed.

	Contract type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
	Canada						
(i)	Fixed-for-floating electricity swaps*	0.0001–35 MWh	12,692,641 MWh	July 1, 2009 – Dec. 2, 2015	$41.50–$128.13	($338,913)	$945,805
(ii)	Renewable energy certificates	10–26,100 MWh	589,922 MWh	Dec. 31, 2009 – Dec. 31, 2014	$3.00–$26.00	$577	$3,084
(iii)	Verified emission-reduction certificates	50,000 tonnes	250,000 tonnes	Dec. 31, 2009 – Dec. 31, 2013	$11.50	$–	$2,875
(iv)	Options	46–40,500 GJ/month	7,830,133 GJ	July 31, 2009 – Feb. 28, 2014	$5.50–$13.20	($1,211)	$13,912
(v)	Physical gas forward contracts	0.14–4,656 GJ/day	149,197,781 GJ	July 31, 2009 – April 30, 2015	$2.82–$10.00	($292,248)	$1,184,055
(vi)	Transportation forward contracts	13–50,820 GJ/day	71,523,946 GJ	July 1, 2009 – Oct. 31, 2013	$0.01–$1.68	($1,403)	$68,372
	United States						
(vii)	Fixed-for-floating electricity swaps*	0.10–14.70 MWh	2,096,375 MWh	July 31, 2009 – August 31, 2014	$50.01–$159.04 (US$43.00–$136.75)	($51,213) (US($44,036))	$216,130 (US$185,839)
(viii)	Physical electricity forwards	1–33 MWh	4,681,249 MWh	July 1, 2009 – June 30, 2014	$27.04–$197.71 (US$23.25–$170.00)	($59,809) (US($51,427))	$348,463 (US$299,624)
(ix)	Unforced capacity forward contracts	2–119.3 MWCap	212 MWCap	July 31, 2009 – July 31, 2009	$4,780–$10,130 (US$4,110–$8,710)	$1 (US$1)	$1,651 (US$1,419)
(ix)	Unforced capacity forward contracts	5–40 MWCap	1,940 MWCap	July 31, 2009 – Nov. 30, 2012	$3,489–$9,304 (US$3,000–$8,000)	$2,602 (US$2,237)	$11,973 (US$10,295)
(x)	Renewable energy certificates	2,000–47,500 MWh	836,424 MWh	Dec. 31, 2009 – Dec. 31, 2013	$5.35–$26.17 (US$4.60–$22.50)	($258) (US($223))	$9,572 (US$8,231)
(xi)	Verified emission-reduction certificates	10,000 tonnes	60,000 tonnes	Dec. 31, 2009 – Dec. 31, 2012	$9.59 (US$8.25)	($216) (US($186))	$576 (US$495)
(xii)	Options	5–59,000 mmBTU/month	6,579,610 mmBTU	July 31, 2009 – May 31, 2013	$7.09–$16.05 (US$6.10–$13.80)	($2,414) (US($2,075))	$14,161 (US$12,176)
(xiii)	Physical gas forward contracts	5–2,358 mmBTU/day	40,055,471 mmBTU	July 1, 2009 – July 31, 2014	$3.95–$13.82 (US$3.40–$11.88)	($112,206) (US($96,480))	$399,645 (US$343,633)
(xiv)	Transportation forward contracts	219–9,000 mmBTU/day	32,749,579 mmBTU	July 1, 2009 – Jan. 31, 2013	$0.01–$0.70 (US$0.01–$0.60)	($2,141) (US($1,841))	$6,232 (US$5,358)
(xv)	Heat rate swaps	1–15 MWh	1,580,203 MWh	July 31, 2009 – May 31, 2014	$34.45–$77.71 (US$29.62–$66.82)	$1,776 (US$1,527)	$95,266 (US$81,914)
(xvi)	Fixed financial swap	100–2,236 mmBTU/day	12,920,874 mmBTU	August 31, 2009 – June 30, 2014	$4.70–$8.90 (US$4.04–$7.65)	($1,685) (US$1,449)	$101,775 (US$87,511)
(xvii)	Foreign exchange forward contracts**	$1,982–$2,258 (US $2,000)	n/a	July 8, 2009 – April 7, 2010	$0.99–$1.13	$2,745	$46,535 (US$40,000)

* 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, New York and Texas 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.

	June 30, 2009		June 30, 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
Physical gas forward contracts and transportation forward contracts (v)	**–**	**–**	(135,808)	454,837
United States				
Fixed-for-floating electricity swaps (vii)	**–**	**–**	(13,826)	54,299
Physical electricity forwards (viii)	**–**	**–**	(30,659)	61,232
Unforced capacity forward contracts (ix)	**–**	**–**	–	4,743
Physical gas forward contracts and transportation forward contracts (xiii)	**–**	**–**	(26,184)	143,922
Amortization of deferred unrealized gains of discontinued hedges	**(59,135)**	**–**	4,550	–
Total realized and unrealized gains/(losses)	**$ (59,135)**	**$ –**	$ (221,135)	$ 813,595

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 $184,530.

(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.

As at June 30, 2009

	Carrying amount	Fair value
Cash and cash equivalents and restricted cash	$ 52,220	$ 52,220
Accounts receivable	189,075	189,075
Accounts payable and accrued liabilities, customer rebates payable, management incentive program payable and unit distribution payable	156,298	156,298
Long-term debt	65,060	65,060

	For the three months ended June 30, 2009	For the three months ended June 30, 2008
Gain on accounts payable and accrued liabilities	**$ –**	$ 304
Interest expense on financial liabilities not held-for-trading	**480**	879

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' Acceptances, 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 June 30, 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 three months ended June 30, 2009, would have been $3,280 lower/higher and other comprehensive income would have been $15,453 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 three months ended June 30, 2009, of approximately $162.

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 June 30, 2009, if the electricity prices had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the three months ended June 30, 2009, would have increased (decreased) by $99,087 ($98,898) primarily as a result of the change in the fair value of the Fund's derivative instruments.

As at June 30, 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 three months ended June 30, 2009, would have increased (decreased) by $123,065 ($122,647) 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 June 30, 2009, accounts receivables from Alberta, Texas and Illinois with a carrying value of $20,967 (March 31, 2009 – $17,022) were past due but not doubtful. As at June 30, 2009, the aging of the accounts receivables from Alberta, Texas and Illinois was as follows.

Current	$	28,785
1–30 days		8,853
31–60 days		4,962
61–90 days		3,161
Over 90 days		3,991
	$	49,752

For the three months ended June 30, 2009, changes in the allowance for doubtful accounts were as follows.

Balance, beginning of period	$	8,657
Provision for doubtful accounts		3,829
Bad debts written off		(4,051)
Others		(746)
Balance, end of period	$	7,689

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 JEC. 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 June 30, 2009, the maximum credit risk exposure amounted to $3,443,852, 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 $378 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 7 INCOME PER UNIT

	2009	2008
Basic income per unit		
Net income available to Unitholders	$ 102,627	$ 34,232
Weighted average number of units outstanding	106,198,000	102,410,000
Weighted average number of Class A preference shares	5,264,000	6,690,000
Basic units and shares outstanding	111,462,000	109,100,000
Basic income per unit	$ 0.92	$ 0.31
Diluted income per unit		
Net income available to Unitholders	$ 102,627	$ 34,232
Basic units and shares outstanding	111,462,000	109,100,000
Dilutive effect of:		
Unit options	–	40,000
Unit appreciation rights	1,382,000	1,026,000
Deferred unit grants	63,000	38,000
Units outstanding on a diluted basis	112,907,000	110,204,000
Diluted income per unit	$ 0.91	$ 0.31

NOTE 8 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.

2009	Canada	United States	Consolidated
Sales – gas	$ 149,697	$ 50,434	$ 200,131
Sales – electricity	123,491	75,388	198,879
Sales	$ 273,188	$ 125,822	$ 399,010
Gross margin	$ 42,353	$ 23,722	$ 66,075
Amortization of gas contracts	283	–	283
Amortization of electricity contracts	–	311	311
Amortization of capital assets	1,126	68	1,194
Other operating expenses	22,045	17,523	39,568
Income before the undernoted	18,899	5,820	24,719
Interest expense	416	64	480
Change in fair value of derivative instruments	(8,275)	(79,605)	(87,880)
Other income	(745)	(11)	(756)
Non-controlling interest	(55)	–	(55)
Provision for income tax	287	10,016	10,303
Net income	$ 27,271	$ 75,356	$ 102,627
Additions to capital assets	$ 7,307	$ 99	$ 7,406
Total goodwill	$ 94,576	$ 20,732	$ 115,308
Total assets	$ 313,888	$ 143,823	$ 457,711

2008	Canada	United States	Consolidated
Sales – gas	$ 159,493	$ 39,963	$ 199,456
Sales – electricity	130,822	47,632	178,454
Sales	$ 290,315	$ 87,595	$ 377,910
Gross margin	$ 49,723	$ 5,498	$ 55,221
Amortization of electricity contracts	178	1,789	1,967
Amortization of capital assets	1,053	163	1,216
Other operating expenses	16,290	12,731	29,021
Income (loss) before the undernoted	32,202	(9,185)	23,017
Interest expense	631	260	891
Change in fair value of derivative instruments	452	(11,263)	(10,811)
Other income	(1,572)	463	(1,109)
Provision for (recovery of) income tax	(748)	562	(186)
Net income	$ 33,439	$ 793	$ 34,232
Additions to capital assets	$ 178	$ 30	$ 208
Total goodwill	$ 94,576	$ 18,178	$ 112,754
Total assets	$ 799,946	$ 381,582	$ 1,161,528

NOTE 9 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 and electricity contracts with various suppliers
2010	$ 5,394	$ 7,989	$ 1,012,461
2011	4,800	13,233	1,048,180
2012	4,217	7,861	685,045
2013	2,899	–	424,609
2014	2,100	–	200,522
Thereafter	5,789	–	23,283
	$ 25,199	$ 29,083	$ 3,394,100

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 10 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 11 SUBSEQUENT EVENTS

On July 1, 2009, Just Energy completed the acquisition of all of the outstanding common shares of Universal Energy Group Ltd. ("UEG") pursuant to a plan of arrangement (the "Arrangement"). Under the Arrangement, UEG shareholders received 0.58 of an exchangeable share ("Exchangeable Share") of Just Energy Exchange Corp. ("JEEC"), a subsidiary of Just Energy, for each UEG common share held. In aggregate, 21,271,804 Exchangeable Shares were issued pursuant to the Arrangement. Each Exchangeable Share is exchangeable for a trust unit on a one-for-one basis at any time at the option of the holder, and entitles the holder to a monthly dividend equal to 66 ⅔% of the monthly distribution paid by Just Energy on a trust unit. JEEC also assumed all the covenants and obligations of UEG in respect of the UEG's outstanding 6% convertible unsecured subordinated debentures (the "Debentures"). On conversion of the Debentures, holders will be entitled to receive 0.58 of an Exchangeable Share in lieu of each UEG common share that the holder was previously entitled to receive on conversion.

On July 1, 2009, in connection with the acquisition of UEG, Just Energy increased its credit facility from $170 million to $250 million. As part of the increase in the credit facility, Société Générale and Alberta Treasury Branches joined Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada and Bank of Nova Scotia as the syndicate of lenders thereunder.

On July 2, 2009, National Energy Corporation ("NEC"), a wholly owned subsidiary of UEG, acquired Newten Home Comfort Inc., an arm's length third party that held a 20% interest of Newten Home Comfort L.P. for an amount of $3.2 million, subject to adjustments based on completed installations. Accordingly, Newten Home Comfort L.P. became a wholly owned subsidiary of Just Energy. NEC carries on the business of renting and selling water heaters.

First Canadian Place, 100 King Street West, Suite 2630
P.O. Box 355, Toronto, Ontario M5X 1E1
Telephone 416-367-2998 Facsimile 416-367-4749

Just Energy trades on the Toronto Stock Exchange under the symbol JE.UN
Formerly SIF.UN

just energy™

ENERGY MADE EASY

visit us at www.justenergy.com