Condensed consolidated financial statements of

QUEBECOR INC. AND ITS SUBSIDIARIES

Three-month and nine-month periods ended September 30, 2011 and 2010

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 2011	Three months ended September 30 2010	Nine months ended September 30 2011	Nine months ended September 30 2010
Revenues	3				
Telecommunications		**$ 611.6**	$ 556.2	**$ 1,795.9**	$ 1,637.6
News Media		**235.2**	238.5	**742.8**	748.0
Broadcasting		**89.3**	94.3	**313.9**	314.8
Leisure and Entertainment		**73.8**	77.6	**206.7**	204.9
Interactive Technologies and Communications		**29.9**	22.4	**84.9**	70.1
Inter-segment		**(25.0)**	(19.1)	**(85.5)**	(63.4)
		1,014.8	969.9	**3,058.7**	2,912.0
Cost of sales, selling and administrative expenses	4	**695.1**	637.9	**2,086.2**	1,937.7
Operating income	5	**319.7**	332.0	**972.5**	974.3
Amortization		**131.0**	98.0	**374.0**	279.2
Financial expenses	6	**83.4**	78.7	**245.2**	242.5
Loss (gain) on valuation and translation of financial instruments	7	**34.4**	(79.0)	**27.9**	(69.7)
Restructuring of operations, impairment of assets and other special items	8	**2.9**	12.6	**19.0**	13.7
(Gain) loss on debt refinancing	10	**(2.7)**	-	**6.6**	12.3
Income before income taxes		**70.7**	221.7	**299.8**	496.3
Income taxes:					
Current		**0.2**	5.1	**(4.9)**	65.9
Deferred		**21.2**	58.1	**86.1**	71.7
		21.4	63.2	**81.2**	137.6
Net income		**$ 49.3**	$ 158.5	**$ 218.6**	$ 358.7
Net income attributable to					
Shareholders		**$ 26.1**	$ 83.0	**$ 115.6**	$ 178.7
Non-controlling interests		**23.2**	75.5	**103.0**	180.0
Earnings per share attributable to shareholders	12				
Basic		**$ 0.41**	$ 1.29	**$ 1.80**	$ 2.78
Diluted		**0.40**	1.28	**1.77**	2.74
Weighted average number of shares outstanding (in millions)		**63.9**	64.3	**64.2**	64.3
Weighted average number of diluted shares (in millions)		**64.5**	65.0	**64.8**	65.0

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Net income	**$ 49.3**	$ 158.5	**$ 218.6**	$ 358.7
Other comprehensive income:				
Gain (loss) on translation of net investments in foreign operations	**0.8**	1.1	**1.6**	(1.8)
Cash flow hedges:				
Gain (loss) on valuation of derivative financial instruments	**19.4**	(7.7)	**13.4**	95.4
Deferred income taxes	**(10.0)**	3.7	**(7.1)**	(13.8)
Defined benefit plans:				
Net change in asset limit or in minimum funding liability	**(0.1)**	(1.4)	**(0.3)**	(4.2)
Deferred income taxes	**-**	0.4	**0.1**	1.2
Reclassification to income of:				
Other comprehensive loss related to cash flow hedges	**0.8**	-	**0.8**	8.4
Deferred income taxes	**(0.2)**	-	**(0.2)**	(2.5)
	10.7	(3.9)	**8.3**	82.7
Comprehensive income	**$ 60.0**	$ 154.6	**$ 226.9**	$ 441.4
Comprehensive income attributable to				
Shareholders	**$ 32.3**	$ 81.2	**$ 120.3**	$ 224.7
Non-controlling interests	**27.7**	73.4	**106.6**	216.7

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		Nine months ended September 30	
	2011	2010	**2011**	2010
Operating income				
Telecommunications	**$ 275.4**	$ 264.5	**$ 804.1**	$ 784.1
News Media	**29.1**	38.0	**103.1**	133.6
Broadcasting	**3.0**	13.1	**29.9**	45.7
Leisure and Entertainment	**11.5**	12.3	**19.0**	16.3
Interactive Technologies and Communications	**3.2**	1.2	**5.4**	3.5
Head Office	**(2.5)**	2.9	**11.0**	(8.9)
	$ 319.7	$ 332.0	**$ 972.5**	$ 974.3
Amortization				
Telecommunications	**$ 108.0**	$ 73.7	**$ 307.9**	$ 209.9
News Media	**14.3**	15.8	**41.1**	45.0
Broadcasting	**4.4**	3.9	**12.8**	11.3
Leisure and Entertainment	**2.4**	2.5	**6.8**	7.3
Interactive Technologies and Communications	**0.9**	1.1	**2.5**	3.0
Head Office	**1.0**	1.0	**2.9**	2.7
	$ 131.0	$ 98.0	**$ 374.0**	$ 279.2
Additions to property, plant and equipment				
Telecommunications	**$ 195.8**	$ 182.2	**$ 536.2**	$ 460.8
News Media	**2.9**	3.7	**11.3**	7.0
Broadcasting	**7.1**	3.3	**22.5**	11.8
Leisure and Entertainment	**2.4**	0.8	**4.0**	3.4
Interactive Technologies and Communications	**0.5**	0.4	**3.7**	2.0
Head Office	**0.1**	0.6	**0.8**	1.8
	$ 208.8	$ 191.0	**$ 578.5**	$ 486.8
Additions to intangible assets				
Telecommunications	**$ 16.1**	$ 16.4	**$ 45.0**	$ 48.2
News Media	**2.7**	1.8	**8.1**	7.5
Broadcasting	**1.4**	1.3	**3.4**	4.1
Leisure and Entertainment	**1.2**	1.7	**3.8**	5.8
	$ 21.4	$ 21.2	**$ 60.3**	$ 65.6
Externally acquired intangible assets	**11.6**	6.7	**27.1**	20.4
Internally generated intangible assets	**9.8**	14.5	**33.2**	45.2
	$ 21.4	$ 21.2	**$ 60.3**	$ 65.6

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	Contributed surplus	Retained earnings	Accumulated other comprehensive loss		
	(note 13)			(note 15)		
Balance as of December 31, 2009 as previously reported under Canadian GAAP	$ 346.6	$ 4.7	$ 830.1	$ (11.0)	$ -	$ 1,170.4
IFRS adjustments (note 17)	-	(2.7)	(73.5)	1.0	1,162.6	1,087.4
Balance as of January 1, 2010	346.6	2.0	756.6	(10.0)	1,162.6	2,257.8
Net income	-	-	178.7	-	180.0	358.7
Other comprehensive income	-	-	-	46.0	36.7	82.7
Acquisition of non-controlling interests	-	(1.1)	-	-	(0.9)	(2.0)
Dividends	-	-	(9.6)	-	(30.1)	(39.7)
Balance as of September 30, 2010	346.6	0.9	925.7	36.0	1,348.3	2,657.5
Net income	-	-	46.6	-	51.3	97.9
Other comprehensive loss	-	-	-	(47.7)	(39.8)	(87.5)
Acquisition of non-controlling interests	-	-	-	-	(1.0)	(1.0)
Dividends	-	-	(3.3)	-	(11.9)	(15.2)
Balance as of December 31, 2010	346.6	0.9	969.0	(11.7)	1,346.9	2,651.7
Net income	-	-	115.6	-	103.0	218.6
Other comprehensive income	-	-	-	4.7	3.6	8.3
Issuance of shares of a subsidiary to non-controlling shareholders	-	-	-	-	1.0	1.0
Repurchase of Class B shares (note 13)	(5.6)	-	(18.4)	-	-	(24.0)
Dividends	-	-	(9.6)	-	(35.2)	(44.8)
Balance as of September 30, 2011	**$ 341.0**	**$ 0.9**	**$ 1,056.6**	**$ (7.0)**	**$ 1,419.3**	**$ 2,810.8**

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 **2011**	Three months ended September 30 2010	Nine months ended September 30 **2011**	Nine months ended September 30 2010
Cash flows related to operating activities					
Net income		**$ 49.3**	$ 158.5	**$ 218.6**	$ 358.7
Adjustments for:					
Amortization of property, plant and equipment		**99.5**	78.2	**285.4**	233.5
Amortization of intangible assets		**31.5**	19.8	**88.6**	45.7
Loss (gain) on valuation and translation of financial instruments	7	**34.4**	(79.0)	**27.9**	(69.7)
Impairment of assets	8	**0.3**	5.4	**1.5**	11.1
(Gain) loss on debt refinancing	10	**(2.7)**	-	**6.6**	12.3
Amortization of financing costs and long-term debt discount	6	**3.3**	3.1	**9.2**	9.3
Deferred income taxes		**21.2**	58.1	**86.1**	71.7
Other		**2.3**	(0.5)	**0.9**	(6.8)
		239.1	243.6	**724.8**	665.8
Net change in non-cash balances related to operating activities		**141.1**	49.7	**(32.4)**	(9.6)
Cash flows provided by operating activities		**380.2**	293.3	**692.4**	656.2
Cash flows related to investing activities					
Business acquisitions, net of cash and cash equivalents	9	**(5.6)**	(2.0)	**(55.7)**	(3.1)
Business disposals, net of cash and cash equivalents		**-**	0.3	**-**	2.1
Additions to property, plant and equipment		**(208.8)**	(191.0)	**(578.5)**	(486.8)
Additions to intangible assets		**(21.4)**	(21.2)	**(60.3)**	(65.6)
Proceeds from disposals of assets		**2.5**	2.3	**7.5**	49.6
Net change in temporary investments		**-**	-	**-**	30.0
Net change in cash and cash equivalents in trust		**0.1**	-	**4.9**	-
Other		**0.3**	0.3	**(1.7)**	0.3
Cash flows used in investing activities		**(232.9)**	(211.3)	**(683.8)**	(473.5)
Cash flows related to financing activities					
Net change in bank indebtedness		**1.9**	(1.0)	**(1.0)**	2.0
Net change under revolving credit facilities		**6.9**	(0.1)	**(4.0)**	2.5
Issuance of long-term debt, net of financing fees	10	**294.9**	-	**614.8**	292.7
Repayment of long-term debt	10	**(254.9)**	(22.3)	**(481.1)**	(342.5)
Settlement of hedging contracts	10	**(54.8)**	-	**(160.2)**	(32.4)
Repurchase of Class B shares	13	**(24.0)**	-	**(24.0)**	-
Dividends		**(6.4)**	(3.2)	**(9.6)**	(9.6)
Dividends paid to non-controlling shareholders		**(11.4)**	(11.9)	**(35.2)**	(30.1)
Other		**0.1**	-	**1.1**	-
Cash flows used in financing activities		**(47.7)**	(38.5)	**(99.2)**	(117.4)
Net change in cash and cash equivalents		**99.6**	43.5	**(90.6)**	65.3
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		**-**	0.2	**0.3**	(0.8)
Cash and cash equivalents at beginning of period		**52.8**	320.8	**242.7**	300.0
Cash and cash equivalents at end of period		**$ 152.4**	$ 364.5	**$ 152.4**	$ 364.5
Cash and cash equivalents consist of					
Cash		**$ 40.4**	$ 92.5	**$ 40.4**	$ 92.5
Cash equivalents		**112.0**	272.0	**112.0**	272.0
		$ 152.4	$ 364.5	**$ 152.4**	$ 364.5
Non-cash investing activities					
Net change in additions to property, plant and equipment and intangible assets financed with accounts payable		**$ 0.8**	$ (17.6)	**$ 28.7**	$ (25.3)
Interest and taxes reflected as operating activities					
Cash interest payments		**$ 22.9**	$ 33.8	**$ 186.1**	$ 188.7
Cash income tax payments (net of refunds)		**(3.7)**	6.9	**30.3**	34.1

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 2011**	December 31 2010
Assets			
Current assets			
Cash and cash equivalents		**$ 152.4**	$ 242.7
Cash and cash equivalents in trust		**0.4**	5.3
Accounts receivable		**538.7**	588.5
Income taxes		**16.8**	6.4
Inventories		**271.1**	245.2
Prepaid expenses		**38.9**	38.0
		1,018.3	1,126.1
Non-current assets			
Property, plant and equipment		**3,075.6**	2,812.9
Intangible assets		**1,015.8**	1,029.1
Goodwill		**3,551.0**	3,505.2
Derivative financial instruments		**69.5**	28.7
Deferred income taxes		**27.6**	20.3
Other assets		**94.3**	93.8
		7,833.8	7,490.0
Total assets		**$ 8,852.1**	$ 8,616.1
Liabilities and equity			
Current liabilities			
Bank indebtedness		**$ 4.7**	$ 5.7
Accounts payable and accrued charges		**746.8**	753.6
Provisions		**38.9**	72.2
Deferred revenue		**285.9**	275.1
Income taxes		**6.0**	33.6
Current portion of long-term debt	10	**49.0**	30.8
		1,131.3	1,171.0
Non-current liabilities			
Long-term debt	10	**3,821.3**	3,587.3
Derivative financial instruments		**267.6**	479.9
Other liabilities	11	**268.9**	274.0
Deferred income taxes		**552.2**	452.2
		4,910.0	4,793.4
Equity			
Capital stock	13	**341.0**	346.6
Contributed surplus		**0.9**	0.9
Retained earnings		**1,056.6**	969.0
Accumulated other comprehensive loss	15	**(7.0)**	(11.7)
Equity attributable to shareholders		**1,391.5**	1,304.8
Non-controlling interests		**1,419.3**	1,346.9
		2,810.8	2,651.7
Commitments	16		
Total liabilities and equity		**$ 8,852.1**	$ 8,616.1

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 a 54.7% interest in Quebecor Media Inc. ("Quebecor Media"), which 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, operates in the rental of movies and televisual products through its video-on-demand service and its distribution and rental stores, and operates specialized Internet sites. 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, directories and commercial inserts in Canada, and the operation of Internet sites in Canada, including French- and English-language portals and specialized sites. 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, DVD and Blu-ray units, musical instruments and magazines in Canada, online sales of downloadable music and music production and distribution in Canada. 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.

During the second quarter of 2011, certain specialized Internet sites were transferred from the News Media segment to the Telecommunications segment. Accordingly, prior period figures in the Corporation's segmented financial information were reclassified to reflect this change.

Some of the Corporation's businesses 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 changes. 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.

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"), which replaced Canadian Generally Accepted Accounting Principles ("GAAP") as of January 1, 2011. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and with IFRS 1, *First-time Adoption of IFRS*, and accordingly, they are condensed consolidated financial statements because they do not include all disclosures required under IFRS for annual consolidated financial statements. These consolidated financial statements should be read in conjunction with the Corporation's 2010 annual consolidated financial statements and with the Corporation's consolidated financial statements for the three-month period ended March 31, 2011.

The Corporation's significant accounting policies under IFRS are disclosed in note 1 to the consolidated financial statements for the three-month period ended March 31, 2011. Additional information on the transition to IFRS is also included in note 17 below.

These consolidated financial statements were approved for issue by the Board of Directors of Quebecor Inc. on November 8, 2011.

Comparative figures for the three-month and nine-month periods ended September 30, 2010, and for the year ended December 31, 2010, have been restated to conform to the presentation adopted for nine-month period ended September 30, 2011.

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

2. RECENT ACCOUNTING PRONOUNCEMENTS

The Corporation has not early adopted the following new standards and adoption impacts on the consolidated financial statements have not yet been determined:

New or amended standards	Expected changes to existing standards
IFRS 9 – Financial Instruments *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 9 simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement.
IFRS 10 – Consolidated Financial Statements *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 10 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 within the consolidated financial statements of the parent company.
IFRS 11 – Joint Arrangements *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 11 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 interests in joint ventures. The new standard requires that such interests be recognized using the equity method.
IFRS 12 – Disclosure of Interests in Other Entities *(Effective from periods beginning January 1, 2013 with early adoption permitted)*	IFRS 12 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.
IAS 19 – Post-employment Benefits (including pensions) (Amended) *(Effective from periods beginning January 1, 2013 with retrospective application)*	Amendments to IAS 19 involve, 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 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.

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

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	
	2011	2010	**2011**	2010
Services rendered	**$ 862.0**	$ 801.6	**$ 2,603.8**	$ 2,434.5
Product sales	**152.8**	168.3	**454.9**	477.5
	$ 1,014.8	$ 969.9	**$ 3,058.7**	$ 2,912.0

4. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES

The main components are as follows:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Employee costs	**$ 281.8**	$ 254.6	**$ 819.5**	$ 794.2
Royalties, rights and creation costs	**144.3**	134.6	**448.8**	421.3
Cost of retail products	**75.5**	62.0	**238.1**	163.4
Marketing, circulation and distribution expenses	**46.4**	56.2	**147.7**	164.1
Service and printing contracts	**53.7**	43.1	**147.8**	115.7
Paper, ink and printing supplies	**26.5**	25.8	**80.7**	74.5
Other	**96.9**	91.6	**291.2**	292.2
	725.1	667.9	**2,173.8**	2,025.4
Employee costs capitalized to property, plant and equipment and intangible assets	**(30.0)**	(30.0)	**(87.6)**	(87.7)
	$ 695.1	$ 637.9	**$ 2,086.2**	$ 1,937.7

5. OPERATING INCOME

In its analysis of operating results, the Corporation uses operating income, as presented in the consolidated statement of income, to assess its financial performance. The Corporation's management and Board of Directors use this measure in evaluating the Corporation's consolidated results as well as the results of its operating segments. As such, this measure is unaffected by the capital structure or investment activities of the Corporation and its segments. Operating income is also a significant component of the Corporation's annual incentive compensation programs. Operating income is referred to as an additional IFRS measure.

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

6. FINANCIAL EXPENSES

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Interest on long-term debt and exchangeable debentures	**$ 77.2**	$ 76.2	**$ 235.1**	$ 227.8
Amortization of financing costs and long-term debt discount	**3.3**	3.1	**9.2**	9.3
Loss (gain) on foreign currency translation on current monetary items	**2.9**	(0.9)	**1.9**	4.8
Other	**–**	0.3	**(1.0)**	0.6
	$ 83.4	$ 78.7	**$ 245.2**	$ 242.5

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Loss (gain) on embedded derivatives and derivative financial instruments for which hedge accounting is not used	**$ 33.6**	$ (76.6)	**$ 26.0**	$ (68.2)
Gain on foreign currency translation of financial instruments for which hedge accounting is not used	**–**	(1.7)	**–**	(3.9)
Loss (gain) on the ineffective portion of fair value hedges	**0.8**	(0.7)	**1.9**	2.4
	$ 34.4	$ (79.0)	**$ 27.9**	$ (69.7)

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

Telecommunications

In 2010, Videotron Ltd. ("Videotron") launched its new advanced mobile network. Since then, Videotron has been incurring costs for the migration of its pre-existing Mobile Virtual Network Operator subscribers to its new mobile network. Charges of $0.3 million and $14.8 million were recorded in the respective three-month and nine-month periods ended September 30, 2011 ($4.9 million in both periods of 2010).

A gain on disposal of assets of $2.8 million was also recorded in the second quarter of 2010.

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

News Media

Restructuring charges of $2.0 million, mainly related to the elimination of positions, were recorded in the three-month and nine-month periods ended September 30, 2011 ($1.5 million and $4.6 million in the respective periods of 2010).

During the first quarter of 2011, an impairment charge of $0.9 million related to intangible assets was recorded (a charge of $3.5 million in the respective three-month and nine-month periods ended September 30, 2010).

As well, certain assets were sold in the second quarter of 2010, resulting in a net gain of $4.9 million.

Broadcasting

In 2010, the Broadcasting segment decided to terminate the operations of its general-interest television station, Sun TV. As a result of this decision, an impairment charge of $0.3 million and $0.6 million on certain equipment and broadcasting rights was recorded during the respective three-month and nine-month periods ended September 30, 2011 ($1.9 million and $7.6 million in 2010).

Restructuring charges and other special items of $0.8 million, primarily related to the elimination of positions, were also recorded during the three-month and nine-month periods ended September 30, 2010.

Other segments

Costs for other special items of $0.3 million and $0.7 million were recorded during the respective three-month and nine-month periods ended September 30, 2011 (none in 2010).

9. BUSINESS ACQUISITIONS

During the third quarter of 2011, the Interactive Technologies and Communications segment acquired a digital marketing agency in the United States for cash consideration and contingent amounts subject to the achievement of specific targets in the next three years. The assets acquired were mainly comprised of goodwill and intangible assets. The purchase price allocation is preliminary as of September 30, 2011.

During the first quarter of 2011, the News Media segment acquired 15 community publications in the Province of Québec. The assets acquired are mainly comprised of goodwill and intangible assets.

Other businesses, principally in the Leisure and Entertainment segment, were also acquired by the Corporation during the second quarter of 2011.

10. LONG-TERM DEBT

On January 5, 2011, Quebecor Media issued $325.0 million in aggregate principal amount of Senior Notes for net proceeds of $319.9 million, net of financing fees of $5.1 million. The Senior Notes bear interest at 7.375%, payable every six months on June 15 and December 15, and will mature on January 15, 2021. These notes contain certain restrictions on Quebecor Media, including limitations on its ability to incur additional indebtedness, pay dividends, or make other distributions, and are unsecured. These notes are redeemable at the option of Quebecor Media, in whole or in part, at any time prior to January 15, 2016 at a price based on a make-whole formula and at a decreasing premium from January 15, 2016 and thereafter.

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

10. LONG-TERM DEBT (continued)

On February 15, 2011, Sun Media Corporation redeemed and retired all of its 7.625% Senior Notes in an aggregate principal amount of US$205.0 million and settled its related hedging contracts, representing a total cash consideration of $308.2 million. This transaction resulted in a total loss of $9.3 million (before income taxes).

On July 5, 2011, Videotron issued $300.0 million in aggregate principal amount of Senior Notes for net proceeds of $294.9 million, net of financing fees of $5.1 million. The Senior Notes bear interest at 6.875%, payable every six months on June 15 and December 15, and will mature on July 15, 2021. These notes contain certain restrictions on Videotron, including limitations on its ability to incur additional indebtedness, pay dividends, or make other distributions, and are unsecured. The Senior Notes are guaranteed by specific subsidiaries of Videotron. These notes are redeemable at the option of Videotron, in whole or in part, at any time prior to June 15, 2016 at a price based on a make-whole formula and at a decreasing premium from June 15, 2016 and thereafter.

On July 18, 2011, Videotron used the proceeds from its Senior Notes issued on July 5, 2011 to redeem and retire US$255.0 million in aggregate principal amount of its issued and outstanding 6.875% Senior Notes due in 2014 and settled its related hedging contracts, representing a total cash consideration of $303.1 million. This transaction resulted in a total gain of $2.7 million (before income taxes).

On July 20, 2011, Videotron amended its $575.0 million secured revolving credit facility to extend the maturity date from April 2012 to July 2016 and to change certain conditions and terms of the facility.

Components of the long-term debt are as follows:

	September 30, 2011	December 31, 2010
Long-term debt	**$ 3,935.7**	$ 3,701.0
Change in fair value related to hedged interest rate risks	**19.6**	26.8
Adjustment related to embedded derivatives	**(38.8)**	(67.5)
Financing fees, net of amortization	**(46.2)**	(42.2)
	3,870.3	3,618.1
Less current portion	**49.0**	30.8
	$ 3,821.3	$ 3,587.3

11. OTHER LIABILITIES

The conditions of exchangeable debentures Series 2001 and Series Abitibi were amended respectively in February and June 2011 to reduce the interest rate from 1.50% to 0.10% on the debentures principal amount. Other related conditions have not changed and remain applicable.

In September 2011, the Corporation redeemed exchangeable debentures Series 2001 in a principal amount of $135.0 million for no consideration. As of September 30, 2011, the combined principal amount related to the two remaining outstanding series of exchangeable debentures totalled $844.9 million.

12. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic earnings per share are calculated by dividing net 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 all stock options of the Corporation and its subsidiaries.

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	
	2011	2010	**2011**	2010
Net income attributable to shareholders	**$ 26.1**	$ 83.0	**$ 115.6**	$ 178.7
Impact of assumed conversion of stock options of subsidiaries	**(0.1)**	(0.3)	**(0.4)**	(0.8)
Net income attributable to shareholders, adjusted for dilution effect	**$ 26.0**	$ 82.7	**$ 115.2**	$ 177.9
Number of shares outstanding (in millions)	**63.9**	64.3	**64.2**	64.3
Effect of dilutive stock options of the Corporation (in millions)	**0.6**	0.7	**0.6**	0.7
Number of diluted shares outstanding (in millions)	**64.5**	65.0	**64.8**	65.0

The diluted earnings per share calculation does not take into consideration the potential dilutive effect of certain stock options of the Corporation and its subsidiaries since their impact is anti-dilutive. During the three-month and nine-month periods ended September 30, 2011, 288,886 options of the Corporation's plan (192,590 in 2010), 112,000 options of Quebecor Media's plan (8,000 in 2010), and 833,610 options of TVA Group Inc.'s ("TVA Group") plan (833,610 in 2010) were excluded from the diluted earnings per share calculation.

(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 Multiple Voting Shares ("Class A shares") with voting rights of 10 votes per share convertible at any time into Class B Subordinate Voting Shares ("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, 2010	19,826,342	$ 8.8	44,490,680	$ 337.8
Class A shares converted into Class B shares	(122,151)	–	122,151	–
Shares purchased and cancelled	–	–	(738,500)	(5.6)
Balance as of September 30, 2011	**19,704,191**	**$ 8.8**	**43,874,331**	**$ 332.2**

On August 10, 2011, the Corporation filed a normal course issuer bid for a maximum of 985,233 Class A shares representing approximately 5% of the issued and outstanding Class A shares, and for a maximum of 4,453,304 Class B shares representing approximately 10% of the public float of the Class B shares as of August 2, 2011. The purchases can be made from August 12, 2011 to August 10, 2012 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange. All shares purchased under the bid are or will be cancelled.

During the third quarter of 2011, the Corporation purchased and cancelled 738,500 Class B shares for a total cash consideration of $24.0 million. The excess of $18.4 million of the purchase price over the carrying value of Class B shares repurchased was recorded in reduction of retained earnings.

(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 of the Corporation and its subsidiaries for the nine-month period ended September 30, 2011:

	Outstanding options		
	Number		Weighted average exercise price
Quebecor			
As of December 31, 2010:	2,314,938	$	24.47
Granted	96,296		35.09
Exercised	(121,000)		25.87
As of September 30, 2011	**2,290,234**	**$**	**24.84**
Vested options as of September 30, 2011	**1,831,406**	**$**	**24.98**
Quebecor Media			
As of December 31, 2010:	3,515,668	$	42.69
Granted	114,000		50.18
Exercised	(453,409)		40.74
Cancelled	(115,033)		45.67
As of September 30, 2011	**3,061,226**	**$**	**43.15**
Vested options as of September 30, 2011	**951,482**	**$**	**42.13**
TVA Group			
As of December 31, 2010 and September 30, 2011	**833,610**	**$**	**16.35**
Vested options as of September 30, 2011	**603,866**	**$**	**16.95**

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. As of September 30, 2011, 577,298 units were outstanding under this plan at an average exercise price of $31.33.

During the three-month period ended September 30, 2011, 138,515 stock options of Quebecor Media were exercised for a cash consideration of $1.2 million (222,207 stock options for $2.8 million in 2010). During the nine-month period ended September 30, 2011, 121,000 of the Corporation's stock options were exercised for a cash consideration of $1.3 million (none in 2010) and 453,409 of Quebecor Media's stock options were exercised for a cash consideration of $4.2 million (367,301 stock options for $4.3 million in 2010).

For the respective three-month and nine-month periods ended September 30, 2011, a net charge of $5.5 million and a net reversal of the consolidated charge in the amount of $12.0 million related to all stock-based compensation plans were recorded (net charges of $2.5 million and $23.5 million in 2010).

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

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Translation of net investments in foreign operations	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2009, as previously reported under Canadian GAAP	$ (1.0)	$ (10.0)	$ –	$ (11.0)
IFRS adjustments	1.0	–	–	1.0
Balance as of January 1, 2010	–	(10.0)	–	(10.0)
Other comprehensive income	(1.0)	48.0	(1.0)	46.0
Balance as of September 30, 2010	(1.0)	38.0	(1.0)	36.0
Other comprehensive loss	(0.6)	(22.7)	(24.4)	(47.7)
Balance as of December 31, 2010	(1.6)	15.3	(25.4)	(11.7)
Other comprehensive income	0.9	3.7	0.1	4.7
Balance as of September 30, 2011	**$ (0.7)**	**$ 19.0**	**$ (25.3)**	**$ (7.0)**

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 6 1/2-year period.

16. COMMITMENTS

On September 1, 2011, Quebecor Media finalized an agreement with Québec City, under which it obtained the management and naming rights for a 25-year period related to the arena to be constructed in Québec City. The agreement includes, among other terms, a commitment from Quebecor Media to pay $33.0 million in 2015 for the naming rights to the site of the future facility, a lease for an initial period of 25 years with annual rental payments of approximately $3.0 million, as well as other conditions. The financial commitment from Quebecor Media could potentially increase in the event that an agreement to operate a National Hockey League franchise occurs in the future.

17. TRANSITION TO IFRS

These consolidated financial statements are prepared in accordance with IFRS (note 1). The date of the opening balance sheet under IFRS and the Corporation's date of transition to IFRS is January 1, 2010.

The Corporation is required to establish IFRS accounting policies as of the transition date and, in general, to apply these retrospectively to determine the IFRS opening balance sheet at January 1, 2010. Descriptions of applicable exemptions and exceptions under IFRS to this general principle of retrospective application, together with the Corporation's elections, are set out in note 16 of the Corporation's consolidated financial statements for the period ended March 31, 2011. This note also presents a reconciliation of the 2010 financial figures prepared under Canadian GAAP to the 2010 financial figures prepared under IFRS, including a reconciliation of the consolidated statements of income, comprehensive income and cash flows for the year ended December 31, 2010, as well as a reconciliation of the consolidated balance sheets and equity as of January 1, 2010 and as of December 31, 2010, together with additional annual disclosures under IFRS considered to be material.

The following tables present the reconciliation of the consolidated statements of income, comprehensive income and cash flows for the three-month and nine-month periods ended September 30, 2010, as well as a reconciliation of equity as of September 30, 2010.

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

17. TRANSITION TO IFRS (continued)

(a) Reconciliation of the consolidated statements of income and comprehensive income for the three-month period ended September 30, 2010

	Explanation	Canadian GAAP	IFRS adjustments	IFRS
Revenues		$ 969.9	$ –	$ 969.9
Cost of sales, selling and administrative expenses	(i), (ii)	640.0	(2.1)	637.9
Amortization	(iv)	98.5	(0.5)	98.0
Financial expenses	(iii)	67.6	11.1	78.7
Gain on valuation and translation of financial instruments		(79.0)	–	(79.0)
Restructuring of operations, impairment of assets and other special items	(v)	22.6	(10.0)	12.6
Income before income taxes and non-controlling interests		220.2	1.5	221.7
Income taxes	(ix)	62.5	0.7	63.2
		157.7	0.8	158.5
Non-controlling interests	(x)	(74.9)	74.9	–
Net income		$ 82.8	$ 75.7	$ 158.5
Other comprehensive income	(i), (ix), (x)	(1.6)	(2.3)	(3.9)
Comprehensive income		$ 81.2	$ 73.4	$ 154.6
Net income attributable to:				
Shareholders		$ 82.8	$ 0.2	$ 83.0
Non-controlling interests	(x)		75.5	75.5
Income per share attributable to shareholders:				
Basic		$ 1.28	$ 0.01	$ 1.29
Diluted		1.27	0.01	1.28
Comprehensive income attributable to:				
Shareholders		$ 81.2	$ –	$ 81.2
Non-controlling interests	(x)		73.4	73.4

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

17. TRANSITION TO IFRS (continued)

(b) Reconciliation of the consolidated statements of income and comprehensive income for the nine-month period ended September 30, 2010

	Explanation	Canadian GAAP	IFRS adjustments	IFRS
Revenues		$ 2,912.0	$ –	$ 2,912.0
Cost of sales, selling and administrative expenses	(i), (ii)	1,939.4	(1.7)	1,937.7
Amortization	(iv)	280.0	(0.8)	279.2
Financial expenses	(iii)	209.4	33.1	242.5
Gain on valuation and translation of financial instruments		(69.7)	–	(69.7)
Restructuring of operations, impairment of assets and other special items	(v)	26.0	(12.3)	13.7
Loss on debt refinancing		12.3	–	12.3
Income before income taxes and non-controlling interests		514.6	(18.3)	496.3
Income taxes	(ix)	140.9	(3.3)	137.6
		373.7	(15.0)	358.7
Non-controlling interests	(x)	(187.1)	187.1	–
Net income		$ 186.6	$ 172.1	$ 358.7
Other comprehensive income	(i), (ix), (x)	46.9	35.8	82.7
Comprehensive income		$ 233.5	$ 207.9	$ 441.4
Net income attributable to:				
Shareholders		$ 186.6	$ (7.9)	$ 178.7
Non-controlling interests	(x)		180.0	180.0
Income per share attributable to shareholders:				
Basic		$ 2.90	$ (0.12)	$ 2.78
Diluted		2.86	(0.12)	2.74
Comprehensive income attributable to:				
Shareholders		$ 233.5	$ (8.8)	$ 224.7
Non-controlling interests	(x)		216.7	216.7

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

17. TRANSITION TO IFRS (continued)

(c) Reconciliation of consolidated statement of cash flows for the three-month and nine-month periods ended September 30, 2010

For the respective three-month and the nine-month periods ended September 30, 2010, the adoption of IFRS resulted in a decrease of $11.1 million and $33.1 million of cash flows used in investing activities and in an equivalent decrease of cash flows provided by operating activities in the consolidated statement of cash flows. These adjustments relate to borrowing costs previously capitalized to property, plant and equipment and to intangible assets, under Canadian GAAP (note 17(iii)).

(d) Reconciliation of equity as of September 30, 2010

	Explanation	September 30, 2010
Shareholders' equity under Canadian GAAP		$ 1,394.3
IFRS adjustments:		
Defined benefit plans	(i)	(114.8)
Share-based compensation	(ii)	(23.7)
Borrowing costs	(iii)	(98.2)
Capitalized pre-operating losses	(iv)	(9.2)
Provisions	(v)	(1.0)
Intangible assets with indefinite useful lives	(vi)	15.5
Income taxes	(ix)	81.7
Other		0.3
		(149.4)
Non-controlling interests	(x)	1,412.6
Equity under IFRS		$ 2,657.5
Equity attributable to:		
Shareholders		$ 1,309.2
Non-controlling interests	(x)	1,348.3

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

17. TRANSITION TO IFRS (continued)

(e) Reconciliation of comprehensive income for the three-month and nine-month periods ended September 30, 2010

	Explanation	Three months ended September 30, 2010	Nine months ended September 30, 2010
Comprehensive income under Canadian GAAP		$ 81.2	$ 233.5
IFRS adjustments to net income:			
Borrowing costs	(iii)	(10.7)	(32.7)
Provisions	(v)	10.0	10.0
Other	(i), (ii), (iv), (ix)	1.5	7.7
Non-controlling interests	(x)	74.9	187.1
		75.7	172.1
IFRS adjustments to other comprehensive income:			
Defined benefit plans	(i)	(1.4)	(4.2)
Income taxes	(ix)	0.4	1.2
Non-controlling interests	(x)	(1.3)	38.8
		(2.3)	35.8
Comprehensive income under IFRS		$ 154.6	$ 441.4

The significant differences between the 2010 financial figures prepared under Canadian GAAP and these figures prepared under IFRS are explained as follows:

(i) Defined benefit plans

As stated in the section “IFRS 1 exemptions and exceptions” in note 16 of the Corporation’s consolidated financial statements for the period ended March 31, 2011, the Corporation elected to recognize all cumulative actuarial gains and losses under Canadian GAAP that existed as of January 1, 2010 in the opening retained earnings under IFRS for all of its defined benefit plans.

Actuarial gains and losses

Under IFRS, the Corporation elected to immediately recognize all actuarial gains and losses arising after January 1, 2010 as a component of other comprehensive income without recycling those gains or losses to the consolidated statement of income in subsequent periods. As a result, actuarial gains and losses are not amortized to the statement of income but rather are recorded directly to other comprehensive income at the end of each reporting period. Under Canadian GAAP, the Corporation was recording in the consolidated statements of income any cumulative unrecognized net actuarial gains and losses in excess of 10.0% of the greater of the defined benefit obligation, or the fair value of plan assets, over the expected average remaining service period of the active employee group covered by the plans.

Past service costs

Under IFRS, past service costs are recognized on a straight-line basis over the vesting period. Under Canadian GAAP, past service costs were amortized over the expected average remaining service period of the active employee group covered by the plans.

17. TRANSITION TO IFRS (continued)

(i) Defined benefit plans (continued)

Benefit asset limit and minimum funding liability

Under IFRS, recognition of the net benefit asset under certain circumstances is limited to the amount recoverable, which is primarily based on the extent to which the Corporation can unilaterally reduce future contributions to the plan. In addition, an adjustment to the net benefit asset or the net benefit obligation can be recorded to reflect a minimum funding liability. Since the Corporation has elected to recognize actuarial gains or losses arising after January 1, 2010 in other comprehensive income, changes in the net benefit asset limit or in the minimum funding adjustment arising after the transition date are also recognized in other comprehensive income. Under Canadian GAAP, a similar concept to the limit existed, although the calculation of the recoverable amount was different and changes in the valuation allowance were recognized in the consolidated statement of income. As for the minimum funding liability, there was no such concept under Canadian GAAP.

(ii) Share-based compensation

Under IFRS, the liability related to share-based awards that call for settlement in cash or other assets must be measured at its fair value and is to be re-measured at its fair value at the end of each reporting period. Under Canadian GAAP, the liability was measured and re-measured at each reporting date at the intrinsic values of the stock-based awards instead of at their fair values.

Under IFRS, when a share-based payment vests in instalments over a vesting period (“graded vesting”), each instalment is accounted for as a separate arrangement as compared to Canadian GAAP, which gave the choice of treating the instruments as a pool, with the measurement being determined using the average life of the awards granted.

(iii) Borrowing costs

As stated in the section “IFRS 1 exemptions and exceptions” in note 16 of the Corporation’s consolidated financial statements for the period ended March 31, 2011, the Corporation elected to adopt IAS 23R prospectively from January 1, 2010. Accordingly, all capitalized interest costs under Canadian GAAP related to projects that began prior to January 1, 2010 were reclassified to opening retained earnings at transition and are expensed in 2010 under IFRS.

(iv) Capitalized pre-operating losses

Under IFRS, certain costs that were capitalized under Canadian GAAP are not permitted to be accounted for as part of the cost of property, plant and equipment. As a result, incidental losses attributable to self-constructed assets capitalized prior to commercial operation were derecognized from the net carrying amount of the assets and reclassified in opening retained earnings on transition under IFRS.

(v) Provisions

IFRS specifically provides for the accrual of an onerous contract when an unavoidable loss from fulfilling the obligations under the contract is probable, including any penalties arising from early termination. Under Canadian GAAP, a liability for costs to terminate a contract before the end of its term would have been recognized only when the contract had been terminated in accordance with the contract terms, or when the use of the right conveyed by the contract had ceased. As a result, certain additional provisions have been recognized under IFRS as of January 1, 2010. In addition, provisions must be presented separately in the balance sheet under IFRS.

17. TRANSITION TO IFRS (continued)

(vi) Intangible assets with indefinite useful lives

Under IFRS, indefinite lived assets are not amortized, while under Canadian GAAP, they were amortized until January 1, 2002. Accordingly, the Corporation has reversed amortization previously recognized on its broadcasting licences in opening retained earnings at the transition date.

(vii) Related party transactions

Under IFRS, no particular recognition or measurement requirements for related party transactions exist; accordingly, the recognition and measurement of related party transactions must follow existing IFRS standards that apply to the transaction. Under Canadian GAAP, related party transactions could be recognized at the carrying amount of the assets being transferred or at the exchange amount, depending on certain criteria. As stated in the section “IFRS 1 exemptions and exceptions” in note 16 of the Corporation’s consolidated financial statements for the period ended March 31, 2011, the Corporation elected not to restate any business combinations arising before January 1, 2010, including those entered into between companies under common control. In addition, transfers of assets that had been recognized at the carrying amount under Canadian GAAP were restated to their exchange amounts, as allowed under IFRS.

(viii) Translation gains or losses related to net investments in foreign operations

As stated in section “IFRS 1 exemptions and exceptions” in note 16 of the Corporation’s consolidated financial statements for the period ended March 31, 2011, the Corporation elected to reset all cumulative translation gains and losses related to investments in foreign operations to zero in opening retained earnings as at the transition date.

(ix) Income taxes

The expected manner of recovery of intangible assets with indefinite useful lives for purposes of calculating deferred income taxes is different under IFRS than under Canadian GAAP. This difference resulted in a reduction in the deferred income tax liability related to these assets at transition.

Other adjustments to income taxes represent the tax impacts of other IFRS adjustments.

In addition, deferred income tax assets and liabilities are presented as non-current items under IFRS, even if it is anticipated that they will be realized in the short term.

(x) Non-controlling interests

Under IFRS, non-controlling interests are presented as a separate component of equity in the balance sheet instead of being presented as a separate component between liabilities and equity under Canadian GAAP. In the statements of income and comprehensive income under IFRS, net income and comprehensive income are calculated before non-controlling interests and are then attributed to shareholders and non-controlling interests. Under Canadian GAAP, non-controlling interests were presented as a component of net income and comprehensive income.