

Management's responsibility for financial reporting

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

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

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

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

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

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

On behalf of Just Energy Group Inc.

/s/ James Lewis

/s/ Deb Merrill

/s/ Pat McCullough

James Lewis
Co-Chief Executive Officer

Deb Merrill
Co-Chief Executive Officer

Pat McCullough
Chief Financial Officer

Toronto, Canada
May 18, 2016

Management's report on internal control over financial reporting

The management of Just Energy Group Inc. ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has used "Internal Control – Integrated Framework" to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of March 31, 2016, and has concluded that such internal control over financial reporting is effective.

Ernst & Young LLP, the independent auditors appointed by the shareholders of the Company who have audited the consolidated financial statements, have also audited internal control over financial reporting and have issued their report on the following page of this annual report.

/s/ James Lewis

/s/ Deb Merril

/s/ Pat McCullough

James Lewis
Co-Chief Executive Officer

Deb Merril
Co-Chief Executive Officer

Pat McCullough
Chief Financial Officer

Toronto, Canada
May 18, 2016

Report of independent registered public accounting firm

To the Board of Directors and Shareholders
of Just Energy Group Inc.

We have audited the accompanying consolidated financial statements of Just Energy Group Inc. (“Just Energy”), which comprise the consolidated statements of financial position as at March 31, 2016 and 2015, and the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders’ deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS’ RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Just Energy Group Inc. as at March 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

OTHER MATTER

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Just Energy’s internal control over financial reporting as of March 31, 2016, based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 18, 2016 expressed an unqualified opinion on Just Energy’s internal control over financial reporting.

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
May 18, 2016

Report of independent registered public accounting firm

To the Board of Directors and Shareholders
of Just Energy Group Inc.

We have audited Just Energy Group Inc. (“Just Energy”)’s internal control over financial reporting as at March 31, 2016, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the “COSO criteria”). Just Energy’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Just Energy’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Just Energy maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on the COSO criteria. We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the 2016 consolidated financial statements of Just Energy and our report dated May 18, 2016 expressed an unqualified opinion on those financial statements.

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
May 18, 2016

Consolidated statements of financial position

As at March 31 (in thousands of Canadian dollars)

	Notes	2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	7	\$ 25,045	\$ 23,815
Intangible assets	8	345,873	348,511
Contract initiation costs		–	20,440
Other non-current financial assets	14	3,384	1,091
Investments	12	7,049	9,627
Deferred tax asset	19	40,950	26,625
		422,301	430,109
Current assets			
Gas delivered in excess of consumption		6,338	1,064
Gas in storage		3,068	5,167
Trade and other receivables	10	362,255	459,427
Accrued gas receivables		13,617	45,992
Unbilled revenues		227,366	219,630
Prepaid expenses and deposits		62,330	22,875
Other current financial assets	14	4,990	4,834
Corporate tax recoverable		10,079	13,067
Restricted cash	9	7,495	17,462
Cash and cash equivalents		127,596	78,814
		825,134	868,332
TOTAL ASSETS		\$ 1,247,435	\$ 1,298,441
DEFICIT AND LIABILITIES			
Deficit attributable to equity holders of the parent			
Deficit		\$ (1,838,683)	\$ (1,828,495)
Accumulated other comprehensive income	15	48,908	56,393
Shareholders' capital	16	1,069,434	1,063,423
Equity component of convertible debentures		25,795	25,795
Contributed surplus		43,459	44,062
TOTAL DEFICIT		(651,087)	(638,822)
Non-current liabilities			
Long-term debt	18	660,543	676,480
Provisions	20	4,416	4,307
Deferred lease inducements		1,394	604
Other non-current financial liabilities	14	286,952	299,320
Deferred tax liability	19	1,367	1,251
		954,672	981,962
Current liabilities			
Trade and other payables		458,922	510,470
Accrued gas payable		11,253	28,944
Deferred revenue		22,953	1,573
Income taxes payable		9,287	13,152
Current portion of long-term debt	18	–	23
Provisions	20	13,573	14,899
Other current financial liabilities	14	427,862	386,240
		943,850	955,301
TOTAL LIABILITIES		1,898,522	1,937,263
TOTAL DEFICIT AND LIABILITIES		\$ 1,247,435	\$ 1,298,441

Commitments and Guarantees (Note 28)

See accompanying notes to the consolidated financial statements

Approved on behalf of Just Energy Group Inc.

/s/ Rebecca MacDonald

Rebecca MacDonald
Executive Chair

/s/ David Wagstaff

David Wagstaff
Corporate Director

Consolidated statements of income (loss)

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

	Notes	2016	2015
CONTINUING OPERATIONS			
Sales	22	\$ 4,105,860	\$ 3,895,940
Cost of sales	21(b)	3,403,572	3,295,871
GROSS MARGIN		702,288	600,069
EXPENSES			
Administrative		170,330	154,222
Selling and marketing		257,349	225,243
Other operating	21(a)	94,548	114,590
		522,227	494,055
Operating profit before the following		180,061	106,014
Finance costs	18	(72,540)	(73,680)
Change in fair value of derivative instruments	14	(22,803)	(635,204)
Other loss		(2,542)	(2,396)
Income (loss) before income taxes		82,176	(605,266)
Recovery of income taxes	19	(318)	(28,889)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		\$ 82,494	\$ (576,377)
DISCONTINUED OPERATIONS			
Income from discontinued operations	11	\$ –	\$ 132,673
PROFIT (LOSS) FOR THE YEAR		\$ 82,494	\$ (443,704)
Attributable to:			
Shareholders of Just Energy		\$ 64,604	\$ (446,785)
Non-controlling interest	13	17,890	3,081
PROFIT (LOSS) FOR THE YEAR		\$ 82,494	\$ (443,704)
Earnings (loss) per share from continuing operations available to shareholders			
Basic	24	\$ 0.44	\$ (4.01)
Diluted		\$ 0.43	\$ (4.01)
Earnings per share from discontinued operations			
Basic	11	\$ –	\$ 0.94
Diluted		\$ –	\$ 0.91
Earnings (loss) per share available to shareholders			
Basic	24	\$ 0.44	\$ (3.07)
Diluted		\$ 0.43	\$ (3.07)

See accompanying notes to the consolidated financial statements

Consolidated statements of comprehensive income (loss)

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

	Notes	2016	2015
PROFIT (LOSS) FOR THE YEAR		\$ 82,494	\$ (443,704)
Other comprehensive loss to be reclassified to profit or loss in subsequent years:			
Unrealized loss on translation of foreign operations from continuing operations	15	(7,485)	(13,139)
Realized loss on translation of foreign operations sold		-	(2,465)
Other comprehensive loss to be reclassified to profit or loss in subsequent years, net of tax		(7,485)	(15,604)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		\$ 75,009	\$ (459,308)
Total comprehensive income (loss) attributable to:			
Shareholders of Just Energy		\$ 57,119	\$ (462,389)
Non-controlling interest	13	17,890	3,081
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		\$ 75,009	\$ (459,308)

See accompanying notes to the consolidated financial statements

Consolidated statements of changes in shareholders' deficit

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

	Notes	2016	2015
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings (deficit)			
Accumulated earnings (deficit), beginning of year		\$ (230,567)	\$ 216,218
Profit (loss) for the year, attributable to shareholders		64,604	(446,785)
Accumulated deficit, end of year		(165,963)	(230,567)
DIVIDENDS			
Dividends, beginning of year		(1,597,928)	(1,511,205)
Dividends paid	27	(74,792)	(86,723)
Dividends, end of year		(1,672,720)	(1,597,928)
DEFICIT			
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income, beginning of year	15	\$ 56,393	\$ 71,997
Other comprehensive loss		(7,485)	(15,604)
Accumulated other comprehensive income, end of year		\$ 48,908	\$ 56,393
SHAREHOLDERS' CAPITAL			
Shareholders' capital, beginning of year	16	\$ 1,063,423	\$ 1,033,557
Share-based compensation awards exercised		6,011	26,272
Dividend reinvestment plan		–	3,594
Shareholders' capital, end of year		\$ 1,069,434	\$ 1,063,423
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of year		\$ 25,795	\$ 25,795
Balance, end of year		\$ 25,795	\$ 25,795
CONTRIBUTED SURPLUS			
Balance, beginning of year		\$ 44,062	\$ 65,569
Reclassification of non-controlling interest on dissolution of entity		–	(2,443)
Add: Share-based compensation awards	21(a)	5,348	7,120
Non-cash deferred share grant distributions		60	88
Less: Share-based compensation awards exercised		(6,011)	(26,272)
Balance, end of year		\$ 43,459	\$ 44,062
NON-CONTROLLING INTEREST			
Balance, beginning of year		\$ –	\$ 6,427
Disposal of non-controlling interest		–	(5,602)
Reclassification of non-controlling interest on dissolution of entity		–	2,443
Foreign exchange impact on non-controlling interest		–	66
Distributions to non-controlling shareholders		(17,890)	(6,415)
Profit attributable to non-controlling interest		17,890	3,081
Balance, end of year		\$ –	\$ –
TOTAL DEFICIT		\$ (651,087)	\$ (638,822)

See accompanying notes to the consolidated financial statements

Consolidated statements of cash flows

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

	Notes	2016	2015
Net inflow of cash related to the following activities			
OPERATING			
Profit (loss) from continuing operations before income taxes		\$ 82,176	\$ (605,266)
Items not affecting cash			
Amortization of intangible assets and related supply contracts	21(a)	17,063	41,814
Amortization of contract initiation costs		19,440	29,249
Amortization of property, plant and equipment	21(a)	3,606	3,579
Amortization included in cost of sales		2,543	1,398
Share-based compensation	21(a)	5,348	7,120
Financing charges, non-cash portion		15,471	15,609
Other		(351)	(227)
Change in fair value of derivative instruments		22,803	635,204
Cash inflow from operating activities of discontinued operations		–	20,902
		85,923	754,648
Adjustment required to reflect net cash receipts from gas sales	29	14,895	(2,698)
Net change in non-cash working capital balances	30	18,710	(44,458)
		201,704	102,226
Income taxes paid		(14,598)	(6,014)
Cash inflow from operating activities		187,106	96,212
INVESTING			
Purchase of property, plant and equipment		(6,897)	(5,769)
Purchase of intangible assets		(10,062)	(7,632)
Proceeds on disposal of subsidiaries		–	195,510
Contract initiation costs		–	(29,831)
Restricted cash		10,551	–
Cash outflow from investing activities of discontinued operations		–	(18,713)
Cash inflow (outflow) from investing activities		(6,408)	133,565
FINANCING			
Dividends paid		(74,732)	(83,041)
Issuance of long-term debt		–	310,279
Repayment of long-term debt		(32,073)	(381,359)
Debt issuance costs		(3,518)	(370)
Distributions to non-controlling interest		(17,890)	(6,415)
Cash outflow from financing activities of discontinued operations		–	(15,560)
Cash outflow from financing activities		(128,213)	(176,466)
Effect of foreign currency translation on cash balances		(3,703)	7,037
Net cash inflow		48,782	60,348
Cash and cash equivalents reclassified to assets held for sale		–	(1,935)
Cash and cash equivalents, beginning of year		78,814	20,401
Cash and cash equivalents, end of year		\$ 127,596	\$ 78,814
Supplemental cash flow information:			
Interest paid		\$ 58,481	\$ 56,505

See accompanying notes to the consolidated financial statements

Notes to the consolidated financial statements

For the year ended March 31, 2016

(in thousands of Canadian dollars, except where indicated and per share amounts)

1 ORGANIZATION

Just Energy Group Inc. (“JEGI”, “Just Energy” or “the Company”) is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The consolidated financial statements were approved by the Board of Directors on May 18, 2016.

2 OPERATIONS

Just Energy is an energy management solutions provider specializing in electricity, natural gas, and solar and green energy. The Company operates in the United States, Canada and the United Kingdom, offering a wide range of energy products and home energy management services including long-term fixed-price, variable-price, and flat-bill programs, smart thermostats, and residential solar panel installations. Just Energy is the parent company of Amigo Energy, Commerce Energy, Green Star Energy, Hudson Energy, Just Energy Solar, Tara Energy and TerraPass.

By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy’s customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

In addition, Just Energy markets smart thermostats, offering the thermostats as a stand-alone unit or bundled with certain commodity products. The smart thermostats are manufactured and distributed by ecobee Inc. (“ecobee”), a company in which Just Energy holds a 10% equity interest. Just Energy also offers green products through its JustGreen program. The JustGreen electricity 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 JustGreen gas product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Additional green products allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation.

Just Energy markets its product offerings through a number of sales channels including door-to-door marketing, broker and affinity relationships, and online marketing. The online marketing of gas and electricity contracts is primarily conducted through Just Ventures LLC and Just Ventures L.P. (collectively, “Just Ventures”), a joint venture in which Just Energy holds a 50% equity interest. Just Energy has also entered into a partnership to act as an originator of residential solar deals that are financed and installed by Spruce Finance Inc. (formerly Clean Power Finance).

3 BASIS OF PRESENTATION

Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at March 31, 2016.

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand, except where indicated. The Company’s consolidated financial statements are prepared on the historical cost basis of accounting, except as disclosed in the accounting policies set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries as at March 31, 2016. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4 SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents and restricted cash

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

Restricted cash includes cash and cash equivalents where the availability of funds is restricted by debt arrangements or held in escrow as part of prior acquisition agreements.

Accrued gas receivables/accrued gas payable or gas delivered in excess of consumption/deferred revenue

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

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

Assuming normal weather and consumption patterns, during the winter months, customers will have consumed more than what was delivered, resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenue.

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

Gas in storage

Gas in storage represents the gas delivered to the LDCs in Illinois, Indiana, New York, Ohio, Georgia, Maryland, California and Alberta. The balance will fluctuate as gas is injected into or withdrawn from storage.

Gas in storage is valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. Just Energy recognizes in the carrying amount the cost of replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied within the item can be reliably measured. When significant parts of property, plant and equipment are required to be replaced at intervals, Just Energy recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as a general and administrative expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	Term of lease
Thermostats	Straight-line	5 years

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

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

Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy’s share in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of income.

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

Intangible assets

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

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

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

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

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

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

Intangible asset category	Amortization method	Rate
Customer contracts	Straight-line	Term of contract
Contract initiation costs	Straight-line	Term of contract
Commodity billing and settlement systems	Straight-line	5 years
Sales network and affinity relationships	Straight-line	5-8 years
Information technology system development	Straight-line	5 years
Software	Straight-line	1 year
Other intangible assets	Straight-line	5 years

Impairment of non-financial assets

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

An impairment loss is recognized in the consolidated statements of income (loss) if an asset's carrying amount or that of the CGU to which it is allocated is higher than its recoverable amount. Impairment losses of CGUs are first charged against the value of assets in proportion to their carrying amount.

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

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

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

Leases

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

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated statements of income (loss) on a straight-line basis over the lease term.

Just Energy as a lessor

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

Financial instruments

Financial assets and liabilities

Just Energy classifies its financial assets as either (i) financial assets at fair value through profit or loss, (ii) loans and receivables or (iii) other financial assets, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate

classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statements of financial position.

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

Financial assets at fair value through profit or loss

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14. Related realized and unrealized gains and losses are included in the consolidated statements of income (loss).

Loans and receivables

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

Derecognition

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

Impairment of financial assets

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

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

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

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

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held-for-trading are recognized in the consolidated statements of income (loss).

Other financial liabilities

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

Derecognition

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

Derivative instruments

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

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any “embedded” derivatives. Embedded derivatives are accounted for separately from the underlying contract at the inception date when their economic characteristics are not closely related to those of the host contract and the host contract is not carried as held-for-trading or designated as fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

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

Offsetting of financial instruments

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

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14.

Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risks and rewards is upon consumption of the commodity. Just Energy recognizes revenue from thermostat leases, based on rental rates over the term commencing from the installation date.

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

The Company assumes credit risk for all customers in Alberta, Illinois, Texas, Michigan, California, Georgia, Delaware, Ohio and for certain large volume customers in British Columbia. In these markets, the Company ensures that credit review processes are in place prior to the commodity flowing to the customer.

Foreign currency translation**Functional and presentation currency**

Items included in the consolidated financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). For U.S.-based subsidiaries, this is U.S. dollars and for subsidiaries based in the U.K., it is British pounds. The consolidated financial statements are presented in Canadian dollars, which is the parent company’s presentation and functional currency.

Transactions

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

Translation of foreign operations

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other foreign currency instruments designated as hedges of such investments, are recorded to OCI.

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

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

Earnings (loss) per share amounts

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

Share-based compensation plans

Equity-based compensation liability

Just Energy accounts for its share-based compensation as equity-settled transactions. The cost of share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy’s best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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

The RSG plan is an equity-settled plan with the exception of the cash-out option offered. It allows employees who (i) hold a position below director or (ii) wish to exchange 500 or fewer RSGs to receive cash in lieu of shares. The Company records this financial liability as fair value through profit and loss. Fair value is based on the number of RSGs eligible for the cash-out option and the underlying price of Just Energy’s shares. As at March 31, 2016, the Company recorded \$168 (2015 – \$672) to other current liabilities with an offsetting adjustment to change in fair value of derivative financial instruments.

Employee future benefits

In Canada, Just Energy offers a long-term wealth accumulation plan (the “Plan”) for all permanent full-time and permanent part-time employees (working more than 26 hours per week). The Plan consists of two components, a Deferred Profit Sharing Plan (“DPSP”) and an Employee Profit Sharing Program (“EPSP”). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee’s base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee’s base earnings towards the purchase of shares of Just Energy, on a matching one for one basis.

For U.S. employees, Just Energy has established a long-term savings plan (the “Plan”) for all permanent full-time and part-time employees (working more than 30 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Unit Purchase Plan (“EUPP”). For participants who are enrolled only in the EUPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee’s base earnings towards the purchase of Just Energy shares, on a matching one for one basis. For participants who are enrolled only in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee’s base earnings, on a matching one for one basis. In the event an employee participates in both the EUPP and 401(k), the maximum Just Energy will contribute is 5% total, comprising 3% to the EUPP and 2% to the 401(k).

Participation in the plans in Canada or the U.S. is voluntary. For the 401(k) plan, there is a two-year vesting period beginning from the date of hire, and for the EUPP, there is a six-month vesting period from the employee’s enrollment date in the plan.

Employees enrolled in the 401(k) plan only receive up to a 4% match. Employees enrolled in the EUPP only receive up to a 3% match. Employees enrolled in both the 401(k) plan and EUPP receive up to a 5% match, comprising 3% to the EUPP and 2% to the 401(k). During the year, Just Energy contributed \$2,887 (2015 – \$2,647) to the plans, which was paid in full during the year.

Obligations for contributions to the Plan are recognized as an expense in the consolidated statements of income (loss) when the employee makes a contribution.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the dates of the consolidated financial statements.

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

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

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

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

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

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

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

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

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

Provisions

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

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

Selling and marketing expenses

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

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

In addition, commissions related to leasing thermostats are capitalized as part of the cost of the equipment.

Green provision and certificates

Just Energy is a retailer of green energy and records a provision to its regulators as green energy sales are recognized. A corresponding cost is included in cost of sales. Just Energy measures its provision based on the extent of green certificates that it holds or has committed to purchase and has recorded this obligation net of its green certificates. Any provision balance in excess of the green certificates held or that Just Energy has committed to purchase is measured at fair value. Green certificates are purchased by Just Energy to settle its obligation with the regulators. Just Energy measures these green certificates at cost. As at March 31, 2016, the net liability position was \$16,183 (2015 – \$18,552).

Non-current assets held for sale and discontinued operations

Just Energy classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for the held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of income. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

New standards, interpretations and amendments adopted by the Company during the year

Amendments to IAS 19, Defined Benefit Plans: Employee Contributions, require an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. This amendment had no impact on Just Energy's consolidated financial statements.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Impairment of non-financial assets

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

Deferred taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets and liabilities that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

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

The amortization method and useful lives reflect the pattern in which management expects the assets' future economic benefits to be consumed by Just Energy.

Provisions for litigation

Significant management judgment is required to determine the amount of provisions to record a liability relating to litigation.

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statements of income (loss). Refer to Note 20 for further information.

Trade receivables

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 14 for further details about the assumptions as well as a sensitivity analysis.

Subsidiaries

Subsidiaries that are not wholly owned by Just Energy require judgment determining the amount of control that Just Energy has over that entity and the appropriate accounting treatments. In these consolidated financial statements, management has determined that Just Energy controls Just Ventures and, therefore, has treated the 50% that is not owned by Just Energy as a non-controlling interest.

6 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB on July 24, 2014, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial

assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss (“FVTPL”) and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 also uses a new model for hedge accounting aligning the accounting treatment with risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

IFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (“IFRS 11”), requires an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles on business combination accounting in IFRS 3, Business Combinations, and other IFRS, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRS in relation to business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation. The amendments also clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be re-measured if the joint operator retains joint control. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company does not expect this standard to have any impact on the consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”), establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or industry. The standard will also provide guidance on the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities. The standard also outlines increased disclosures that will be required, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates made. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 15 on the consolidated financial statements.

IAS 16 and IAS 38, Property, Plant and Equipment and Intangible Assets (“IAS 16 and 38”), clarify the acceptable methods of depreciation and amortization where revenue reflects a pattern of economic benefits generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. Just Energy does not expect these amendments to have any impact on the consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements, were issued to address perceived impediments to preparers exercising their judgment in presenting their financial reports. Specific clarifications in the areas of materiality, aggregation and disaggregation of financial statement line items and the ordering of footnotes have been provided. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. Just Energy does not expect this standard to have any impact on the consolidated financial statements.

IFRS 16, Leases, was issued by the IASB in January 2016. This guidance brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Furthermore, per the standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17’s operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17, Leases, and related interpretations, and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Just Energy has not yet assessed the impact of this standard.

7 PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2016

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Thermo- stats	Leasehold improve- ments	Total
Cost:							
Opening balance – April 1, 2015	\$ 15,934	\$ 6,972	\$ 5	\$ 22,571	\$ 10,330	\$ 8,666	\$ 64,478
Additions	3,480	270	–	496	2,405	246	6,897
Exchange differences	80	58	1	90	57	1	287
Ending balance, March 31, 2016	19,494	7,300	6	23,157	12,792	8,913	71,662
Accumulated amortization:							
Opening balance – April 1, 2015	(10,203)	(5,330)	(5)	(15,100)	(2,678)	(7,347)	(40,663)
Amortization charge to cost of sales	–	–	–	–	(2,543)	–	(2,543)
Amortization charge for the year	(1,739)	(181)	–	(1,226)	–	(460)	(3,606)
Exchange differences	(26)	(33)	(1)	12	236	7	195
Ending balance, March 31, 2016	(11,968)	(5,544)	(6)	(16,314)	(4,985)	(7,800)	(46,617)
Net book value, March 31, 2016	\$ 7,526	\$ 1,756	\$ –	\$ 6,843	\$ 7,807	\$ 1,113	\$ 25,045

As at March 31, 2015

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Home services equipment	Thermo-stats	Leasehold improvements	Total
Cost:								
Opening balance – April 1, 2014	\$ 13,691	\$ 6,864	\$ 22	\$ 21,157	\$ 190,618	\$ 6,402	\$ 9,079	\$ 247,833
Additions	2,368	51	–	1,040	–	2,291	19	5,769
Transfer from NHS	–	–	–	–	–	3,365	–	3,365
Disposal on sale of subsidiary	(598)	(254)	(18)	(95)	(190,618)	(2,024)	(527)	(194,134)
Exchange differences	473	311	1	469	–	296	95	1,645
Ending balance, March 31, 2015	15,934	6,972	5	22,571	–	10,330	8,666	64,478
Accumulated amortization:								
Opening balance – April 1, 2014	(9,263)	(5,004)	(17)	(13,536)	(35,380)	(784)	(7,129)	(71,113)
Amortization charge to cost of sales	–	–	–	–	–	(1,398)	–	(1,398)
Amortization charge for the year	(1,413)	(335)	–	(1,357)	–	–	(474)	(3,579)
Transfer from NHS	–	–	–	–	–	(961)	–	(961)
Disposals	–	–	–	–	–	164	–	164
Disposal on sale of subsidiary	726	170	13	–	35,380	340	345	36,974
Exchange differences	(253)	(161)	(1)	(207)	–	(39)	(89)	(750)
Ending balance, March 31, 2015	(10,203)	(5,330)	(5)	(15,100)	–	(2,678)	(7,347)	(40,663)
Net book value, March 31, 2015	\$ 5,731	\$ 1,642	\$ –	\$ 7,471	\$ –	\$ 7,652	\$ 1,319	\$ 23,815

8 INTANGIBLE ASSETS

As at March 31, 2016

	Gas contracts	Electricity contracts	Goodwill	Sales network and affinity relationships	Brand	Software	IT system development	Other	Total
Cost:									
Opening balance – April 1, 2015	\$ 121,142	\$ 312,271	\$ 277,768	\$ 156,282	\$ 29,671	\$ 29,219	\$ 31,753	\$ 11,759	\$ 969,865
Additions	–	–	–	–	–	5,807	3,009	1,246	10,062
Exchange differences	868	7,914	2,745	3,961	752	251	625	207	17,323
Ending balance, March 31, 2016	122,010	320,185	280,513	160,243	30,423	35,277	35,387	13,212	997,250
Accumulated amortization:									
Opening balance – April 1, 2015	(121,142)	(312,271)	–	(125,816)	–	(25,793)	(27,764)	(8,568)	(621,354)
Amortization charge for the year	–	–	–	(8,335)	–	(6,143)	(1,608)	(977)	(17,063)
Exchange differences	(868)	(7,914)	–	(3,194)	–	(142)	(639)	(203)	(12,960)
Ending balance, March 31, 2016	(122,010)	(320,185)	–	(137,345)	–	(32,078)	(30,011)	(9,748)	(651,377)
Net book value, March 31, 2016	\$ –	\$ –	\$ 280,513	\$ 22,898	\$ 30,423	\$ 3,199	\$ 5,376	\$ 3,464	\$ 345,873

As at March 31, 2015

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network and affinity relationships	Brand	Software	IT system development	Other	Total
Cost:										
Opening balance – April 1, 2014	\$ 116,787	\$ 272,553	\$ 51,839	\$ 264,036	\$ 136,404	\$ 25,899	\$ 23,430	\$ 26,399	\$ 9,753	\$ 927,100
Transfer to discontinued operations	–	–	(51,839)	(283)	–	–	(294)	–	(57)	(52,473)
Additions	–	–	–	–	–	–	4,601	2,009	1,022	7,632
Exchange differences	4,355	39,718	–	14,015	19,878	3,772	1,482	3,345	1,041	87,606
Ending balance, March 31, 2015	121,142	312,271	–	277,768	156,282	29,671	29,219	31,753	11,759	969,865
Accumulated amortization:										
Opening balance – April 1, 2014	(116,787)	(260,673)	(11,640)	–	(85,874)	–	(19,987)	(19,739)	(7,472)	(522,172)
Transfer to discontinued operations	–	–	11,640	–	–	–	18	–	43	11,701
Amortization charge for the year	–	(7,292)	–	–	(24,738)	–	(4,631)	(5,052)	(101)	(41,814)
Amortization in mark to market	–	(5,016)	–	–	–	–	–	–	–	(5,016)
Exchange differences	(4,355)	(39,290)	–	–	(15,204)	–	(1,193)	(2,973)	(1,038)	(64,053)
Ending balance, March 31, 2015	(121,142)	(312,271)	–	–	(125,816)	–	(25,793)	(27,764)	(8,568)	(621,354)
Net book value, March 31, 2015	\$ –	\$ –	\$ –	\$ 277,768	\$ 30,466	\$ 29,671	\$ 3,426	\$ 3,989	\$ 3,191	\$ 348,511

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

9 RESTRICTED CASH

- (i) As part of the disposal of the Solar division, Just Energy was required to transfer cash into restricted bank accounts. The Company has indemnified the buyer for certain obligations. The cash will be released as these are satisfied. As of March 31, 2016, these restricted cash balances were \$7,495 (2015 – \$6,177).
- (ii) As part of a prior acquisition, Just Energy was required to transfer funds into a restricted cash account. The balance as of March 31, 2016 is \$nil (2015 – \$11,285).

10 TRADE AND OTHER RECEIVABLES

	March 31, 2016	March 31, 2015
Trade account receivables, net	\$ 274,365	\$ 375,715
Other	87,890	83,712
	\$ 362,255	\$ 459,427

11 DISCONTINUED OPERATIONS

(i) National Home Services

On November 24, 2014, Just Energy closed the sale of 100% of its shares in National Home Services (“NHS”) to Reliance Comfort Limited Partnership in the prior fiscal year. The purchase price was \$505,000, reduced by the outstanding debt balances, early termination charges and the settlement of the royalty.

The results of NHS are presented below:

	From April 1, 2014 to November 24, 2014
Sales	\$ 58,836
Cost of sales	11,259
Gross margin	47,577
Expenses	
Administrative, selling and operating	34,589
Operating income	12,988
Finance costs	(14,180)
Loss from discontinued operations before income taxes	(1,192)
Other loss	(30)
Provision for income taxes	(21,838)
Gain on disposal of net assets	191,201
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	\$ 168,141
Earnings per share	
Basic earnings per share from discontinued operations	\$ 1.16
Diluted earnings per share from discontinued operations	\$ 1.13

(ii) Commercial Solar

On November 5, 2014, Just Energy sold its shares of Hudson Solar Corp. (“HES”), its Commercial Solar development business, to SunEdison, Inc. and its subsidiary, TerraForm Power Inc. The sale of HES resulted in the assumption or repayment by the purchaser of approximately US\$33,000 in outstanding debt. Of the total sale price of US\$22,900, Just Energy received approximately US\$17,500 in cash, incurred approximately US\$1,700 in costs and approximately US\$5,771 is being held in escrow as indemnification to the buyer for certain liabilities.

The results of HES are presented below:

	From April 1, 2014 to November 5, 2014
Sales	\$ 4,355
Cost of sales	-
Gross margin	4,355
Expenses	
Administrative and operating expenses	8,729
Operating income	(4,374)
Finance costs	(3,100)
Loss from discontinued operations before undernoted	(7,474)
Change in fair value of derivative instruments	(225)
Other loss	(148)
Provision for income taxes	(5)
Realized foreign exchange gain on disposal	2,465
Loss on disposal of net assets, net of impairment loss previously recognized	(30,081)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	\$ (35,468)
Loss per share	
Basic and diluted loss per share from discontinued operations	\$ (0.22)

12 INVESTMENTS

- (a) As at March 31, 2016, Just Energy has \$589 (2015 – \$3,167) in a promissory note that was issued to the non-controlling shareholder of a subsidiary. The promissory note receivable matures on August 24, 2037, and bears interest at the annual federal rate established by the Internal Revenue Service. Interest earned on this promissory note is recorded in other income.
- (b) On August 10, 2012, Just Energy, through a subsidiary, acquired an interest in ecobee, a private company that designs, manufactures and distributes smart thermostats, for an amount of \$6,460. The Company markets these smart thermostats in all its core markets, bundling the thermostats with commodity and home service products. As at March 31, 2016, Just Energy owns approximately 10% of ecobee. This investment is not measured at fair value because it cannot be determined reliably.

13 NON-CONTROLLING INTEREST

Financial information of subsidiaries that have non-controlling interests is provided below:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit (loss) allocated to non-controlling interest		
Just Ventures (a)	\$ 17,890	\$ 6,415
Amigo Power LLC (b)	-	(64)
Hudson Solar Entities (c)	-	(3,270)

- (a) Just Energy has a 50% interest in Just Ventures. These entities operate out of North Carolina and are involved in the marketing of Just Energy products primarily through Internet and telemarketing-based efforts. The non-controlling shareholder also has a 50% interest in these entities. Management has determined that Just Energy controls these entities due to its ability to affect the variable returns from these entities as a result of its control over the structuring and pricing of products, determining credit risk, servicing and billing customers and the level of input on the marketing activity in given regions.

- (b) Just Energy and the non-controlling shareholders decided to dissolve this entity during the last fiscal year. The non-controlling interest balance has been reclassified to retained deficit.
- (c) Up until the date of acquisition, Just Energy through its Solar division had interests in entities with minority shareholders. In these structures, Just Energy had equity interests of between 49% and 51%. Management had determined that Just Energy controlled these entities due to its ability to affect the variable returns from these entities as a result of its control over negotiating power purchase agreements and managing the relevant activities of the underlying solar assets over their useful life. These entities are included in the discontinued operations as disclosed in Note 11.

The summarized financial information of these subsidiaries is provided below. This information is based on 100% of the entities' activities before intercompany eliminations.

	Just Ventures	Amigo	Solar
Summarized financial information for 2016:			
Gross margin	\$ 78,774	\$ –	\$ –
Selling and marketing expenses	42,994	–	–
Profit from continuing operations	35,780	–	–
Cash flows provided by operating activities	35,780	–	–
Cash flows used in financing activities	(35,780)	–	–

	Just Ventures	Amigo	Solar
Summarized financial information for 2015:			
Gross margin	\$ 43,139	\$ 1,866	\$ –
Selling and marketing expenses	30,309	4,855	–
Administrative expenses	–	110	–
Profit (loss) from continuing operations	12,830	(3,079)	–
Loss from discontinued operations	–	–	488
Cash flows provided by (used in) operating activities	12,830	(3,079)	(1,020) ¹
Cash flows used in investing activities	–	–	(26) ¹
Cash flows provided by (used in) financing activities	(12,830)	–	1,194 ¹

¹ These are classified with cash flows from discontinued operations.

14 FINANCIAL INSTRUMENTS

(a) Fair value of derivative financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Management has estimated the value of financial swaps, physical forwards and option contracts for electricity, natural gas, carbon and renewable energy certificates, and generation and transmission capacity contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile, thus leading to volatility in the mark to market with no immediate 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 options.

The following table illustrates gains (losses) related to Just Energy's derivative financial instruments classified as fair value through profit or loss and recorded on the consolidated statements of financial position as other assets and other liabilities, with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2016	For the year ended March 31, 2015
Physical forward contracts and options (i)	\$ 23,901	\$ (434,755)
Financial swap contracts and options (ii)	(39,095)	(201,734)
Foreign exchange forward contracts	4,401	(1,317)
Share swap	3,733	(5,372)
Amortization of derivative financial instruments related to acquisitions	–	(5,062)
Liability associated with exchangeable shares and equity-based compensation	296	204
Eurobond conversion feature	(15,380)	10,440
Other derivative options	(659)	2,392
Change in fair value of derivative instruments	\$ (22,803)	\$ (635,204)

The following table summarizes certain aspects of the derivative financial assets and liabilities recorded in the consolidated statements of financial position as at March 31, 2016:

	Other financial assets (current)	Other financial assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Physical forward contracts and options (i)	\$ 1,109	\$ 1,752	\$ 276,211	\$ 149,478
Financial swap contracts and options (ii)	1,269	1,269	151,371	100,915
Foreign exchange forward contracts	2,496	–	–	470
Share swap	–	–	–	13,818
Eurobond conversion feature	–	–	–	22,271
Other derivative options	116	363	280	–
As at March 31, 2016	\$ 4,990	\$ 3,384	\$ 427,862	\$ 286,952

The following table summarizes certain aspects of the derivative financial assets and liabilities recorded in consolidated statements of financial position as at March 31, 2015:

	Other financial assets (current)	Other financial assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Physical forward contracts and options (i)	\$ 2,508	\$ 119	\$ 272,731	\$ 174,495
Financial swap contracts and options (ii)	369	529	111,022	100,383
Foreign exchange forward contracts	–	–	2,375	–
Share swap	–	–	–	17,551
Eurobond conversion feature	–	–	–	6,891
Other derivative options	1,957	443	112	–
As at March 31, 2015	\$ 4,834	\$ 1,091	\$ 386,240	\$ 299,320

Below is a summary of the financial instruments classified through profit and loss as at March 31, 2016, to which Just Energy has committed:

(i) Physical forward contracts and options consist of:

- Electricity contracts with a total remaining volume of 36,750,592 MWh, a weighted average price of \$49.82 and expiry dates up to December 31, 2021.
- Natural gas contracts with a total remaining volume of 67,316,524 GJs, a weighted average price of \$3.42/GJ and expiry dates up to March 31, 2021.
- Renewable Energy Certificates (“RECs”) and emission-reduction credit contracts with a total remaining volume of 7,884,014 MWh and 1,050,000 tonnes, respectively, a weighted average price of \$20.62/REC and \$3.42/tonne, respectively, and expiry dates up to December 31, 2028.
- Electricity generation capacity contracts with a total remaining volume of 6,931 MWhCap, a weighted average price of \$7,228.41/MWhCap and expiry dates up to October 31, 2020.

(ii) Financial swap contracts and options consist of:

- Electricity contracts with a total remaining volume of 25,246,677 MWh, an average price of \$40.56 and expiry dates up to December 31, 2021.
- Natural gas contracts with a total remaining volume of 133,614,906 GJs, an average price of \$3.78/GJ and expiry dates up to March 31, 2021.
- Electricity generation capacity contracts with a total remaining volume of 485 MWhCap, a weighted average price of \$3,588.84/MWhCap and expiry dates up to October 31, 2018.

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

Share swap agreement

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

Fair value ("FV") hierarchy derivatives*Level 1*

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted unadjusted market prices.

Level 2

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

Level 3

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

For the share swap, Just Energy uses a forward interest rate curve along with a volume weighted average share price. The Eurobond conversion feature is valued using an option pricing model.

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There was no transfer into or out of Level 1, Level 2 or Level 3 during the years ended March 31, 2016 or 2015.

Fair value measurement input sensitivity

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

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at March 31, 2016:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	\$ –	\$ –	\$ 8,374	\$ 8,374
Derivative financial liabilities	–	(68,209)	(646,605)	(714,814)
Total net derivative liabilities	\$ –	\$ (68,209)	\$ (638,231)	\$ (706,440)

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2015:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	\$ –	\$ –	\$ 5,925	\$ 5,925
Derivative financial liabilities	–	(55,711)	(629,849)	(685,560)
Total net derivative liabilities	\$ –	\$ (55,711)	\$ (623,924)	\$ (679,635)

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

- (i) up to 5% price extrapolation to calculate monthly prices that extend beyond the market observable 12–15 month forward curve,
- (ii) discount for counterparty non-performance risk up to 5%, and
- (iii) discount rate in the range of 6% to 8%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the years ended March 31, 2016 and March 31, 2015:

	March 31, 2016	March 31, 2015
Balance, beginning of year	\$ (623,924)	\$ 67,166
Total losses	(252,062)	(336,308)
Purchases	(116,916)	(347,062)
Sales	2,717	46,662
Settlements	351,954	(54,382)
Balance, end of year	\$ (638,231)	\$ (623,924)

(b) Classification of non-derivative financial assets and liabilities

As at March 31, 2016 and 2015, the carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, unbilled revenues, and trade and other payables approximates their fair value due to their short-term nature.

Long-term debt recorded at amortized cost has a fair value as at March 31, 2016 of \$689,714 (March 31, 2015 – \$664,874) and the interest payable on outstanding amounts is at rates that vary with bankers' acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the following exceptions:

- (i) the \$321 million, \$100 million and US\$150 million convertible debentures, which are fair valued based on market value; and
- (ii) the fair value of the senior unsecured note is based on discounting future cash flows using a discount rate consistent with the above convertible debentures.

The \$321 million, \$100 million and US\$150 million convertible debentures are classified as Level 1 and the senior unsecured note is classified as Level 2 in the FV hierarchy.

(c) Management of risks arising from financial instruments

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

(i) Market risk

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

Foreign currency risk

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

The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income, as a portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuation upon translation to Canadian dollars. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to U.S. fluctuations in the future than in prior years. Just Energy has economically hedged between 50% and 90% of forecasted cross border cash flows that are expected to occur within the next 12 months and between 0% and 50% of certain forecasted cross border cash flows that are expected to occur within the next 13 to 24 months. The level of economic hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

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

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended March 31, 2016, assuming that all the other variables had remained constant, profit for the year would have been \$5,054 higher/lower and other comprehensive loss would have been \$283 lower/higher.

Interest rate risk

Just Energy is only 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 Company's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that long-term debt exposes it to material interest rate risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) of approximately \$11 in profit (loss) before income taxes for the year ended March 31, 2016 (2015 – \$889).

Commodity price risk

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

Commodity price sensitivity – all derivative financial instruments

If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit (loss) before income taxes for the year ended March 31, 2016 would have increased (decreased) by \$218,425 (\$218,004) primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

Commodity price sensitivity – Level 3 derivative financial instruments

If the energy prices associated with only Level 3 derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, income before income taxes for the year ended March 31, 2016 would have increased (decreased) by \$197,144 (\$196,835) primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

(ii) Credit risk

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

Customer credit risk

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

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

	March 31, 2016	March 31, 2015
Current	\$ 104,275	\$ 146,044
1–30 days	33,984	40,911
31–60 days	13,129	11,116
61–90 days	6,603	6,140
Over 91 days	48,382	46,277
	\$ 206,373	\$ 250,488

Changes in the allowance for doubtful accounts were as follows:

	March 31, 2016	March 31, 2015
Balance, beginning of year	\$ 58,314	\$ 60,997
Allowance reclassified as held for sale	–	(1,282)
Provision for doubtful accounts	68,531	62,077
Bad debts written off	(60,304)	(60,375)
Other	(7,752)	(3,103)
Balance, end of year	\$ 58,789	\$ 58,314

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

Counterparty credit risk

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

As at March 31, 2016, the estimated counterparty credit risk exposure amounted to \$8,374 (2015 – \$5,925), representing the risk relating to the Company’s exposure to derivatives that are in an asset position.

(iii) Liquidity risk

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

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy’s financial liabilities:

As at March 31, 2016

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	\$ 458,922	\$ 458,922	\$ 458,922	\$ –	\$ –	\$ –
Long-term debt ¹	660,543	696,221	–	501,416	194,805	–
Derivative instruments	714,814	3,808,888	2,099,984	1,442,238	231,227	35,439
	\$ 1,834,279	\$ 4,964,031	\$ 2,558,906	\$ 1,943,654	\$ 426,032	\$ 35,439

¹ Included in long-term debt are the \$321,416 and \$100,000 relating to convertible debentures and US\$150,000 relating to convertible bonds, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

As at March 31, 2015

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	\$ 510,470	\$ 510,470	\$ 510,470	\$ –	\$ –	\$ –
Long-term debt	676,503	723,433	23	328,420	394,990	–
Derivative instruments	685,560	4,074,637	2,167,000	1,596,187	274,187	37,263
	\$ 1,872,533	\$ 5,308,540	\$ 2,677,493	\$ 1,924,607	\$ 669,177	\$ 37,263

In addition to the amounts noted above, as at March 31, 2016, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years
Interest payments	\$ 42,586	\$ 43,570	\$ 4,875	\$ –

(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. As at March 31, 2016, Just Energy has applied a discount factor to determine the fair value of its financial assets in the amount of \$2,865 (2015 – \$1,822) to accommodate for its counterparties' risk of default.

15 ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2016

	Foreign currency translation adjustments
Balance, beginning of year	\$ 56,393
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:	
Unrealized foreign currency translation adjustment	(7,485)
Balance, end of year	\$ 48,908

For the year ended March 31, 2015

	Foreign currency translation adjustments
Balance, beginning of year	\$ 71,997
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:	
Unrealized foreign currency translation adjustment	(13,139)
Realized loss on translation of foreign operations sold	(2,465)
Balance, end of year	\$ 56,393

16 SHAREHOLDERS' CAPITAL

Just Energy is authorized to issue an unlimited number of common shares and 50,000,000 preference shares issuable in series, both with no par value. Shares outstanding have no preferences, rights or restrictions attached to them. Details of issued and outstanding shareholders' capital as at March 31, 2016, with comparatives as at March 31, 2015, are as follows:

	Year ended March 31, 2016		Year ended March 31, 2015	
	Shares	Amount	Shares	Amount
Issued and outstanding				
Balance, beginning of year	146,559,176	\$ 1,063,423	143,751,476	\$ 1,033,557
Share-based awards exercised	624,602	6,011	2,203,869	26,272
Dividend reinvestment plan	–	–	603,831	3,594
Balance, end of year	147,183,778	\$ 1,069,434	146,559,176	\$ 1,063,423

Dividend reinvestment plan

Under Just Energy's dividend reinvestment plan ("DRIP") prior to its suspension on January 1, 2015, Canadian shareholders holding a minimum of 100 common shares could elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for the five trading days preceding the applicable dividend payment date, provided that the common shares were issued from treasury and not purchased on the open market.

17 SHARE-BASED COMPENSATION PLANS**(a) Stock option plan**

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2016, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding at March 31, 2016 and 2015 with an exercise price of \$7.88. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights) in the form of fully paid RSGs to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2016, there were 4,591,312 RSGs (2015 – 28,024) still available for grant under the plan. Of the RSGs issued, 1,740,363 remain outstanding as at March 31, 2016 (2015 – 2,156,034). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, that on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

There are 560,000 RSGs granted to senior management that do not receive dividend payments. In addition to a continued employment condition for vesting, there are certain share price targets that must be met.

RSGs available for grant

	2016	2015
Balance, beginning of year	28,024	1,067,060
Add: Increase in RSGs available for grant	5,000,000	–
Less: Granted	(592,084)	(1,039,036)
Add: Cancelled/forfeited	155,372	–
Balance, end of year	4,591,312	28,024

The average grant date fair value of RSGs granted in the year was \$6.09 (2015 – \$6.28).

(c) Performance bonus grants

Just Energy grants awards under the 2013 performance bonus incentive plan (the “PBG Plan”) in the form of fully paid PBGs to senior officers, employees, consultants and service providers of its subsidiaries and affiliates. As at March 31, 2016, there were 2,842,409 (2015 – 3,106,896) PBGs still available for grant under the PBG Plan. Of the PBGs issued, 1,084,903 remain outstanding as at March 31, 2016 (2015 – 301,114). Except as otherwise provided, (i) the PBGs will entitle the holder to be paid in three equal installments as one-third on each of the first, second and third anniversaries of the grant date providing, in most cases, on the applicable vesting date the PBG grantee continues as a senior officer, employee, consultant or service provider of Just Energy or any affiliate thereof; (ii) the PBGs expire no later than three years from the grant date; (iii) a holder of PBGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, Just Energy, at its sole discretion, shall have the option of settling payment for the PBGs, to which the holder is entitled in the form of either cash or common shares.

PBGs available for grant

	2016	2015
Balance, beginning of year	3,106,896	3,570,784
Less: Granted	(371,100)	(665,973)
Add: Cancelled/forfeited	106,613	202,085
Balance, end of year	2,842,409	3,106,896

The weighted average grant date fair value of PBGs granted in the year was \$6.03 (2015 – \$6.47).

(d) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive 15% of their base retainer entitlement in DSGs and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant, and expire 15 years following the date of grant. As at March 31, 2016, there were 147,430 DSGs (2015 – 178,136) available for grant under the plan. Of the DSGs issued, 69,933 DSGs remain outstanding as at March 31, 2016.

DSGs available for grant

	2016	2015
Balance, beginning of year	178,136	200,470
Less: Granted	(30,706)	(22,334)
Balance, end of year	147,430	178,136

The weighted average grant date fair value of DSGs granted in the year was \$8.09 (2015 – \$5.89).

18 LONG-TERM DEBT AND FINANCING

	March 31, 2016	March 31, 2015
Credit facility (a)	\$ –	\$ –
Less: Debt issue costs (a)	(2,980)	–
Senior unsecured note (b)	80,000	105,000
Less: Debt issue costs (b)	(3,706)	(5,051)
\$330 million convertible debentures (c)	311,028	310,083
\$100 million convertible debentures (d)	93,637	91,445
US\$150 million convertible bonds (e)	182,564	175,003
Capital leases (f)	–	23
	660,543	676,503
Less: Current portion	–	(23)
	\$ 660,543	\$ 676,480

Future annual minimum repayments are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Senior unsecured note (b)	\$ –	\$ 80,000	\$ –	\$ –	\$ 80,000
\$330 million convertible debentures (c)	–	321,416	–	–	321,416
\$100 million convertible debentures (d)	–	100,000	–	–	100,000
US\$150 million convertible bonds (e)	–	–	194,805	–	194,805
	\$ –	\$ 501,416	\$ 194,805	\$ –	\$ 696,221

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

	2016	2015
Credit facility (a)	\$ 6,832	\$ 13,982
Senior unsecured note (b)	14,311	11,443
\$330 million convertible debentures (c)	27,464	26,832
\$100 million convertible debentures (d)	7,942	7,764
US\$150 million convertible bonds (e)	15,991	13,651
Capital lease interest (f)	–	8
	\$ 72,540	\$ 73,680

- (a) As at March 31, 2016, Just Energy has a credit facility of \$277.5 million. The current syndicate of lenders includes Shell Energy North America (Canada) Inc./Shell Energy North America (U.S.), L.P.; Canadian Imperial Bank of Commerce; National Bank of Canada; HSBC Bank Canada; Alberta Treasury Branches; and Canadian Western Bank. The term of the credit facility expires on September 1, 2018.

Under the terms of the credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at a stamping fee of 3.75%, prime rate advances at rates of interest of bank prime plus 2.75%, and letters of credit at 3.75%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2016, the Canadian prime rate was 2.70% and the U.S. prime rate was 3.50%. As at March 31, 2016 and 2015, no amount was drawn against the facility. Total letters of credit outstanding as of March 31, 2016 amounted to \$130.0 million (March 31, 2015 – \$134.8 million). As at March 31, 2016, Just Energy has \$147.5 million of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, primarily, the U.K. operations. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2016, the Company was compliant with all of these covenants.

- (b) On March 31, 2016, Just Energy early redeemed \$25 million of the original \$105 million principal on its senior unsecured note, resulting in a balance outstanding of \$80 million. The senior unsecured note bears interest at 9.75% and matures in June 2018. The senior unsecured note is subject to certain financial and other covenants and as of March 31, 2016, all of the covenants had been met.

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Sales	\$ 3,650,836	\$ 3,643,501
Gross margin	652,419	576,919
Finance costs	72,543	73,680
Profit (loss) for the year	72,397	(540,028)
Non-cash financing costs	14,752	15,609
Share-based compensation	5,345	7,110
Income tax paid (recovered)	965	6,014

- (c) In May 2010, Just Energy issued \$330 million of convertible extendible unsecured subordinated debentures (the "\$330 million convertible debentures"). The \$330 million convertible debentures bear interest at a rate of 6% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each \$1,000 principal amount of the \$330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 common shares of the Company, representing a conversion price of \$18 per share. During the year ended March 31, 2016, interest expense amounted to \$27,465. The \$330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

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

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

During the year ended March 31, 2016, the Company purchased and retired \$6,971 (2015 – \$1,580) of these convertible debentures. During the year, the Company paid \$6,957 (2015 – \$1,407), reducing the net book value by \$6,706 (2015 – \$1,492) and the loss was recorded as an increase to interest expense. As at March 31, 2016, the face value of this debenture was \$321,416 (2015 – \$328,501).

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

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

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

- (e) On January 29, 2014, Just Energy issued US\$150 million of European-focused senior convertible unsecured convertible bonds (the “\$150 million convertible bonds”). The \$150 million convertible bonds bear interest at an annual rate of 6.5%, payable semi-annually in arrears in equal installments on January 29 and July 29 in each year with a maturity date of July 29, 2019. The Company incurred transaction costs of \$5,215 and has shown these costs net of the \$150 million convertible bonds.

A Conversion Right in respect of a bond may be exercised, at the option of the holder thereof, at any time from May 30, 2014 to July 7, 2019. The initial conversion price is US\$9.3762 per common share (being C\$10.2819) but is subject to adjustments. In the event of the exercise of a Conversion Right, the Company may, at its option, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation in cash equal to the market value of the underlying shares to be received.

As a result of the debt being denominated in a different functional currency than that of Just Energy, the conversion feature is recorded as a financial liability instead of a component of equity. Therefore, the conversion feature of the \$150 million convertible bonds has been accounted for as a separate financial liability with an initial value of US\$8,517. The remainder of the net proceeds of the \$150 million convertible bonds has been recorded as long-term debt, which is being accreted up to the face value of \$150,000 over the term of the \$150 million convertible bonds using an effective interest rate of 8.8%. At each reporting period, the conversion feature is recorded at fair value with changes in fair value recorded through profit or loss. As at March 31, 2016, the fair value of this conversion feature was US\$17,148 and has been included in other non-current financial liabilities.

A Conversion Right in respect of a bond may be exercised, at the option of the holder thereof, at any time (the “Conversion Period”) (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from May 30, 2014 (being the date falling four months and one day after the closing date) to the close of business on the business day falling 22 business days prior to the final maturity date. The initial conversion price is US\$9.3762 per common share (being C\$10.2819 translated into U.S. dollars at the fixed exchange rate) but is subject to adjustments.

- (f) The Company, through its subsidiaries, leased certain computer and office equipment and software. These financing arrangements bear interest at a rate of 9% and matured during the prior fiscal year.

19 INCOME TAXES

(a) Tax expense

	2016	2015
Tax recognized in profit or loss	\$ 13,890	\$ 8,856
Current tax expense	13,890	8,856
Deferred tax expense		
Origination and reversal of temporary differences	\$ 5,867	\$ (236,104)
Expense (benefit) arising from a previously unrecognized tax loss or temporary difference	(20,075)	198,359
Deferred tax benefit	(14,208)	(37,745)
Recovery of income taxes	\$ (318)	\$ (28,889)

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 26.50% (2015 – 26.50%). The differences are as follows:

	2016	2015
Income (loss) before income taxes from continuing operations	\$ 82,176	\$ (605,266)
Combined statutory Canadian federal and provincial income tax rate	26.50%	26.50%
Income tax expense (benefit) based on statutory rate	\$ 21,777	\$ (160,395)
Increase (decrease) in income taxes resulting from:		
Cost (benefit) of mark to market loss and other temporary differences not recognized	\$ (20,075)	\$ 198,359
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	9,080	(66,345)
Other permanent items	(11,100)	(508)
Total income tax benefit	\$ (318)	\$ (28,889)

(c) Recognized deferred tax assets and liabilities

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

	2016	2015
Mark to market losses on derivative instruments	\$ 51,142	\$ 52,053
Tax losses and excess of tax basis over book basis	14,894	7,362
Partnership loss deferred for tax purposes	143	117
Total deferred tax asset	66,179	59,532
Offset of deferred taxes	(26,594)	(34,154)
Net deferred tax asset	\$ 39,585	\$ 25,378
Partnership income deferred for tax purposes	\$ (22,449)	\$ (23,483)
Mark to market gains on derivative instruments	(665)	(413)
Book to tax differences on other assets	(848)	(959)
Convertible debentures	(2,634)	(9,303)
Total deferred tax liability	(26,596)	(34,158)
Offset of deferred taxes	26,594	34,154
Net deferred tax liability	\$ (2)	\$ (4)

(d) Movement in deferred tax balances

	Balance April 1, 2015	Recognized in profit or loss	Disposal	Recognized in OCI	Foreign exchange impact	Balance March 31, 2016
Partnership income deferred for tax	\$ (23,367)	\$ 1,061	\$ –	\$ –	\$ –	\$ (22,306)
Book to tax differences – customer contracts	(5,139)	–	–	–	–	(5,139)
Book to tax differences on other assets	11,537	7,644	–	–	–	19,181
Mark to market gains (losses) on derivative instruments	51,646	(1,165)	–	–	–	50,481
Convertible debentures	(9,303)	6,669	–	–	–	(2,634)
	\$ 25,374	\$ 14,209	\$ –	\$ –	\$ –	\$ 39,583

	Balance April 1, 2014	Recognized in profit or loss	Disposal	Recognized in OCI	Foreign exchange impact	Balance March 31, 2015
Partnership income deferred for tax	\$ (30,151)	\$ 6,784	\$ -	\$ -	\$ -	\$ (23,367)
Book to tax differences – customer contracts	(5,139)	-	-	-	-	(5,139)
Book to tax differences on other assets	(2,716)	(17,822)	32,075	-	-	11,537
Mark to market gains on derivative instruments	15,032	36,009	605	-	-	51,646
Convertible debentures	(8,286)	(1,017)	-	-	-	(9,303)
	<u>\$ (31,260)</u>	<u>\$ 23,954</u>	<u>\$ 32,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,374</u>

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected as at March 31 are as follows:

	2016	2015
Losses available for carryforward	\$ 48,560	\$ 71,441
Mark to market on losses on derivative instruments	200,074	189,950
Excess of tax over book basis	6,666	6,726
Excess of tax over book – customer contracts	-	2,894

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

	2016
2028	\$ -
2029	-
After 2030 and thereafter	122,010
Total	<u>\$ 122,010</u>

20 PROVISIONS

	2016	2015
Cost		
Balance, beginning of year	\$ 19,206	\$ 6,812
Discontinued operations	-	(558)
Provisions made during the year	2,292	16,233
Provisions reversed and used during the year	(3,976)	(4,177)
Unwinding of discount	(10)	-
Foreign exchange impact	477	896
Balance, end of year	<u>\$ 17,989</u>	<u>\$ 19,206</u>
Current	13,573	14,899
Non-current	4,416	4,307
	<u>\$ 17,989</u>	<u>\$ 19,206</u>

Legal proceedings

Just Energy's subsidiaries are party to a number of legal proceedings. Other than as set out below, Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated earnings, cash flows or financial position.

The State of California has filed a number of complaints with the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce Energy Inc. ("CEI"), a subsidiary of the Company, with respect to events stemming from the 2001 energy crisis in California. On March 18, 2010, the assigned Administrative Law Judge granted a motion to strike the claim for all parties in one of the complaints (in favour of the suppliers), holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision. On June 13, 2012, FERC denied the plaintiff's request for a rehearing, affirming its initial decision. California appealed to the United States District Courts for the Ninth Circuit and oral arguments were heard on February 26, 2015. On April 29, 2015, the appeals court remanded the case back to FERC on grounds that the agency erred in assessing whether market power had resulted in unjust and unreasonable prices when it only considered power generation market share. FERC ordered settlement conferences for all parties and a status conference for May 24, 2016 to schedule hearings and discuss next steps. CEI continues to vigorously contest this matter.

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against Commerce Energy Inc., Just Energy Marketing Corp. and the Company (collectively referred to as "Just Energy") in the Ohio Federal Court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the federal Fair Labor Standards Act ("FLSA") on their own behalf and similarly situated door-to-door sales representatives who sold for Commerce in certain regions of the United States. The Court granted the plaintiffs' request to certify the lawsuit as a class action. Approximately 1,800 plaintiffs opted into the federal minimum wage and overtime claims, and approximately 8,000 plaintiffs were certified as part of the Ohio state overtime claims. A jury trial on the liability phase was completed on October 6, 2014. The jury reached a verdict that supports the plaintiffs' class and collective action that certain individuals were not properly classified as outside salespeople in order to qualify for an exemption under the minimum wage and overtime requirements pursuant to the FLSA and Ohio wage and hour laws. Potential amounts owing have yet to be determined and will be subject to a separate damage phase proceeding, which remains unscheduled by the Court. On January 9, 2015, the Court struck the plaintiffs' damage expert report. Just Energy disagrees with the result of the October trial and is of the opinion that it is not supported by existing law and precedent. Just Energy strongly believes it complied with the law and continues to vigorously defend against the claims. The Court granted Just Energy's request to file an interlocutory appeal of the liability finding, but the United States Court of Appeals for the Sixth Circuit denied the request. Appeal steps will be taken after conclusion of the damages phase of the trial.

In August 2013, Levonna Wilkins, a former door-to-door independent contractor for Just Energy Marketing Corp. ("JEMC"), filed a lawsuit against Just Energy Illinois Corp., Commerce Energy, Inc., JEMC and the Company (collectively referred to as "Just Energy") in the Illinois Federal District Court claiming entitlement to payment of minimum wage and overtime under Illinois wage claim laws and the FLSA on her own behalf and similarly situated door-to-door sales representatives who sold in Illinois. On March 13, 2015, the Court granted Wilkins' request to certify the lawsuit as a class action to include a class made up of Illinois sales representatives who sold for Just Energy Illinois and Commerce. Just Energy filed a motion for reconsideration objecting to the class definition and requested that the Court revise its ruling to exclude sales representatives who sold for Commerce, and the motion remains under advisement with the Court. On March 22, 2016, Just Energy's summary judgment motion and motion for reconsideration of certain issues were denied. Just Energy will continue to vigorously contest this matter.

In March 2015, Kevin Flood, a former door-to-door independent contractor for Just Energy Marketing Corp., filed a lawsuit against JEMC, Just Energy New York Corp. and the Company (collectively referred to as "Just Energy") in New York Federal District Court (Southern District) claiming entitlement to payment of minimum wage and overtime under New York wage claim laws and the FLSA on his own behalf and similarly situated door-to-door sales representatives who sold in New York. On January 25, 2016, the Court granted Flood's request to certify the lawsuit as a class action for the FLSA claims to include a class made up of New York sales representatives who sold for Just Energy New York. The class opt in period expired on May 4, 2016. Just Energy filed a motion for summary judgment for dismissal of Flood's claims, which remains pending. Just Energy vigorously contests this matter.

21 OTHER EXPENSES**(a) Other operating expenses**

	For the year ended March 31, 2016	For the year ended March 31, 2015
Amortization of electricity contracts	\$ —	\$ 7,292
Amortization of other intangible assets	17,063	34,522
Amortization of property, plant and equipment	3,606	3,579
Bad debt expense	68,531	62,077
Share-based compensation	5,348	7,120
	\$ 94,548	\$ 114,590

(b) Amortization and energy costs included in cost of sales in the consolidated statements of income (loss)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Amortization	\$ 2,543	\$ 1,398
Direct energy costs and other	3,401,029	3,294,473
	\$ 3,403,572	\$ 3,295,871

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
Amortization of electricity contracts	\$ –	\$ 5,016

(d) Employee benefits expense

	For the year ended March 31, 2016	For the year ended March 31, 2015
Wages, salaries and commissions	\$ 222,910	\$ 202,119
Benefits	29,246	28,750
	\$ 252,156	\$ 230,869

22 REPORTABLE BUSINESS SEGMENTS

Just Energy's reportable segments include the following: Consumer Energy and Commercial Energy. During fiscal 2015, NHS was classified as held for sale and the sales of NHS and HES were finalized in November 2014 (see Note 11).

Transactions between operating segments are in the normal course of operations and are recorded at the exchange amount. Allocations made between segments for shared assets or allocated expenses are based on the number of customers in the respective segments.

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

For the year ended March 31, 2016

	Consumer division	Commercial division	Home Services	Commercial Solar	Consolidated
Sales	\$ 2,177,538	\$ 1,928,322	\$ -	\$ -	\$ 4,105,860
Gross margin	538,646	163,642	-	-	702,288
Amortization of property, plant and equipment	3,378	228	-	-	3,606
Amortization of intangible assets	13,691	3,372	-	-	17,063
Administrative expenses	130,253	40,077	-	-	170,330
Selling and marketing expenses	163,153	94,196	-	-	257,349
Other operating expenses	63,880	9,999	-	-	73,879
Operating profit for the year	\$ 164,291	\$ 15,770	\$ -	\$ -	\$ 180,061
Finance costs	-	-	-	-	(72,540)
Change in fair value of derivative instruments	-	-	-	-	(22,803)
Other expense	-	-	-	-	(2,542)
Recovery of income taxes	-	-	-	-	(318)
Profit (loss) from continuing operations	\$ -	\$ -	\$ -	\$ -	\$ 82,494
Profit (loss) for the year	\$ -	\$ -	\$ -	\$ -	\$ 82,494
Capital expenditures	\$ 7,062	\$ 5,953	\$ -	\$ -	\$ 13,015
Total goodwill	\$ 143,061	\$ 137,452	\$ -	\$ -	\$ 280,513
Total assets	\$ 477,836	\$ 769,599	\$ -	\$ -	\$ 1,247,435
Total liabilities	\$ 1,375,355	\$ 523,167	\$ -	\$ -	\$ 1,898,522

For the year ended March 31, 2015

	Consumer division	Commercial division	Home Services	Commercial Solar	Consolidated
Sales	\$ 2,113,828	\$ 1,782,112	\$ -	\$ -	\$ 3,895,940
Gross margin	450,230	149,839	-	-	600,069
Amortization of property, plant and equipment	3,350	229	-	-	3,579
Amortization of intangible assets	16,490	25,324	-	-	41,814
Administrative expenses	121,170	33,052	-	-	154,222
Selling and marketing expenses	134,084	91,159	-	-	225,243
Other operating expenses	53,984	15,213	-	-	69,197
Operating profit (loss) for the year	\$ 121,152	\$ (15,138)	\$ -	\$ -	\$ 106,014
Finance costs	-	-	-	-	(73,680)
Change in fair value of derivative instruments	-	-	-	-	(635,204)
Other expense	-	-	-	-	(2,396)
Recovery of income taxes	-	-	-	-	(28,889)
Loss from continuing operations	\$ -	\$ -	\$ -	\$ -	\$ (576,377)
Discontinued operations	-	-	168,141	(35,468)	132,673
Profit (loss) for the year	\$ -	\$ -	\$ 168,141	\$ (35,468)	\$ (443,704)
Capital expenditures	\$ 3,775	\$ 1,994	\$ 11,843	\$ 8,334	\$ 25,946
Total goodwill	\$ 140,869	\$ 136,899	\$ -	\$ -	\$ 277,768
Total assets	\$ 741,491	\$ 556,950	\$ -	\$ -	\$ 1,298,441
Total liabilities	\$ 1,355,605	\$ 581,658	\$ -	\$ -	\$ 1,937,263

Sales from external customers

	For the year ended March 31, 2016	For the year ended March 31, 2015
Canada	\$ 533,078	\$ 685,700
United States	3,120,617	2,977,578
United Kingdom	452,165	232,662
Total sales per consolidated statements of income (loss)	\$ 4,105,860	\$ 3,895,940

The sales are based on the location of the customer.

Non-current assets

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

	As at March 31, 2016	As at March 31, 2015
Canada	\$ 194,236	\$ 194,318
United States	175,758	177,358
United Kingdom	924	650
Total	\$ 370,918	\$ 372,326

23 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to one of two CGUs, which are also operating and reportable segments, for impairment testing. These units are the Consumer division and Commercial division.

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

	Consumer division		Commercial division		Total	
	2016	2015	2016	2015	2016	2015
Goodwill	\$ 143,061	\$ 140,869	\$ 137,452	\$ 136,899	\$ 280,513	\$ 277,768
Brand	16,104	15,706	14,319	13,966	30,423	29,672
	\$ 159,165	\$ 156,575	\$ 151,771	\$ 150,865	\$ 310,936	\$ 307,440

Just Energy performed its annual impairment test as at March 31, 2016. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2016, the market capitalization of Just Energy was above the book value of its equity.

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

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

Customer consumption is forecasted using normalized historical correlation between weather and customer consumption and weather projections. Just Energy uses weather derivatives to mitigate the risk that weather will deviate from expectations. An average customer consumption growth rate of 10% was used in the projections. A 5% decrease in the consumption assumptions would not have an impact on the results of the impairment test.

New customer additions and attrition and renewal rate estimates are based on historical results and are adjusted for new marketing initiatives that are included in the budget. A 10% average increase in the overall customer base was used in the projections. A 5% decrease annually in the overall customer base would not have an impact on the results of the impairment test.

Selling costs fluctuate with customer additions, renewals and attrition. Selling costs used in the financial forecast are based on assumptions consistent with the above new customer additions, renewals and attritions. Rates used are based on historical information and are adjusted for new marketing initiatives included in the budget. An average increase of 10% was applied to selling costs in the projections. A 5% increase annually in selling costs would not have an impact on the results of the impairment test.

Discount rates represent the current market assessment of the risks specific to the Company, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of Just Energy and its operating segments and is derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Just Energy’s investors, and the cost of debt is based on the interest bearing borrowings the Company is obliged to service. Just Energy used a discount rate of 10%. A 5% increase in the WACC would not have an impact on the results of the impairment test.

24 EARNINGS (LOSS) PER SHARE

	For the year ended March 31, 2016	For the year ended March 31, 2015
BASIC EARNINGS (LOSS) PER SHARE		
Earnings (loss) from continuing operations available to shareholders	\$ 64,604	\$ (582,728)
Earnings (loss) available to shareholders	64,604	(446,785)
Basic shares outstanding	146,866,817	145,326,685
Basic earnings (loss) per share from continuing operations available to shareholders	\$ 0.44	\$ (4.01)
Basic earnings (loss) per share available to shareholders	\$ 0.44	\$ (3.07)
DILUTED EARNINGS (LOSS) PER SHARE		
Earnings (loss) from continuing operations available to shareholders	\$ 64,604	\$ (582,728)
Earnings (loss) available to shareholders	64,604	(446,785)
Adjustment for dilutive impact of convertible debentures	49,284¹	32,771 ¹
Adjusted earnings (loss) from continuing operations available to shareholders	\$ 113,888	\$ (549,957)
Adjusted earnings (loss) available to shareholders	\$ 113,888	\$ (414,014)
Basic shares outstanding	146,866,817	145,326,685
Dilutive effect of:		
Restricted share grants	3,167,073	3,067,822 ¹
Deferred share grants	126,701	165,277 ¹
Convertible debentures	39,933,526¹	39,929,189 ¹
Shares outstanding on a diluted basis	190,094,117	188,488,973
Diluted earnings (loss) per share from continuing operations available to shareholders	\$ 0.43	\$ (4.01)
Diluted earnings (loss) per share available to shareholders	\$ 0.43	\$ (3.07)

¹ The assumed conversion into shares results in an anti-dilutive position in the current year, whereas the assumed conversion into shares results in an anti-dilutive position only for the \$150 million convertible bonds in the prior year; therefore, these items have not been included in computation of dilutive earnings (loss) per share.

25 CAPITAL DISCLOSURE

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

- (i) enabling it to operate efficiently;
- (ii) providing liquidity and access to capital for growth opportunities; and
- (iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its long-term debt, and as at March 31, 2016 and 2015, all of these covenants had been met.

26 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

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

Subsidiaries

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

Key management personnel

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

During the years ended March 31, 2016 and 2015, Just Energy recorded the following as an expense related to these individuals:

	2016	2015
Salaries and benefits	\$ 6,599	\$ 6,747
Share-based compensation	4,024	2,371
	\$ 10,623	\$ 9,118

As at March 31, 2016, key management personnel held approximately 1,973,809 RSGs/PBGs (2015 – 1,489,200).

27 DIVIDENDS PAID

For the year ended March 31, 2016, dividends of \$0.50 (2015 – \$0.58) per share were declared by Just Energy. These dividends amounted to \$74,792 (2015 – \$86,723), and were approved throughout the year by the Board of Directors and were paid out during the year.

28 COMMITMENTS AND GUARANTEES

As at March 31, 2016, commitments for each of the next five years and thereafter were as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Premises and equipment leasing	\$ 6,216	\$ 9,565	\$ 6,493	\$ 8,013	\$ 30,287
Long-term gas and electricity contracts	2,099,984	1,442,238	231,227	35,439	3,808,888
	\$ 2,106,200	\$ 1,451,803	\$ 237,720	\$ 43,452	\$ 3,839,175

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. No purchase options are included in any major leasing contracts. 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.

(a) Surety bonds and letters of credit

Pursuant to separate arrangements with Westchester Fire Insurance Company, Travelers Casualty and Surety Company of America, and Charter Brokerage LLC, Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at March 31, 2016 amounted to \$52,854.

As at March 31, 2016, Just Energy had total letters of credit outstanding in the amount of \$129,996 (Note 18(a)).

(b) Officers and directors

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

(c) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be \$74,763.

29 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2016	2015
Changes in:		
Accrued gas receivables	\$ 31,593	\$ 2,713
Gas delivered in excess of consumption	(5,162)	(983)
Accrued gas payable	(17,263)	(5,799)
Deferred revenue	5,727	1,371
	\$ 14,895	\$ (2,698)

30 CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
Accounts receivable and unbilled revenues	\$ 109,135	\$ (95,662)
Gas in storage	2,219	(2,331)
Prepaid expenses and deposits	(39,846)	(27,058)
Trade and other payables and provisions	(52,798)	80,593
	\$ 18,710	\$ (44,458)