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CGI GROUP INC  
Form 6-K  
July 31, 2001

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2001.

CGI Group Inc.  
(Translation of Registrant's Name Into English)

1130 Sherbrooke Street West  
5th Floor  
Montreal, Quebec  
Canada H3A 2M8  
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F                      Form 40-F    |X|

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes                      No    |X|

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_.

Enclosure: Third quarter report of fiscal 2001 - July 31, 2001

This Form 6-K shall be deemed incorporated by reference in the Registrant's Registration Statement on Form S-8, Reg. Nos. 333-9106 and 333-13350.

PRESS RELEASE

FOR IMMEDIATE PUBLICATION

CGI reports strong revenue and earnings growth in  
third quarter of fiscal 2001

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Montreal, July 31, 2001 - CGI Group Inc. (NYSE: GIB; TSE: GIB.A) today reported unaudited results for the third quarter and nine months ended June 30, 2001. All figures are in Canadian dollars unless otherwise indicated.

### Highlights of Q3 fiscal 2001

In millions of \$ except per share amount	3 months ended June 30, 2001		in CDN\$ 3months ended	
	US\$	CDN\$	June 30, 2000	March 31, 2001
Revenue	262.2	404.1	330.7	374.0
EBITDA	39.6	61.1	28.9	54.0
Cash net earnings	15.8	24.3	11.3	22.2
Per share	0.05	0.08	0.04	0.08
Order backlog	5,515	8,500	7,000	7,000

Note: US dollar information in this chart is provided for comparison purposes only and represents amounts accounted for according to Canadian GAAP. The average exchange rate of 1.5411 was used for the three-month period ended June 30, 2001. For a full review of Q3 and 9-month results, please see accompanying MD&A and financial statements.

- o Year-over-year growth of 22.2% for revenue and 114.9% for cash net earnings (earnings before amortization of goodwill)
- o Sequential growth of 8.1% for revenue (8.0% organic) and 9.5% for cash net earnings compared with Q2 2001
- o Earnings before interest, taxes, depreciation and amortization increased by 111.8% over one year ago and 13.2% over Q2 2001
- o Announced acquisitions of two IT consulting firms, specializing respectively in US credit union solutions and systems integration services
- o Announced 10 major or strategic outsourcing, systems integration and consulting contracts, as well as a contract renewal, collectively worth more than \$1.9 billion over a period of up to 10 years
  
- o CGI's backlog of signed contracts, with a weighted average remaining contract term of 7.2 years, totals \$8.8 billion as at July 31, 2001.

"CGI's year-over-year and sequential growth in revenue, cash net earnings, and margins in the third quarter primarily reflects our strength in Canada where demand remains strong for our outsourcing, consulting and systems integration services," said Serge Godin, chairman, president and CEO."

Merger with IMRglobal will position CGI strongly going forward

On July 27, after the end of the quarter, CGI received IMRglobal shareholders' approval for the merger with IMRglobal, an established provider of IT solutions to US and international clients with a remote delivery capability for IT application maintenance and development through its operations in India.

The integration of IMRglobal positions CGI to become a major player in the US IT outsourcing services market, the largest and fastest growing outsourcing market in the world. The strengths of the combined CGI-IMRglobal include a highly competitive model, with on-site delivery capabilities, off-site delivery centers, near-shore data and data recovery centers in Canada, as well as offshore delivery centers in India. CGI has strongly enhanced its ability to support customers globally, and has a consistent track record of delivering high-quality, high value-added services on time and on budget, by leveraging its ISO 9001 certification.

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CGI and IMRglobal both share a similar vertical market approach that focuses on establishing a thorough expertise of key industry markets and on understanding the strategic needs of their clients. IMRglobal has built a strong presence in financial services, healthcare and government, and commercial services (including utilities, retail and manufacturing/distribution). The six vertical sectors in which CGI will concentrate going forward are: financial services, telecommunications, government, healthcare, manufacturing/retail/distribution, and energy and utilities.

"IMRglobal's complementary operations and markets, and similar business development strategy will contribute to a smooth integration process and represent an extraordinary opportunity to cross-sell services," said Mr. Godin.

"CGI has acquired more than 30 IT services companies and developed well structured processes for successfully integrating companies and large IT outsourcing operations. We will extend these quality processes throughout our combined operations while leveraging the strengths of both organizations," continued Mr. Godin. "CGI expects to further enhance its competitiveness through economies of scale, focus on selected verticals and an expanded remote delivery model."

### CGI creates Business Process Services unit

As announced on Friday, July 27, CGI has regrouped its Business Process Services into a separate unit to capitalize on this high growth area of the IT outsourcing market. This initiative was driven by a growing client demand for increased outsourcing services coupled with an opportunity to leverage its strong North American presence. Business Process Services encompasses the outsourced processing of a company's business processing functions and is a logical extension of CGI's full IT outsourcing offering. As part of this adjustment to its organizational structure, CGI's operations will be managed by three presidents, Michael Roach, president Canada and Europe; Satish Sanan, former chairman and CEO of IMRglobal, becomes president US and Asia Pacific; and Joseph Saliba, recently head of outsourcing for The Sabre

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Group, becomes president Business Processing Services. All CGI global and corporate functions remain the same.

### Outlook

"Based on contracts announced to date, and two months of contribution from IMRglobal, we are maintaining our guidance for fiscal 2001 revenues and narrowing the range to between \$1.58 billion and \$1.6 billion," said Mr. Godin. "Additionally, we expect to generate cash net earnings (earnings before amortization of goodwill) of \$0.29 to \$0.30 for the year."

"Looking into fiscal 2002, we are very excited about the prospects," added Mr. Godin. "We expect that our unique value proposition of high quality, end-to-end IT services that meet the strategic business needs of our clients will position us as a highly competitive player in the US and enable us to gain a growing share of the large US and global IT outsourcing market."

Management's Discussion & Analysis (MD&A) of Results from Operations and Financial Position For the third quarters ended June 30, 2001 and 2000

The following MD&A (1) should be read in conjunction with financial statements for the third quarter of fiscal 2001 and 2000, with the MD&A and notes to the financial statements in the fiscal 2000 annual report, and with the notes to the financial statements for the nine months ended June 30, 2001. All amounts are in Canadian dollars unless otherwise indicated.

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### Revenue

The third quarter of fiscal 2001 marked the third consecutive quarter of sequential revenue growth, and a return to year-over-year revenue growth, following the industry-wide slowdown that began in the first quarter of calendar 2000. Revenue for the third quarter of fiscal 2001 totalled \$404.1 million, an increase of 22.2% over the \$330.7 million reported in the third quarter of last year and up 8.1% sequentially over the \$374.0 million reported in this year's second fiscal quarter. The significant improvement in year-over-year revenue growth was due primarily to a number of acquisitions completed in the past year. On a sequential basis, revenue growth in the third quarter was a result of the signing of several large outsourcing contracts, notably the \$1.2 billion, 10-year outsourcing partnership with La Confederation des Caisses Populaires et d'Economie Desjardins du Quebec ("Desjardins") effective May 1, 2001, and the \$300 million, 10-year outsourcing agreement with Laurentian Bank of Canada ("Laurentian Bank") effective June 14, 2001. With these two contracts, financial services surpassed telecommunications as CGI's largest economic sector. Geographically, the mix was 83.6% Canada, 12.6% US, and 3.8% International. International business was below a year ago, reflecting the completion of a large contract in Brazil in fiscal 2000.

For the first nine months, revenue was essentially even with the same period of the prior fiscal year, as solid growth in the third quarter was offset by year-over-year declines in the first two quarters of fiscal 2001.

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(1) The financial statements, Annual Report and MD&A include non-US GAAP measures such as EBITDA, earnings before amortization of goodwill, earnings per share before amortization of goodwill and operating cash flow. These supplementary measures are permitted to be used in Canadian GAAP and in Canadian securities filings.

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### Operating Earnings

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the third quarter of fiscal 2001 were \$61.1 million, up 111.8% over the \$28.9 million reported in the prior year quarter and up 13.2% over the \$54.0 million reported in this year's second fiscal quarter. The significant improvement in earnings was due primarily to the strong revenue growth and good cost controls.

For the nine months of fiscal 2001, EBITDA was \$157.0 million, up 6.9% from \$146.9 million in the same period last year. The strong improvement in earnings stemmed primarily from the 1.4% reduction in operating costs, to \$955.3 million from a year earlier. CGI continued to benefit from provincial refundable tax credits of \$10,000 a year per eligible employee resulting from its participation in the Quebec government's program to establish E-Commerce Place in Montreal.

### Depreciation and Amortization

On a year-over-year basis, the increase in depreciation and amortization of fixed assets reflects primarily business acquisitions. The increase in amortization of contract costs in the third quarter and nine months reflects primarily the Desjardins and Laurentian Bank contracts signed in the third quarter.

### Income Taxes

The income tax rate in the third quarter was 44.4%, compared with 32.1% in the

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third quarter of fiscal 2000. The change reflects the impact from the non-recognition of tax benefits resulting from US losses. The tax rate for the nine months was 44.2%, compared with 39.5% for the same period the previous year.

### Earnings before Amortization of Goodwill

Earnings before amortization of goodwill (also referred to as cash net earnings) increased sequentially for the third consecutive quarter in the three months ended June 30, 2001, and returned to strong year-over-year growth. Cash net earnings were \$24.3 million, up 114.9% over the same period in the prior year and up 9.5% over the \$22.2 million reported in this year's second fiscal quarter. For the nine months, cash earnings were \$62.7 million, compared with \$66.4 million reported in the same period of the prior year, reflecting a higher tax rate. The cash net earnings margin was 6.0%, compared with 5.9% in the second quarter, and 3.4% in the third quarter of fiscal 2000.

### Amortization of Goodwill, Net of Income Taxes

Amortization of goodwill, net of income taxes, increased 57.2% to \$7.0 million in the third quarter and 49.1% to \$19.7 million for the first nine months of fiscal 2001, compared with year earlier. The increase reflects acquisitions during the year as outlined in note 3 to the financial statements.

### Net Earnings

Net earnings in the third quarter of fiscal 2001 were \$17.3 million, up 152.2% over the same period in the prior year, and up 14.0% sequentially over the \$15.2 million reported in this year's second fiscal quarter. The net margin was 4.3%, compared with 4.1% in the second quarter and 2.1% in the third quarter of fiscal 2000. For the nine months, net earnings were \$43.0 million, down 19.3% compared with the same period of the prior year, reflecting lower cash net earnings and increased amortization of goodwill net of income taxes.

### Liquidity and Financial Resources

CGI maintains a strong balance sheet and cash position, which together with bank lines are sufficient to support the Company's growth strategy. The Company has a \$250 million credit

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facility with four Canadian chartered banks available for acquisitions and general working capital purposes. As at June 30, 2001, the total credit facility available amounted to approximately \$193 million.

The company, as at June 30, 2001, had cash and cash equivalents of \$53.3 million, compared with \$49.3 million as at September 30, 2000. Accounts receivable amounted to \$236.0 million compared with \$211.2 million as at the most recent fiscal year end, and day-sales outstanding (DSOs) improved to 63 days, from 75 days as at September 30, 2000.

Within current liabilities, the increase in deferred revenue to \$121.1 million from \$25.5 million reflects primarily the addition of the Desjardins and Laurentian Bank contracts.

The increase in long-term debt, which remains at a low level relative to shareholders' equity, reflects the financing of certain assets related to the Desjardins contract. Long-term debt increased to \$67.7 million, from \$43.4 million as at September 30, 2000.

Shareholders' equity includes warrants issued as part of the outsourcing agreements with Desjardins and Laurentian Bank. CGI issued a warrant to Desjardins, which is entitled to subscribe, until April 30, 2006, up to 4,000,000 Class A Subordinate Shares of CGI at a price of \$6.55 per share. CGI's

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majority individual shareholders (Serge Godin, Andre Imbeau and Jean Brassard) have decided to exercise their preemptive rights pursuant to the articles of incorporation of CGI in respect of the issue of the warrant in order to maintain their Class B voting interests at current levels. BCE Inc. ("BCE") has decided to exercise its preemptive right in order to maintain its voting and equity interests at current levels. Pursuant to such exercise of preemptive rights, CGI will issue warrants with substantially similar terms and conditions. Such warrants may be exercised only to the extent that Desjardins exercises its warrant and that BCE and the majority shareholders elect to exercise their warrants.

Regarding the outsourcing agreement with Laurentian Bank, CGI issued a warrant to Laurentian Bank, which is entitled to subscribe, until June 12, 2006, up to 1,118,210 Class A Subordinate Shares of CGI at a price of \$8.877 a share. CGI's majority individual shareholders have decided to exercise their preemptive rights pursuant to the articles of incorporation of CGI in respect of the issue of the warrant in order to maintain their Class B voting interests at current levels. BCE has decided to exercise its preemptive right in order to maintain its voting and equity interests at current levels. Pursuant to such exercise of preemptive rights, CGI will issue warrants with substantially similar terms and conditions. Such warrants may be exercised only and to the extent that Laurentian Bank exercises its warrant and that BCE and the majority shareholders elect to exercise their warrants.

Operating cash flows in the third quarter and in the first nine months of fiscal 2001 were higher than in the third quarter and first nine months of fiscal 2000, respectively. The increase in operating cash flow, despite a reduction in net earnings in the nine-month period, reflects higher depreciation and amortization amounts related to various fixed assets, contract costs, and goodwill from recent transactions. Additionally, there was a foreign exchange loss of \$4.6 million in the latest nine-month period.

Operating cash flow in the third quarter amounted to \$52.7 million, compared with \$23.1 million in the third quarter a year ago. The variation in operating cash flow reflects mostly the variation in net earnings and future income taxes. As in the nine-month period, it also reflects increases in amortization and depreciation, and a foreign exchange loss. Cash provided by operating activities

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amounted to \$101.9 million, a significant increase over \$19.0 million in the third quarter a year ago, primarily reflecting improved cash management.

During the quarter, the Company invested \$61.7 million in acquisitions and \$25.9 million in new business contracts. Cash used for investing activities totalled \$98.0 million, compared with \$7.1 million in the same quarter a year ago. For the nine months, investments in business acquisitions totalled \$108.8 million, compared with \$2.9 million in the same period a year ago, and contract costs totalled \$36.3 million, compared with \$14.7 million the previous year.

The Company concluded the nine-month period with \$53.3 million in cash and cash equivalents, compared with \$33.3 million at June 30, 2000.

### Acquisitions

Subsequent to the end of the third quarter, CGI acquired IMRglobal Corp. ("IMRglobal") following majority approval by IMRglobal shareholders at a special meeting held July 27, 2001. CGI is acquiring IMRglobal on the basis of 1.5974 CGI Class A Subordinate Share for each share of IMRglobal Common Stock. A total of approximately 70.8 million CGI Class A Subordinate Shares are being issued. In addition, outstanding IMRglobal stock options will become approximately 8.4

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million options to acquire CGI Class A Subordinate Shares.

The Company will account for the merger in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, the conclusions of which are substantially similar to the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1581, Business Combinations. As a result of adopting this standard, the purchase price will be determined using the weighted average trading price of the CGI Class A Subordinate Shares on the Toronto Stock Exchange for the twenty-one-day period starting ten days before and ending ten days after the announcement date of February 21, 2001 representing \$7.58 per share. Under prior Canadian standards, the purchase price would have been determined based on a twenty-one-day period around the closing date rather than a twenty-one-day period around the announcement date.

Estimated professional fees and integration costs of \$74.0 million will be included in the total purchase consideration, as well as a fair value of approximately \$55.0 million for IMRglobal options.

Additionally, CGI's majority individual shareholders (Serge Godin and Andre Imbeau) are exercising their preemptive rights to maintain their Class B multiple voting interests at current levels and have committed up to a maximum aggregate of \$60 million to acquire additional Class B Multiple Voting Shares at the weighted average trading price of CGI's Class A Subordinate Shares in the twenty-one-day period from July 13 through August 10, inclusively.

On a pro forma basis, reflecting the combined revenue of CGI and IMRglobal on a run-rate basis, the mix of revenue is as follows:

- o by type of services, 61.0% IT outsourcing, and 39.0% consulting and systems integration.
- o by geographic location of clients, 70.3% in Canada, 21.5% in the US, and 8.2% international;
- o by economic sector, 44.9% financial services, 26.6% telecommunications, 15% manufacturing/retail/distribution chain, 9.4% government, 2.5% healthcare, and 1.6% energy and utilities.

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### Risks and Uncertainties

CGI reports its financial statements in Canadian dollars. Following the acquisition of IMRglobal and resulting increase in US and International business, the Company may incur additional foreign exchange risks which it intends to mitigate by implementing hedging and other capital management strategies.

### Accounting Changes

Effective the first quarter of fiscal 2001, the Company adopted recommendations of the CICA Handbook sections 1751, regarding interim financial statements, and 3500, regarding earnings per share.

Section 1751 establishes standards for interim financial statements. In accordance with this section, CGI has provided disclosure on new or changed accounting policies or methods (i.e. the adoption of section 3500); included disclosure required in annual financial statements concerning business combinations (mostly C.U. Processing Inc., Star Data Systems Inc., AGTI Consulting Services Inc. and Desjardins); and provided a comparative balance sheet as at the end of the immediately preceding fiscal year instead of the same period of the previous year.

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Section 3500 brings Canadian requirements in line with U.S. and international standards FASB Statement 128 and IAS 33. Presentation and disclosure requirements are aligned with those of FASB Statement 128. Under the revised standard, the treasury stock method is used instead of the current imputed earnings approach for determining the dilutive effect of options issued. Reconciliation of the numerator and denominator of both basic and diluted per share data is disclosed.

### Quarterly Conference Call Notification

A conference call for the investment community will be held on Tuesday, July 31, 2001 at 11:00 am (Eastern Daylight Time). Participants may access the call by dialling (888) 209-3775. A live audio webcast of the conference call, with accompanying slides, will be available at CGI's website, [www.cgi.ca](http://www.cgi.ca). For those unable to participate, a replay will be available until August 7 by dialling (800) 558-5253 and quoting the access number 19 33 85 78.

### About CGI

Founded in 1976, CGI is the fourth largest independent information technology services firm in North America, based on its headcount of more than 13,000 professionals. CGI's annualized revenue run-rate totals US\$1.3 billion (CDN\$2.0 billion). CGI's order backlog currently totals US\$5.7 billion (CDN\$8.8 billion). CGI provides end-to-end IT services and business solutions to more than 3,000 clients in the United States, Canada, the United Kingdom, France, India, Japan, and Australia from more than 60 offices in more than 20 countries. CGI's shares are listed on the NYSE (GIB) and the TSE (GIB.A). They are included in the TSE 300 Composite Index as well as the S&P/TSE Canadian Information Technology and Canadian MidCap Indices. Website: [www.cgi.ca](http://www.cgi.ca).

### Forward-Looking Statements

All statements in this press release and MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent CGI Group Inc.'s intentions, plans, expectations, and beliefs, and are subject to risks, uncertainties, and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements.

These factors include and are not restricted to the timing and size of contracts, acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the

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rapidly-evolving information technology industry; general economic and business conditions, foreign exchange and other risks identified in the Management's Discussion and Analysis (MD&A) in CGI Group Inc.'s Annual Report or Form 40F filed with the SEC, the Company's Annual Information Form filed with the Canadian securities commissions, on the Registration Statement on Form F-4 filed with the SEC in connection with the acquisition of IMRglobal and with the Forms 10-K and 10-Q of IMRglobal filed with the SEC for the periods ended December 31, 2000 and March 31, 2001 respectively. All of the risk factors included in these filed documents are included here by reference. CGI disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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For more information:

Investor Relations  
CGI



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Consolidated financial statements of  
 CGI GROUP INC.  
 For the nine months ended June 30, 2001

CGI GROUP INC.  
 Consolidated statements of earnings  
 (in thousands of Canadian dollars, except per share amounts) (unaudited)

	Three months ended Jun 2001	2000
	\$	
Revenue	404,136	330,7
Operating expenses		
Costs of services, selling and administrative expenses	339,656	299,5
Research and development	3,362	2,3
	343,018	301,8
Operating earnings before:	61,118	28,8
Depreciation and amortization of fixed assets	8,239	6,8
Amortization of contract costs	9,009	5,1
	17,248	11,9
Earnings before the following items	43,870	16,8
Interest		
Long-term debt	(1,114)	(7
Other	53	

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Income	922	5
	(139)	(2)
Earnings before income taxes, entity subject to significant influence and amortization of goodwill	43,731	16,6
Income taxes	19,419	5,3
Earnings before entity subject to significant influence and amortization of goodwill	24,312	11,2
Entity subject to significant influence	--	
Earnings before amortization of goodwill	24,312	11,3
Amortization of goodwill, net of income taxes	6,972	4,4
Net earnings	17,340	6,8
Weighted average number of outstanding Class A subordinate shares and Class B shares	290,069,819	270,300,0
Basic earnings per share before amortization of goodwill	0.08	0.
Diluted earnings per share before amortization of goodwill (Note 1)	0.08	0.
Basic and diluted earnings per share (Note 1)	0.06	0.

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CGI GROUP INC.

Consolidated statements of retained earnings  
(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30	
	2001	2000
	\$	\$
Retained earnings, beginning of period, as previously reported	208,784	173,861
Adjustment for change in accounting policy	--	--
Retained earnings, beginning of period, as restated	208,784	173,861
Net earnings	17,340	6,876
Retained earnings, end of period	226,124	180,737

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CGI GROUP INC.  
Consolidated balance sheets  
(in thousands of Canadian dollars) (unaudited)

	As at June 30, 2001	As at September 2000
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	53,314	49,341
Accounts receivable	236,048	211,188
Income taxes	12,695	10,483
Work in progress	44,857	49,117
Prepaid expenses and other current assets	47,437	19,442
Future income taxes	10,308	7,052
	404,659	346,623
Investment in an entity subject to significant influence	--	1,261
Fixed assets	96,465	58,900
Contract costs	251,546	93,716
Future income taxes	24,077	24,470
Goodwill	529,076	395,903
	1,305,823	920,873
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	200,996	142,754
Deferred revenue	121,138	25,512
Future income taxes	6,401	7,963
Current portion of long-term debt	5,704	5,770
	334,239	181,999
Future income taxes	27,209	23,929
Long-term debt	61,979	37,644
Deferred revenue and other	32,781	--
	456,208	243,572
<b>Shareholders' equity</b>		
Capital stock (Note 2)	600,150	491,807
Contributed surplus	211	211
Warrants (Note 2)	19,655	--
Retained earnings	226,124	183,156

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Foreign currency translation adjustment	3,475	2,127
	849,615	677,301
	1,305,823	920,873

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CGI GROUP INC.  
Consolidated statements of cash flows  
(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30,	
	2001	2000
	\$	\$
Operating activities		
Net earnings	17,340	6,876
Adjustments for:		
Depreciation and amortization of fixed assets	8,239	6,895
Loss on disposal of fixed assets	--	814
Amortization of contract costs	9,009	5,102
Amortization of goodwill	7,335	4,727
Future income taxes	8,295	(834)
Foreign exchange loss (gain)	2,511	(484)
Entity subject to significant influence	--	(13)
Operating cash flow	52,729	23,083
Changes in non-cash operating working capital items:		
Accounts receivable	(8,306)	13,774
Work in progress	3,898	19,744
Prepaid expenses and other current assets	11	2,642
Accounts payable and accrued liabilities	30,892	(39,227)
Income taxes	9,727	(8,783)
Deferred revenue	12,912	7,763
	49,134	(4,087)
Cash provided by operating activities	101,863	18,996
Financing activities		
Addition of long-term debt	35,000	--
Reduction of long-term debt	(12,240)	(17,575)
Issuance of shares	5	349
Cash provided by (used for) financing activities	22,765	(17,226)
Investing activities		
Business acquisitions (net of cash) (Note 3)	(61,669)	--
Entity subject to significant influence	--	--
Purchase of fixed assets	(10,450)	(3,349)
Proceeds from sale of fixed assets	--	537
Contract costs	(25,885)	(4,247)

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Cash used for investing activities	(98,004)	(7,059)
Foreign exchange (loss) gain on cash held in foreign currencies	(1,500)	1,184
Net increase (decrease) in cash and cash equivalents	25,124	(4,105)
Cash and cash equivalents, beginning of period	28,190	37,396
Cash and cash equivalents, end of period	53,314	33,291
Interest paid	1,291	799
Income taxes paid and received	897	14,678

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CGI GROUP INC.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

Note 1 - Summary of significant accounting policies

These interim financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended September 30, 2000.

On October 1, 2000, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3500 - Earnings per share. Under the revised section 3500, the treasury stock method is used instead of the current imputed earnings approach for determining the dilutive effect of options and warrants issued. In addition, the section requires that a reconciliation of the numerator and denominator be disclosed.

Three months ended J

	2001			
	Net earnings (numerator)	Number of shares (denominator)	Per share amount	Net e (num
	\$		\$	
Net earnings available to common shareholders	17,340	290,069,819	0.06	
Dilutive options	--	969,315		
Dilutive warrants	--	518,130		
Net earnings available to common shareholders and assumed conversions	17,340	291,557,264	0.06	

Nine months ended Ju

	2001			
	Number			

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	Net earnings (numerator)	of shares (denominator)	Per share amount	Net e (num
	\$		\$	
Net earnings available to common shareholders	42,968	284,618,900	0.15	
Dilutive options	--	881,941		
Dilutive warrants	--	151,453		
Net earnings available to common shareholders and assumed conversions	42,968	285,652,294	0.15	

Note 2 - Capital Stock and Warrants

Capital Stock

Class A subordinate shares carrying one vote per share, participating equally with Class B shares with respect to the payment of dividends and convertible into Class B shares under certain conditions in the event of certain takeover bids on Class B shares.

Class B shares, carrying ten votes per share, participating equally with Class A subordinate shares with respect to the payment of dividends and convertible at any time at the option of the holder into Class A subordinate shares.

Options

Under a stock option plan for certain employees and directors of the Company and its subsidiaries, the Board of Directors may grant, at its discretion, options to purchase company stock to certain employees and directors of the Company and of its subsidiaries. The exercise price is established by the Board of Directors but may not be lower than the average closing price for Class A subordinate shares over the five business days preceding the date of grant. Each option must be exercised within a ten-year period, except in the event of retirement, termination of employment or death.

Warrants

In connection with the signing of strategic outsourcing contracts and business acquisitions, the Company issued to the other parties warrants to purchase Class A subordinate shares. The exercise prices were determined using the average closing price for Class A subordinate shares at a date and for a number of days agreed upon by the parties. The warrants vest upon signature of the contracts or date of business acquisitions and have an exercise period of five years. As at June 30, 2001, there were 5,118,210 warrants issued and outstanding. The fair value of the warrants is estimated at the grant date using the Black-Scholes option pricing model with the following assumptions : risk-free interest rate of 4.9%, dividend yield of 0.0%, volatility factor of 57.7% and expected life of 5 years.

CGI GROUP INC.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

Note 2 - Capital Stock and Warrants (Continued)

The following table presents information concerning capital stock issued and

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paid and all stock options and warrants as at June 30, 2001 :

Number of shares issued and paid	Number
Class A subordinate shares	255,224,941
Class B shares	34,846,526
Total Capital stock	290,071,467
Number of stock options (convertible into Class A subordinate shares)	9,278,480
Number of warrants (convertible into Class A subordinate shares)	5,118,210
Number of shares reflecting the potential exercise of stock options and warrants	304,468,157

As at June 30, 2001, and September 30, 2000, (after giving retroactive effect of the subdivision of the Company's shares that occurred on August 12, 1997, December 15, 1997, May 21, 1998 and January 7, 2000), the Class A subordinate shares and the Class B shares changed as follows :

	June 30, 2001		
	Class A subordinate shares		
	Number	Amount	Nu
		\$	
Balance, beginning of period	240,755,667	490,645	34,8
Issued for cash	--	--	
Issued as consideration for business acquisitions	14,299,441	107,853	
Options exercised	169,833	490	
Balance, end of period	255,224,941	598,988	34,8

	September 30, 2000		
	Class A subordinate shares		
	Number	Amount	Nu
		\$	
Balance, beginning of period	233,887,974	423,616	34,7
Issued for cash	287,914	4,003	
Issued as consideration for business acquisitions	5,626,369	57,112	
Options exercised	953,410	5,914	
Balance, end of period	240,755,667	490,645	34,8

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The following table presents information concerning all stock options granted to certain employees and directors by the Company as at June 30, 2001, and September 30, 2000:

	June 30, 2001	September 30, 2000
-----		
Number of options		
Outstanding, beginning of period	6,413,181	4,996,414
Granted	3,678,022	2,565,594
Exercised, forfeited and expired	(812,723)	(1,148,827)
-----		
Outstanding, end of period	9,278,480	6,413,181
=====		

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CGI GROUP INC.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

### Note 3 - Business acquisitions

During the nine months ended June 30, 2001, the Company acquired all the outstanding shares of C.U. Processing Inc. and RSI Realtime Inc. on October 4, 2000, and on December 12, 2000, respectively, and acquired 49% of all the outstanding shares of AGTI Consulting Services Inc. ("AGTI") on November 27, 2000. On January 4, 2001, the Company acquired all the outstanding shares of Groupe-conseil CDL Inc. and, on January 9, 2001, acquired all of the outstanding Star Data Systems Inc. ("Star Data") common shares on the basis of 0.737 Class A subordinate shares of the Company for each Star Data common share. On January 12, 2001, the Company increased its interest in Conseillers en informatique d'affaires from 35% to 49% and began using the proportionate consolidation method to account for this investment; prior to January 12, 2001, the Company used the equity method to account for this investment. A contingent payment of \$1,640,000 for AGTI was made in the three months ended March 31, 2001 based on the accomplishment of specified financial goals as at December 31, 2000. The contingent payment resulted in a corresponding increase of the purchase price and the resulting goodwill.

On May 1, 2001, the Company signed a strategic alliance for the management of data and micro-computing of Mouvement Desjardins operations. In the context of this agreement, the Company acquired the related assets, certain intellectual property rights and assumed liabilities of La Confederation des Caisses Populaires et d'Economie Desjardins du Quebec ("Desjardins") used in data and micro-computing of Mouvement Desjardins operations. In addition, approximately 450 Desjardins employees were transferred to the Company. On May 31, 2001, the Company acquired CyberBranch, a subsidiary of Stanford Federal Credit Union of Palo Alto, California, and, on June 12, 2001, made its initial contribution of \$5,000,000 in NTER Technologies, Limited Partnership ("NTER"), a partnership created on February 1, 2001. The Company accounts for its 49.9% interest in NTER using the proportionate consolidation method.

These acquisitions were accounted for using the purchase method, as follows:

	Desjardins	Star Data	AGTI
	\$	\$	\$
-----			
Non-cash working capital items	11,625	(16,153)	2,216



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Fixed assets	13,368	21,211	448
Contract costs	111,986	7,613	--
Future income taxes	(6,685)	12,616	10
Goodwill	9,549	75,512	14,602
Current liabilities	(34,846)	--	--
Long-term debt	--	(10,799)	--
Other non-current liabilities	(32,781)	--	--
	72,216	90,000	17,276
Cash position at acquisition	--	12,820	7,639
	72,216	102,820	24,915
=====			
Consideration			
Cash	57,945	--	24,915
Issuance of 14,299,441 Class A subordinate shares	--	102,820	--
4,000,000 warrants at fair value	14,271	--	--
Equity value of CIA investment at acquisition date	--	--	--
	72,216	102,820	24,915
=====			

Note 4 - Segmented information

The Company provides information technology services. The following presents information on the Company's operations based on its organizational structure.

As at and for the three months ended June 30, 2001	Canada	US	International	Corporate expenses and programs
	\$	\$	\$	\$
Revenue	342,411	51,321	15,593	--
Operating expenses	269,248	52,628	17,233	9,098
Operating earnings before:	73,163	(1,307)	(1,640)	(9,098)
Depreciation and amortization	15,480	866	345	557
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	57,683	(2,173)	(1,985)	(9,655)
Total assets	954,643	197,039	70,600	83,541

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CGI GROUP INC.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

Note 4 - Segmented information (Continued)

As at and for the three months	Canada	US	International	Corporate
--------------------------------	--------	----	---------------	-----------

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ended June 30, 2000

expenses and  
programs

	\$	\$	\$	\$
Revenue	255,367	56,914	39,221	--
Operating expenses	220,631	55,539	37,819	8,650
Operating earnings before:	34,736	1,375	1,402	(8,650)
Depreciation and amortization	10,214	907	552	324
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	24,522	468	850	(8,974)
Total assets	496,645	171,203	124,667	58,316

As at and for the nine months  
ended June 30, 2001

Revenue	932,676	152,201	54,421	--
Operating expenses	742,632	156,874	56,561	26,241
Operating earnings before:	190,044	(4,673)	(2,140)	(26,241)
Depreciation and amortization	39,072	2,468	1,182	1,114
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	150,972	(7,141)	(3,322)	(27,355)
Total assets	954,643	197,039	70,600	83,541

As at and for the nine months  
ended June 30, 2000

Revenue	858,543	162,904	158,432	--
Operating expenses	719,187	151,755	140,842	21,219
Operating earnings before:	139,356	11,149	17,590	(21,219)
Depreciation and amortization	31,577	3,289	1,434	987
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	107,779	7,860	16,156	(22,206)
Total assets	496,645	171,203	124,667	58,316

Note 5 - Commitment

On June 28, 2001, the Company signed a letter of intent to acquire all the outstanding shares of Larochelle Gratton, a Quebec-based IT consulting firm, for a total consideration of approximately \$9,200,000 payable in cash and by the issuance of 517,000 Class A subordinate shares of the Company. The transaction will be effective July 1, 2001.

Note 6 - Subsequent event

On July 27, 2001, the shareholders of IMRglobal Corp. ("IMR") approved a merger

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agreement providing for the acquisition by the Company of all outstanding shares of common stock of IMR, on the basis of 1.5974 Class A subordinate share of the Company for each share of IMR common stock. As a result of the merger, based on the number of outstanding shares of IMR common stock and IMR stock options outstanding as at July 27, 2001, the Company will issue approximately 70.8 million Class A subordinate shares and outstanding IMR stock options will become up to approximately 8.4 million options to acquire Class A subordinate shares.

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CGI GROUP INC.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars) (unaudited)

### Note 6 - Subsequent event (Continued)

The Company will account for the merger in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations, the conclusions of which are substantially similar to the recommendations of the CICA Handbook Section 1581, Business Combinations. As a result of adopting this standard, the purchase price will be determined using the weighted average trading price of the Class A subordinate share on the Toronto Stock Exchange ("TSE") for the twenty-one-day period starting ten days before and ending ten days after the announcement date of February 21, 2001 of \$7.58 per share. Under the prior Canadian standards, the purchase price would have been determined on a twenty-one-day period around the closing date rather than a twenty-one-day period around the announcement date. Estimated professional fees and integration costs related to the acquisition of \$74,000,000 will be included in the total purchase consideration, as well as a fair value of approximately \$55,000,000 for the IMR options.

Certain holders of Class B shares have committed to exercise their preemptive rights in connection with the merger pursuant to which approximately 6.0 million Class B shares will be issued, up to a maximum aggregate amount of \$60,000,000. BCE Inc., a shareholder, has determined not to exercise its preemptive rights to acquire additional Class A subordinate shares and Class B shares. The exercise price of the preemptive rights will be determined using the Class A subordinate share weighted average trading price on the TSE for the twenty-one-day period starting ten days before and ending ten days after July 27, 2001.

### Note 7 - Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2001.

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CGI GROUP INC.

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(Registrant)

Date: July 31, 2001

By /s/ Paule Dore

Name: Paule Dore

Title: Executive Vice President  
and Chief Corporate Officer  
and Secretary