Condensed consolidated financial statements of

QUEBECOR INC. AND ITS SUBSIDIARIES

Three-month and nine-month periods ended September 30, 2013 and 2012

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in millions of Canadian dollars, except for earnings per share data)
(unaudited)

	Note	Three months ended September 30 2013	Three months ended September 30 2012 (restated, note 2)	Nine months ended September 30 2013	Nine months ended September 30 2012 (restated, note 2)
Revenues	3	**$ 1,075.1**	$ 1,054.7	**$ 3,211.3**	$ 3,191.8
Employee costs	4	**248.1**	250.2	**787.5**	793.3
Purchase of goods and services	4	**446.7**	455.2	**1,358.2**	1,377.4
Amortization		**169.2**	146.4	**496.6**	432.4
Financial expenses	5	**90.3**	80.1	**285.9**	247.5
Loss (gain) on valuation and translation of financial instruments	6	**14.6**	(117.7)	**209.6**	(231.8)
Restructuring of operations, impairment of assets and other special items	7	**5.7**	39.7	**14.9**	28.8
Impairment of goodwill and intangible assets	8	**305.8**	187.0	**305.8**	201.5
Loss (gain) on debt refinancing	11	**-**	-	**18.9**	(2.4)
(Loss) income before income taxes		**(205.3)**	13.8	**(266.1)**	345.1
Income taxes:					
Current		**30.7**	10.4	**85.3**	36.2
Deferred		**(18.1)**	2.8	**(83.2)**	66.7
		12.6	13.2	**2.1**	102.9
(Loss) income from continuing operations		**(217.9)**	0.6	**(268.2)**	242.2
(Loss) income from discontinued operations	9	**(0.4)**	2.0	**39.7**	6.9
Net (loss) income		**$ (218.3)**	$ 2.6	**$ (228.5)**	$ 249.1
(Loss) income from continuing operations attributable to					
Shareholders		**$ (167.5)**	$ 16.0	**$ (207.2)**	$ 150.2
Non-controlling interests		**(50.4)**	(15.4)	**(61.0)**	92.0
Net (loss) income attributable to					
Shareholders		**$ (167.8)**	$ 17.1	**$ (177.3)**	$ 154.0
Non-controlling interests		**(50.5)**	(14.5)	**(51.2)**	95.1
Earnings per share attributable to shareholders	12				
Basic					
From continuing operations		**$ (1.36)**	$ 0.13	**$ (1.67)**	$ 1.19
From discontinued operations		**-**	0.01	**0.24**	0.03
Net (loss) income		**(1.36)**	0.14	**(1.43)**	1.22
Diluted					
From continuing operations		**(1.36)**	0.13	**(1.67)**	1.18
From discontinued operations		**-**	0.01	**0.24**	0.03
Net (loss) income		**(1.36)**	0.14	**(1.43)**	1.21
Weighted average number of shares outstanding (in millions)		**123.7**	126.3	**124.2**	126.7
Weighted average number of diluted shares (in millions)		**123.7**	126.5	**124.2**	127.0

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars) (unaudited)	Note	Three months ended September 30		Nine months ended September 30	
		2013	2012	**2013**	2012
			(restated, note 2)		(restated, note 2)
Net (loss) income		**$ (218.3)**	$ 2.6	**$ (228.5)**	$ 249.1
Other comprehensive income:					
Items that may be reclassified to income:					
(Loss) gain on translation of net investments in foreign operations		**(2.9)**	(2.9)	**2.3**	(3.7)
Cash flow hedges:					
(Loss) gain on valuation of derivative financial instruments		**(10.8)**	5.8	**(39.3)**	31.2
Deferred income taxes		**4.7**	2.3	**1.3**	1.4
Items that will not be reclassified to income:					
Defined benefit plans:					
Actuarial gain		**119.0**	-	**119.0**	-
Deferred income taxes		**(32.0)**	-	**(32.0)**	-
Reclassification to income:	11				
Gain related to cash flow hedges		**(8.0)**	-	**(14.5)**	(3.3)
Deferred income taxes		**0.9**	-	**1.1**	(1.2)
		70.9	5.2	**37.9**	24.4
Comprehensive (loss) income		**$ (147.4)**	$ 7.8	**$ (190.6)**	$ 273.5
Comprehensive (loss) income attributable to					
Shareholders		**$ (120.8)**	$ 20.0	**$ (155.2)**	$ 167.4
Non-controlling interests		**(26.6)**	(12.2)	**(35.4)**	106.1

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended September 30, 2013

	Telecommu-nications	News Media	Broad-casting	Leisure and Enter-tainment	Interactive Techno-logies and Communi-cations	Head office and Inter-segments	Total
Revenues	**$ 683.2**	**$ 207.8**	**$ 104.1**	**$ 74.8**	**$ 33.9**	**$ (28.7)**	**$ 1,075.1**
Employee costs	**87.4**	**71.5**	**34.1**	**14.4**	**22.0**	**18.7**	**248.1**
Purchase of goods and services	**266.5**	**110.5**	**54.8**	**52.5**	**8.0**	**(45.6)**	**446.7**
Operating income[1]	**329.3**	**25.8**	**15.2**	**7.9**	**3.9**	**(1.8)**	**380.3**
Amortization							**169.2**
Financial expenses							**90.3**
Loss on valuation and translation of financial instruments							**14.6**
Restructuring of operations, impairment of assets and other special items							**5.7**
Impairment of goodwill and intangible assets							**305.8**
Loss before income taxes							**$ (205.3)**
Additions to property, plant and equipment	**$ 140.0**	**$ 6.9**	**$ 4.7**	**$ 1.0**	**$ 0.1**	**$ 0.5**	**$ 153.2**
Additions to intangible assets	**13.1**	**2.1**	**0.8**	**0.9**	**0.1**	**(0.3)**	**16.7**

Three months ended September 30, 2012
(restated, note 2)

	Telecommu-nications	News Media	Broad-casting	Leisure and Enter-tainment	Interactive Techno-logies and Communi-cations	Head office and Inter-segments	Total
Revenues	$ 650.1	$ 227.6	$ 99.0	$ 77.7	$ 33.7	$ (33.4)	$ 1,054.7
Employee costs	85.3	85.6	37.1	14.2	20.8	7.2	250.2
Purchase of goods and services	260.4	119.5	55.1	51.7	12.5	(44.0)	455.2
Operating income[1]	304.4	22.5	6.8	11.8	0.4	3.4	349.3
Amortization							146.4
Financial expenses							80.1
Gain on valuation and translation of financial instruments							(117.7)
Restructuring of operations, impairment of assets and other special items							39.7
Impairment of goodwill and intangible assets							187.0
Income before income taxes							$ 13.8
Additions to property, plant and equipment	$ 174.5	$ 2.0	$ 5.8	$ 1.8	$ 0.8	$ 0.9	$ 185.8
Additions to intangible assets	11.5	3.1	0.9	0.7	-	(0.4)	15.8

[1] The Chief Executive Officer uses operating income as the measure of profit to assess the performance of each segment. Operating income is referred as a non-IFRS measure and is defined as net (loss) income before amortization, financial expenses, loss (gain) on valuation and translation of financial instruments, restructuring of operations, impairment of assets and other special items, impairment of goodwill and intangible assets, loss (gain) on debt refinancing, income taxes and (loss) income from discontinued operations.

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES
SEGMENTED INFORMATION (continued)

(in millions of Canadian dollars)
(unaudited)

Nine months ended September 30, 2013

	Telecommu-nications	News Media	Broad-casting	Leisure and Enter-tainment	Interactive Techno-logies and Communi-cations	Head office and Inter-segments	Total
Revenues	**$ 2,018.6**	**$ 644.6**	**$ 330.7**	**$ 205.2**	**$ 104.9**	**$ (92.7)**	**$ 3,211.3**
Employee costs	**276.0**	**234.9**	**108.1**	**43.8**	**70.4**	**54.3**	**787.5**
Purchase of goods and services	**780.2**	**354.3**	**191.2**	**152.3**	**24.9**	**(144.7)**	**1,358.2**
Operating income[1]	**962.4**	**55.4**	**31.4**	**9.1**	**9.6**	**(2.3)**	**1,065.6**
Amortization							**496.6**
Financial expenses							**285.9**
Loss on valuation and translation of financial instruments							**209.6**
Restructuring of operations, impairment of assets and other special items							**14.9**
Impairment of goodwill and intangible assets							**305.8**
Loss on debt refinancing							**18.9**
Loss before income taxes							**$ (266.1)**
Additions to property, plant and equipment	**$ 412.4**	**$ 11.6**	**$ 14.3**	**$ 2.0**	**$ 1.3**	**$ 1.5**	**$ 443.1**
Additions to intangible assets	**36.7**	**6.0**	**1.7**	**3.8**	**0.1**	**(0.4)**	**47.9**

Nine months ended September 30, 2012
(restated, note 2)

	Telecommu-nications	News Media	Broad-casting	Leisure and Enter-tainment	Interactive Techno-logies and Communi-cations	Head office and Inter-segments	Total
Revenues	$ 1,929.2	$ 715.5	$ 328.0	$ 217.1	$ 109.7	$ (107.7)	$ 3,191.8
Employee costs	263.8	268.4	115.3	43.1	68.8	33.9	793.3
Purchase of goods and services	766.5	373.3	194.4	157.5	34.5	(148.8)	1,377.4
Operating income[1]	898.9	73.8	18.3	16.5	6.4	7.2	1,021.1
Amortization							432.4
Financial expenses							247.5
Gain on valuation and translation of financial instruments							(231.8)
Restructuring of operations, impairment of assets and other special items							28.8
Impairment of goodwill and intangible assets							201.5
Gain on debt refinancing							(2.4)
Income before income taxes							$ 345.1
Additions to property, plant and equipment	$ 519.4	$ 5.5	$ 17.9	$ 3.7	$ 3.0	$ 2.1	$ 551.6
Additions to intangible assets	43.9	9.2	2.2	4.2	-	(1.4)	58.1

[1] The Chief Executive Officer uses operating income as the measure of profit to assess the performance of each segment. Operating income is referred as a non-IFRS measure and is defined as net (loss) income before amortization, financial expenses, loss (gain) on valuation and translation of financial instruments, restructuring of operations, impairment of assets and other special items, impairment of goodwill and intangible assets, loss (gain) on debt refinancing, income taxes and (loss) income from discontinued operations.

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

	Equity attributable to shareholders					Equity attributable to non-controlling interests	Total equity
	Capital stock (note 13)	Contributed surplus	Equity component of convertible debentures	Retained earnings	Accumulated other comprehensive income (loss) (note 15)		
Balance as of December 31, 2011, as previously reported	$ 339.5	$ 0.9	$ -	$ 1,077.2	$ 8.6	$ 1,444.4	$ 2,870.6
Changes in accounting policies (note 2)	-	-	-	48.4	(49.6)	(1.5)	(2.7)
Balance as of December 31, 2011, as restated	339.5	0.9	-	1,125.6	(41.0)	1,442.9	2,867.9
Net income	-	-	-	154.0	-	95.1	249.1
Other comprehensive income	-	-	-	-	13.4	11.0	24.4
Issuance of shares of a subsidiary	3.6	1.5	-	-	-	-	5.1
Repurchase of Class B shares	(5.5)	-	-	(20.3)	-	-	(25.8)
Acquisition of non-controlling interests	-	(0.1)	-	-	-	0.1	-
Dividends	-	-	-	(9.5)	-	(34.1)	(43.6)
Balance as of September 30, 2012	337.6	2.3	-	1,249.8	(27.6)	1,515.0	3,077.1
Net income (loss)	-	-	-	7.1	-	(0.9)	6.2
Other comprehensive loss	-	-	-	-	(12.3)	(5.9)	(18.2)
Repurchase of Class B shares	(2.5)	-	-	(10.0)	-	-	(12.5)
Acquisition of non-controlling interests	-	-	-	(619.2)	(10.4)	(870.4)	(1,500.0)
Issuance of convertible debentures	-	-	398.3	-	-	-	398.3
Dividends	-	-	-	(3.1)	-	(6.5)	(9.6)
Balance as of December 31, 2012	335.1	2.3	398.3	624.6	(50.3)	631.3	1,941.3
Net loss	-	-	-	(177.3)	-	(51.2)	(228.5)
Other comprehensive income	-	-	-	-	22.1	15.8	37.9
Repurchase of Class B shares	(5.4)	-	-	(26.1)	-	-	(31.5)
Dividends	-	-	-	(9.3)	-	(18.6)	(27.9)
Business acquisition	-	-	-	-	-	0.3	0.3
Balance as of September 30, 2013	**$ 329.7**	**$ 2.3**	**$ 398.3**	**$ 411.9**	**$ (28.2)**	**$ 577.6**	**$ 1,691.6**

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)
(unaudited)

	Note	Three months ended September 30 2013	Three months ended September 30 2012 (restated, note 2)	Nine months ended September 30 2013	Nine months ended September 30 2012 (restated, note 2)
Cash flows related to operating activities					
(Loss) income from continuing operations		**$ (217.9)**	$ 0.6	**$ (268.2)**	$ 242.2
Adjustments for:					
Amortization of property, plant and equipment		**132.6**	112.6	**387.6**	331.2
Amortization of intangible assets		**36.6**	33.8	**109.0**	101.2
Loss (gain) on valuation and translation of financial instruments	6	**14.6**	(117.7)	**209.6**	(231.8)
Gain on disposal of assets	7	**-**	-	**-**	(12.9)
Impairment of assets	7	**0.6**	7.5	**2.3**	7.5
Impairment of goodwill and intangible assets	8	**305.8**	187.0	**305.8**	201.5
Loss (gain) on debt refinancing	11	**-**	-	**18.9**	(2.4)
Amortization of financing costs and long-term debt discount	5	**2.8**	3.6	**9.1**	10.9
Deferred income taxes		**(18.1)**	2.8	**(83.2)**	66.7
Other		**0.3**	(0.6)	**0.1**	(0.6)
		257.3	229.6	**691.0**	713.5
Net change in non-cash balances related to operating activities		**81.5**	147.0	**(86.1)**	120.5
Cash flows provided by continuing operating activities		**338.8**	376.6	**604.9**	834.0
Cash flows related to investing activities					
Business acquisitions		**(6.9)**	-	**(8.5)**	(0.8)
Business disposals	9	**(0.7)**	0.8	**52.1**	0.8
Additions to property, plant and equipment		**(153.2)**	(185.8)	**(443.1)**	(551.6)
Additions to intangible assets		**(16.7)**	(15.8)	**(47.9)**	(58.1)
Proceeds from disposals of assets	7	**3.5**	3.7	**14.4**	27.1
Net change in cash held in trust		**5.8**	-	**-**	-
Other		**0.6**	0.4	**0.6**	(0.6)
Cash flows used in continuing investing activities		**(167.6)**	(196.7)	**(432.4)**	(583.2)
Cash flows related to financing activities					
Net change in bank indebtedness		**(0.5)**	(4.8)	**(0.1)**	(2.7)
Net change under revolving facilities		**(3.1)**	10.5	**6.9**	(12.4)
Issuance of long-term debt, net of financing fees	11	**358.4**	34.9	**753.2**	822.5
Repayments of long-term debt	11	**(706.1)**	(40.3)	**(717.2)**	(749.3)
Repayment of liability component of convertible debentures		**-**	-	**(6.7)**	-
Settlement of hedging contracts	11	**(19.2)**	3.6	**(27.7)**	(40.5)
Issuance of Class B shares		**-**	-	**-**	3.6
Repurchase of Class B shares		**(9.9)**	(20.5)	**(31.5)**	(25.8)
Dividends		**(3.1)**	(3.2)	**(9.3)**	(9.5)
Dividends paid to non-controlling shareholders		**(6.1)**	(11.4)	**(18.6)**	(34.1)
Cash flows used in continuing financing activities		**(389.6)**	(31.2)	**(51.0)**	(48.2)
Net change in cash and cash equivalents from continuing operations		**(218.4)**	148.7	**121.5**	202.6
Cash flows (used in) provided by discontinued operations	9	**(1.1)**	1.8	**2.9**	9.0
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		**0.1**	(0.3)	**0.5**	(0.5)
Cash and cash equivalents at beginning of period		**573.0**	204.4	**228.7**	143.5
Cash and cash equivalents at end of period		**$ 353.6**	$ 354.6	**$ 353.6**	$ 354.6
Cash and cash equivalents consist of					
Cash		**$ 129.8**	$ 29.7	**$ 129.8**	$ 29.7
Cash equivalents		**223.8**	324.9	**223.8**	324.9
		$ 353.6	$ 354.6	**$ 353.6**	$ 354.6
Interest and taxes reflected as operating activities					
Cash interest payments		**$ 32.6**	$ 17.2	**$ 211.5**	$ 168.3
Cash income tax payments (net of refunds)		**1.6**	(1.5)	**46.9**	6.0

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	Note	September 30 2013	December 31 2012 (restated, note 2)
Assets			
Current assets			
Cash and cash equivalents		**$ 353.6**	$ 228.7
Accounts receivable		**541.3**	578.7
Income taxes		**21.3**	10.6
Inventories		**274.0**	255.5
Prepaid expenses		**54.0**	38.0
		1,244.2	1,111.5
Non-current assets			
Property, plant and equipment	10	**3,410.3**	3,405.8
Intangible assets	10	**834.8**	956.7
Goodwill	8	**3,109.5**	3,371.6
Derivative financial instruments		**59.7**	35.7
Deferred income taxes		**56.7**	23.9
Other assets		**98.3**	102.6
		7,569.3	7,896.3
Total assets		**$ 8,813.5**	$ 9,007.8
Liabilities and equity			
Current liabilities			
Bank indebtedness		**$ 1.2**	$ 1.3
Accounts payable and accrued charges		**646.7**	804.5
Provisions		**31.4**	45.9
Deferred revenue		**294.8**	289.0
Income taxes		**85.9**	33.9
Derivative financial instruments		**119.8**	28.5
Current portion of long-term debt	11	**26.0**	22.2
		1,205.8	1,225.3
Non-current liabilities			
Long-term debt	11	**4,923.1**	4,507.8
Derivative financial instruments		**94.1**	270.1
Other liabilities		**321.3**	469.2
Deferred income taxes		**577.6**	594.1
		5,916.1	5,841.2
Equity			
Capital stock	13	**329.7**	335.1
Contributed surplus		**2.3**	2.3
Equity component of convertible debentures		**398.3**	398.3
Retained earnings		**411.9**	624.6
Accumulated other comprehensive loss	15	**(28.2)**	(50.3)
Equity attributable to shareholders		**1,114.0**	1,310.0
Non-controlling interests		**577.6**	631.3
		1,691.6	1,941.3
Total liabilities and equity		**$ 8,813.5**	$ 9,007.8

See accompanying notes to condensed consolidated financial statements.

Quebecor Inc. ("Quebecor" or the "Corporation") is incorporated under the laws of Québec. The Corporation's head office and registered office is located at 612 rue Saint-Jacques, Montréal (Québec), Canada. Quebecor is a holding corporation with interests in Quebecor Media Inc. ("Quebecor Media") and in subsidiaries controlled by Quebecor Media.

The Corporation is engaged, through its subsidiaries, in the following industry segments: Telecommunications, News Media, Broadcasting, Leisure and Entertainment, and Interactive Technologies and Communications. The Telecommunications segment offers television distribution, Internet, business solutions, cable and mobile telephony services in Canada and operates in the rental of movies and televisual products through its video-on-demand service. The News Media segment produces original content in Canada for all of Quebecor Media's platforms. Its operations include the printing, publishing and distribution of daily newspapers, weekly newspapers and commercial inserts in Canada, the operation of Internet sites in Canada, including French- and English-language portals and specialized sites, and the operation of out-of-home advertising. The Broadcasting segment operates general-interest television networks, specialized television networks, magazine publishing, and movie distribution businesses in Canada. The Leisure and Entertainment segment combines book publishing and distribution, retail sales of CDs, books, DVDs, Blu-ray discs, console game, musical instruments and magazines in Canada, movie and console game rentals in Canada, online sales of downloadable music and books, music streaming service, music production and distribution in Canada, video game development, operation of a Quebec Major Junior Hockey League team, and sporting and cultural events management. The Interactive Technologies and Communications segment offers e-commerce solutions through a combination of strategies, technology integration, IP solutions and creativity on the Internet and is active in Canada, the United States, Europe and Asia.

Some of the Corporation's segments experience significant seasonality due, among other factors, to seasonal advertising patterns and influences on people's viewing, reading and listening habits. Because the Corporation depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. In addition, in some of the Corporation's segments, a component of sales is based on one-time retail transactions rather than subscriptions or long-term agreements, and therefore is influenced by vulnerability to seasonal weather conditions. Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results due to the seasonality of certain operations.

During the third quarter of 2013, the Corporation changed its organisational structure resulting in the transfer of the home entertainment chain Le SuperClub Vidéotron ltée from the Telecommunications segment to the Leisure and Entertainment segment. Accordingly, prior period figures in the Corporation's segmented information were reclassified to reflect this change.

On August 14, 2013, a stock split on the Corporation's outstanding Class A Multiple Voting Shares ("Class A shares") and Class B Subordinate Voting Shares ("Class B shares") was performed on a two-for-one basis. Accordingly, all references to the number of shares outstanding, per share amounts and share-based compensation information of the Corporation in these condensed consolidated financial statements have been retrospectively restated to reflect the impact of the stock split.

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2012 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on November 6, 2013.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2013.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

2. CHANGES IN ACCOUNTING POLICIES

On January 1, 2013, the Corporation adopted retrospectively the following standards. Unless otherwise indicated, the adoption of these new standards did not have a material impact on prior period comparative figures.

(i) IFRS 10 *Consolidated Financial Statements* replaces SIC 12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements* and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent corporation.

(ii) IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interest in joint ventures. The new standard requires that such interests be recognized using the equity method. The following table summarizes the adjustments that were recorded in the consolidated statements of income for the prior period comparative figures:

Increase (decrease)	Three months ended September 30, 2012	Nine months ended September 30, 2012
Revenues	$ –	$ (4.2)
Purchase of goods and services	–	(2.5)
Financial expenses	–	(1.7)
Income from continuing operations	$ –	$ –

(iii) IFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles.

(iv) IFRS 13 *Fair Value Measurement* is a new and comprehensive standard that sets out a framework for measuring at fair value and that provides guidance on required disclosures about fair value measurements.

(v) IAS 1 *Presentation of Financial Statements* was amended and the principal change resulting from amendments to this standard is the requirement to present separately other comprehensive items that may be reclassified to income and other comprehensive items that will not be reclassified to income.

(vi) IAS 19 *Employee Benefits (Amended)* involves, among other changes, the immediate recognition of the re-measurement component in other comprehensive income, thereby removing the accounting option previously available in IAS 19 to recognize or to defer recognition of changes in defined benefit obligations and in the fair value of plan assets directly in the consolidated statement of income. IAS 19 also introduces a net interest approach that replaces the expected return on assets and interest costs on the defined benefit obligation with a single net interest component determined by multiplying the net defined benefit liability or asset by the discount rate used to determine the defined benefit obligation. In addition, all past service costs are required to be recognized in profit or loss when the employee benefit plan is amended and no longer spread over any future service period. IAS 19 also allows amounts recorded in other comprehensive income to be recognized either immediately in retained earnings or as a separate category within equity. The Corporation chose to recognize amounts recorded in other comprehensive income in accumulated other comprehensive income.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(vi) IAS 19 *Employee Benefits (Amended)* (continued)

The adoption of the amended standard had the following impacts on prior period figures:

Consolidated statements of income

Increase (decrease)	Three months ended September 30, 2012	Nine months ended September 30, 2012
Employee costs	$ 0.9	$ 2.8
Financial expenses	3.2	9.6
Deferred income tax	(1.1)	(3.3)
Income from continuing operations	$ (3.0)	$ (9.1)
Income from continuing operations attributable to:		
Shareholders	$ (1.5)	$ (4.5)
Non-controlling interests	(1.5)	(4.6)

Consolidated balance sheets

Increase (decrease)	December 31, 2012	December 31, 2011
Other liabilities	$ 2.1	$ 3.7
Deferred income taxes liability	(0.6)	(1.0)
Retained earnings	75.4	48.4
Accumulated other comprehensive loss	(77.2)	(49.6)
Non-controlling interests	0.3	(1.5)

3. REVENUES

The breakdown of revenues between services rendered and product sales is as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
		(restated, note 2)		(restated, note 2)
Services rendered	**$ 919.7**	$ 906.6	**$ 2,773.9**	$ 2,744.5
Product sales	**155.4**	148.1	**437.4**	447.3
	$ 1,075.1	$ 1,054.7	**$ 3,211.3**	$ 3,191.8

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

4. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

The main components of employee costs and purchase of goods and services are as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
		(restated, note 2)		(restated, note 2)
Employee costs	**$ 277.0**	$ 279.5	**$ 876.2**	$ 884.2
Less employee costs capitalized to property, plant and equipment and intangible assets	**(28.9)**	(29.3)	**(88.7)**	(90.9)
	248.1	250.2	**787.5**	793.3
Purchase of goods and services:				
Royalties, rights and creation costs	**151.6**	155.9	**480.5**	488.7
Cost of retail products	**78.1**	70.6	**215.2**	208.1
Marketing, circulation and distribution expenses	**42.5**	53.2	**135.4**	152.8
Service and printing contracts	**55.0**	62.3	**164.0**	174.6
Paper, ink and printing supplies	**22.6**	26.6	**74.3**	84.7
Other	**96.9**	86.6	**288.8**	268.5
	446.7	455.2	**1,358.2**	1,377.4
	$ 694.8	$ 705.4	**$ 2,145.7**	$ 2,170.7

5. FINANCIAL EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
		(restated, note 2)		(restated, note 2)
Interest on long-term debt	**$ 84.6**	$ 74.5	**$ 262.5**	$ 227.7
Amortization of financing costs and long-term debt discount	**2.8**	3.6	**9.1**	10.9
Interest on net defined benefit liability	**3.2**	3.2	**9.8**	9.6
Interest on liability component of convertible debentures	**1.7**	–	**5.3**	–
(Gain) loss on foreign currency translation on short-term monetary items	**–**	(0.8)	**1.4**	2.0
Other	**(2.0)**	(0.4)	**(2.2)**	(2.7)
	$ 90.3	$ 80.1	**$ 285.9**	$ 247.5

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

6. LOSS (GAIN) ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Loss (gain) on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ 8.5**	$ (117.7)	**$ 141.1**	$ (241.5)
Loss on reversal of embedded derivatives upon debt redemption	**5.9**	–	**72.9**	9.7
Loss (gain) on the ineffective portion of cash flow hedges	**0.6**	–	**(1.7)**	–
Gain on the fair value of derivative component of convertible debentures	**(0.4)**	–	**(2.7)**	–
	$ 14.6	$ (117.7)	**$ 209.6**	$ (231.8)

7. RESTRUCTURING OF OPERATIONS, IMPAIRMENT OF ASSETS AND OTHER SPECIAL ITEMS

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Restructuring of operations	**$ 5.7**	$ 31.8	**$ 11.1**	$ 33.1
Impairment of assets	**0.6**	7.5	**2.3**	7.5
Gain on disposal of assets	**–**	–	**–**	(12.9)
Other	**(0.6)**	0.4	**1.5**	1.1
	$ 5.7	$ 39.7	**$ 14.9**	$ 28.8

News Media

In recent years, the News Media segment has implemented various restructuring initiatives to reduce operating costs. As a result of these initiatives, restructuring costs of $3.8 million, mainly for the reduction of positions, were recorded in the three-month period ended September 30, 2013 ($31.8 million in 2012). Restructuring costs were $4.1 million for the nine-month period ended September 30, 2013 ($32.1 million in 2012).

As part of these restructuring initiatives, an impairment charge of $7.5 million related to tangible and intangible assets was recorded in the three-month and nine-month periods ended September 30, 2012.

7. RESTRUCTURING OF OPERATIONS, IMPAIRMENT OF ASSETS AND OTHER SPECIAL ITEMS (continued)

<u>Broadcasting</u>

During the three-month period ended September 30, 2013, the Broadcasting segment recorded a restructuring charge of $0.2 million (none in 2012) relating to the elimination of positions and an impairment charge on assets of $0.6 million (none in 2012). During the nine-month period ended September 30, 2013, the Broadcasting segment recorded a restructuring charge of $2.3 million ($0.1 million in 2012) and an impairment charge on assets of $1.6 million (none in 2012).

In the second quarter of 2012, the Broadcasting segment also disposed of its interests in two specialized channels, The Cave and mysteryTV, for a total cash consideration of $21.0 million, resulting in a gain of $12.9 million.

<u>Other segments</u>

Other segments recorded a charge for restructuring costs, impairment of assets and other special items of $1.1 million and $6.9 million in the respective three-month and nine-month periods ended September 30, 2013 ($0.4 million and $2.0 million in 2012, respectively).

8. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

<u>News Media and Leisure and Entertainment</u>

During the third quarter of 2013, the Corporation performed impairment tests on the News Media, Music and Book cash generating units ("CGU") which continued to be negatively affected by the digital transformation and weak market conditions in their respective industries. The Corporation concluded that the recoverable amount based either on a value in use or a fair value less costs of disposal was less than the carrying amount of these CGUs. Accordingly, the following impairment charges were recorded:

- The News Media segment recorded a goodwill impairment charge of $229.0 million ($145.0 million in 2012) and an impairment charge of $56.0 million on mastheads and customer relationships ($30.0 million in 2012). The Corporation used pre-tax discount rate of 12.68% and perpetual growth rate of 0% to calculate in 2013 the recoverable amount of the News Media CGU.
- The Leisure and Entertainment segment recorded a goodwill impairment charge of $8.9 million for the Music CGU ($12.0 million in 2012) and of $11.9 million for the Book CGU (none in 2012). The Corporation used pre-tax discount rates of 14.48% and 15.37% and perpetual growth rates of 0.5% and 0.5% to calculate in 2013 the recoverable amounts of the Music and Book CGUs, respectively.

<u>Broadcasting</u>

As a result of new tariffs adopted in 2012 with respect to business contributions for costs related to waste recovery services provided by Québec municipalities, the Corporation reviewed its business plan for the magazine publishing activities and performed an impairment test on the Publishing CGU included in the Broadcasting segment. Accordingly, the Corporation recorded a goodwill impairment charge of $14.5 million during the first quarter of 2012.

9. DISCONTINUED OPERATIONS

Quebecor Media sold its specialized Web site *Jobboom* on June 1, 2013 for a cash consideration of $52.1 million, net of cash disposed of $5.4 million. This transaction resulted in a gain on sale of $36.6 million. Quebecor Media also agreed to sell its specialized Web site *Réseau Contact* for a cash consideration of $7.5 million, subject to technology transfer conditions, which are expected to be met by the end of 2013. The results of operations and cash flows related to these businesses, as well as the gain on the sale of *Jobboom*, were reclassified as discontinued operations in the consolidated statements of income and cash flows.

10. LTE MOBILE NETWORK AGREEMENT

On May 29, 2013, Videotron Ltd. ("Videotron") and Rogers Communications Partnership ("Rogers") announced a 20-year agreement to build out and operate a shared LTE (Long Term Evolution) mobile network in the Province of Québec and in the Ottawa region. Under this agreement, Videotron and Rogers will share the deployment and operating costs of the network. As well, both parties to the transaction will provide each other with services over a 10-year period, for which Videotron will receive $93.0 million in total and Rogers $200.0 million in total.

In addition to the network sharing agreement and subject to regulatory approvals, Videotron will have the option, effective as of January 1, 2014, to sell its unused AWS spectrum licence in the Toronto region to Rogers for a price of $180.0 million.

11. LONG-TERM DEBT

On June 3, 2013, Videotron issued a notice for the redemption of US$380.0 million aggregate principal amount of its issued and outstanding Senior Notes bearing interest at 9.125% and maturing in April 2018 at a redemption price of 104.563% of their principal amount. As a result, a total loss of $18.9 million was recorded in the consolidated statement of income in the second quarter of 2013, including a gain of $6.5 million previously recorded in other comprehensive income. On July 2, 2013, the Senior Notes were redeemed for a total cash consideration of $417.8 million.

On June 17, 2013, Videotron issued $400.0 million aggregate principal amount of Senior Notes bearing interest at 5.625% and maturing on June 15, 2025, for net proceeds of $394.8 million, net of financing fees of $5.2 million. The Senior Notes are unsecured and contain certain restrictions, including limitations on Videotron's ability to incur additional indebtedness, pay dividends and make other distributions. The notes are guaranteed by specific subsidiaries of Videotron and are redeemable at the option of Videotron, in whole or in part, at any time before March 15, 2025 at a price based on a make-whole formula or at par beginning March 15, 2025.

In June 2013, Quebecor Media amended its $300.0 million secured revolving credit facility to extend the maturity date to January 2017 and to amend some of the terms and conditions of the facility.

In June 2013, Videotron also amended its $575.0 million secured revolving credit facility to extend the maturity date to July 2018 and to amend some of the terms and conditions of the facility.

On August 1, 2013, Quebecor Media entered into a US$350.0 million Senior Secured Term Loan "B" facility issued at a 99.50% discount price on August 29, 2013 for an amount of $358.4 million, net of $1.9 million financing fees. The Term Loan bears interest at London Interbank Offered Rate ("LIBOR"), subject to a 0.75% LIBOR floor, plus a 2.50% premium. This facility provides for quarterly amortization payments totaling 1.00% per annum of the original principal amount, with the balance payable on August 17, 2020. This facility contains certain restrictions, including limitations on Quebecor Media's ability to incur additional indebtedness, pay dividends and make other distributions. The facility is collateralized by liens on all of the movable property and assets of Quebecor Media (primarily shares of its subsidiaries), now owned or hereafter acquired. Quebecor Media is using derivative financial instruments to set in Canadian dollars future interest and principal payments on this new Term Loan.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

11. LONG-TERM DEBT (continued)

On August 30, 2013, Quebecor Media redeemed US$265.0 million in aggregate principal amount of its issued and outstanding 7.75% Senior Notes due March 2016, issued on January 17, 2006, and settled its related hedging contracts for a total cash consideration of $306.1 million. As a result, a minimal gain was recorded in the consolidated statement of income in the third quarter of 2013, including a gain of $8.0 million previously recorded in other comprehensive income.

In October 2013, the Corporation amended its $150.0 million secured revolving credit facility to extend the maturity date to November 2016 and to amend some of the terms and conditions of the facility.

Components of long-term debt are as follows:

	September 30, 2013	December 31, 2012
Long-term debt	**$ 5,046.8**	$ 4,845.1
Adjustment related to embedded derivatives	**(40.9)**	(254.5)
Financing fees, net of amortization	**(56.8)**	(60.6)
	4,949.1	4,530.0
Less current portion	**(26.0)**	(22.2)
	$ 4,923.1	$ 4,507.8

12. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic earnings per share are calculated by dividing net (loss) income attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by taking into account the potentially dilutive effect of stock options of the Corporation on the number of shares outstanding, the potentially dilutive effect of stock options of the Corporation's subsidiaries on net (loss) income attributable to shareholders, and the potentially dilutive effect of conversion of convertible debentures issued by the Corporation on the number of shares outstanding and on net (loss) income attributable to shareholders.

The following table sets forth the computation of basic and diluted earnings per share attributable to shareholders:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
		(restated, note 2)		(restated, note 2)
(Loss) income from continuing operations attributable to shareholders	**$ (167.5)**	$ 16.0	**$ (207.2)**	$ 150.2
Impact of assumed conversion of stock options of subsidiaries	**–**	–	**–**	(0.3)
(Loss) income from continuing operations attributable to shareholders, adjusted for dilution effect	**$ (167.5)**	$ 16.0	**$ (207.2)**	$ 149.9
Net (loss) income attributable to shareholders	**$ (167.8)**	$ 17.1	**$ (177.3)**	$ 154.0
Impact of assumed conversion of stock options of subsidiaries	**–**	–	**–**	(0.3)
Net (loss) income attributable to shareholders, adjusted for dilution effect	**$ (167.8)**	$ 17.1	**$ (177.3)**	$ 153.7
Weighted average number of shares outstanding (in millions)	**123.7**	126.3	**124.2**	126.7
Potentially dilutive effect of stock options of the Corporation (in millions)	**–**	0.2	**–**	0.3
Weighted average number of diluted shares outstanding (in millions)	**123.7**	126.5	**124.2**	127.0

For the three-month and nine-month periods ended September 30, 2013, the diluted earnings per share calculation does not take into consideration the potentially dilutive effect of all stock options of the Corporation and its subsidiaries and of convertible debentures of the Corporation since their impact is anti-dilutive. During the three-month and nine-month periods ended September 30, 2012, 723,264 options of the Corporation's plan, no options of Quebecor Media's plan and 819,421 options of TVA Group Inc.'s ("TVA Group") plan were excluded from the diluted earnings per share calculation since their impact is anti-dilutive.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

13. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Class A shares with voting rights of 10 votes per share convertible at any time into Class B shares on a one-for-one basis.

An unlimited number of Class B Shares convertible into Class A shares on a one-for-one basis, only if a takeover bid for Class A shares is made to holders of Class A shares without being made concurrently and under the same terms to holders of Class B shares, for the sole purpose of allowing the holders of Class B shares to accept the offer and subject to certain other stated conditions provided in the articles, including acceptance of the offer by the majority holder.

Holders of Class B shares are entitled to elect 25% of the Board of Directors of Quebecor. Holders of Class A shares may elect the other members of the Board of Directors.

(b) Issued and outstanding capital stock

	Class A shares		Class B shares	
	Number	Amount	Number	Amount
Balance as of December 31, 2012	39,175,572	$ 8.7	85,759,592	$ 326.4
Shares converted	(54,700)	–	54,700	–
Shares purchased and cancelled	–	–	(1,423,700)	(5.4)
Balance as of September 30, 2013	**39,120,872**	**$ 8.7**	**84,390,592**	**$ 321.0**

On August 8, 2013, the Corporation filed a normal course issuer bid for a maximum of 1,956,068 Class A shares representing approximately 5% of issued and outstanding Class A shares, and for a maximum of 8,429,248 Class B shares representing approximately 10% of the public float of the Class B shares as of July 31, 2013. The purchases can be made from August 13, 2013 to August 12, 2014 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid will be cancelled.

During the nine-month period ended September 30, 2013, the Corporation purchased and cancelled 1,423,700 Class B shares for a total cash consideration of $31.5 million (1,457,000 Class B shares for a total cash consideration of $25.8 million in 2012). The excess of $26.1 million of the purchase price over the carrying value of Class B shares repurchased was recorded in reduction of retained earnings ($20.3 million in 2012).

On August 14, 2013, a stock split on the Corporation's outstanding Class A and Class B shares on a two-for-one basis was performed.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

14. STOCK-BASED COMPENSATION PLANS

Outstanding options

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participates, for the nine-month period ended September 30, 2013:

	Outstanding options	
	Number	Weighted average exercise price
Quebecor		
As of December 31, 2012	723,264	$ 18.64
Granted	1,645,918	22.23
As of September 30, 2013	**2,369,182**	**$ 21.13**
Vested options as of September 30, 2013	**527,208**	**$ 18.83**
Quebecor Media		
As of December 31, 2012	1,349,007	$ 45.02
Granted	921,711	57.60
Exercised	(336,909)	45.95
Cancelled	(48,500)	49.07
As of September 30, 2013	**1,885,309**	**$ 50.89**
Vested options as of September 30, 2013	**392,298**	**$ 40.61**
TVA Group		
As of December 31, 2012	819,421	$ 16.34
Cancelled	(128,345)	15.29
As of September 30, 2013	**691,076**	**$ 16.54**
Vested options as of September 30, 2013	**691,076**	**$ 16.54**

During the three-month period ended September 30, 2013, 10,666 stock options of Quebecor Media were exercised for a cash consideration of $0.1 million (980,108 stock options for $8.4 million in 2012). During the nine-month period ended September 30, 2013, no stock options of Quebecor were exercised (1,223,504 stock options for a cash consideration of $4.6 million in 2012 and 274,920 Class B shares of the Corporation were also issued upon exercise of stock options in 2012). During the same nine-month period, 336,909 stock options of Quebecor Media were exercised for a cash consideration of $3.9 million (1,203,381 stock options for $10.1 million in 2012).

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

14. STOCK-BASED COMPENSATION PLANS (continued)

Under the mid-term stock-based compensation plan, participants are entitled to receive a cash payment at the end of a three-year period based on the appreciation of the Quebecor Class B share price, and subject to the achievement of certain non-market performance criteria. The following table provides details of changes to outstanding units in the mid-term stock-based compensation plan, for the nine-month period ended September 30, 2013:

		Outstanding units
	Number	Weighted average exercise price
As of December 31, 2012	1,757,146	$ 15.99
Granted	1,180,818	22.08
Expired	(674,448)	13.46
As of September 30, 2013	**2,263,516**	**$ 19.92**

During the first quarter of 2013, a cash consideration of $3.9 million was paid upon expiration of 674,448 units (none in 2012).

For the three-month period ended September 30, 2013, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $6.6 million (net reversal of $3.6 million in 2012). For the nine-month period ended September 30, 2013, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $14.1 million ($2.9 million in 2012).

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Translation of net investments in foreign operations	**Cash flow hedges**	**Defined benefit plans**	**Total**
Balance as of December 31, 2011	$ (0.7)	$ 9.3	$ (49.6)	$ (41.0)
Other comprehensive (loss) income	(2.0)	15.4	–	13.4
Balance as of September 30, 2012	(2.7)	24.7	(49.6)	(27.6)
Other comprehensive income (loss)	1.7	(5.1)	(8.9)	(12.3)
Acquisition of non-controlling interests	(1.1)	9.4	(18.7)	(10.4)
Balance as of December 31, 2012	(2.1)	29.0	(77.2)	(50.3)
Other comprehensive income (loss)	1.7	(38.7)	59.1	22.1
Balance as of September 30, 2013	**$ (0.4)**	**$ (9.7)**	**$ (18.1)**	**$ (28.2)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 9 1/4-year period.