

“We grow relationships.”



For the nine months ended June 30, 2001

Stock Exchanges

Toronto Stock Exchange: GIB.A
New York Stock Exchange: GIB

Shares outstanding (as at June 30, 2001)

255,224,941 Class A subordinate shares
34,846,526 Class B shares

Third Quarter Fiscal 2001 Trading History

TSE (CDN\$)		NYSE (US\$)	
High:	\$9.75	High:	\$6.68
Low:	\$5.01	Low:	\$3.22
Close:	\$8.64	Close:	\$5.78
Volume:	44,042,500	Volume:	3,323,000

Transfert Agent

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Financial Communications

The Barnes Organization Inc., Toronto

Quarterly Conference Call

A conference call for the investment community was held on Tuesday, July 31, 2001 and a live audio webcast of the conference call, with accompanying slides, is available at CGI's website: www.cgi.ca.

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 included in the TSE 300 Composite Index as well as the S&P/TSE Canadian Information Technology and Canadian MidCap Indices.

www.cgi.ca

Message to Shareholders

For the nine months ended June 30, 2001

(All amounts are in Canadian dollars unless otherwise indicated)

The third quarter of fiscal 2001 marked our third consecutive quarter of sequential (quarter-over-quarter) growth in revenue and earnings and a return to year-over-year growth in these measures. Our growth in the fiscal third quarter primarily reflects our strength in Canada where demand remains strong for our outsourcing, consulting and systems integration services.

Highlights:

- Year-over-year growth of 22.2% for revenue and 114.9% for cash net earnings (earnings before amortization of goodwill)
- Sequential growth of 8.1% for revenue (8.0% organic) and 9.5% for cash net earnings compared with Q2 2001
- Earnings before interest, taxes, depreciation and amortization increased by 111.8% over one year ago and 13.2% over Q2 2001
- Announced acquisitions of two IT consulting firms, specializing respectively in US credit union solutions and systems integration services
- 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
- 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.

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.

CGI and IMRglobal 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.

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. 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 July 27, 2001, 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 Group, becomes president, Business Process 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. Additionally, we expect to generate cash net earnings (earnings before amortization of goodwill) of \$0.29 to \$0.30 for the year.

Looking to fiscal 2002, we are very excited about the prospects. 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.

Serge Godin
Chairman and chief executive officer
July 31, 2001

Management's Discussion & Analysis of Financial Position and Results of Operations ("MD&A")

For the nine months ended June 30, 2001

The following MD&A¹ should be read in conjunction with financial statements for the nine months ended June 30, 2001, 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.

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 Confédération des Caisses Populaires et d'Économie Desjardins du Québec ("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.

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 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 \$250.0 million credit 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 \$193.0 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.

¹The 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.

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 majority individual shareholders (Serge Godin, André 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 flow 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 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 as 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 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 ("TSE") 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 André 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 \$60.0 million to acquire additional Class B multiple voting shares at the weighted average trading price of CGI's Class A subordinate shares on the TSE 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:

- by type of services, 61.0% IT outsourcing, and 39.0% consulting and systems integration.
- by geographic location of clients, 70.3% in Canada, 21.5% in the US, and 8.2% International;
- by economic sector, 44.9% financial services, 26.6% telecommunications, 15.0% manufacturing/retail/distribution, 9.4% government, 2.5% healthcare, and 1.6% energy and utilities.

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.

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.

Forward-Looking Statements

All statements in this quarterly report 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 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 U.S. Securities & Exchange Commission ("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.

Consolidated financial statements of CGI Group Inc.

Consolidated statements of earnings

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Three months ended June 30		Nine months ended June 30	
	2001	2000	2001	2000
	\$	\$	\$	\$
Revenue	404,136	330,701	1,112,297	1,115,907
Operating expenses				
Costs of services, selling and administrative expenses	339,656	299,538	946,426	961,321
Research and development	3,362	2,300	8,881	7,710
	343,018	301,838	955,307	969,031
Operating earnings before:	61,118	28,863	156,990	146,876
Depreciation and amortization of fixed assets	8,239	6,895	23,013	20,689
Amortization of contract costs	9,009	5,102	20,823	16,598
	17,248	11,997	43,836	37,287
Earnings before the following items	43,870	16,866	113,154	109,589
Interest				
Long-term debt	(1,114)	(799)	(2,948)	(2,678)
Other	53	-	(102)	(182)
Income	922	585	2,199	3,088
	(139)	(214)	(851)	228
Earnings before income taxes, entity subject to significant influence and amortization of goodwill	43,731	16,652	112,303	109,817
Income taxes	19,419	5,353	49,658	43,432
Earnings before entity subject to significant influence and amortization of goodwill	24,312	11,299	62,645	66,385
Entity subject to significant influence	-	13	7	64
Earnings before amortization of goodwill	24,312	11,312	62,652	66,449
Amortization of goodwill, net of income taxes	6,972	4,436	19,684	13,202
Net earnings	17,340	6,876	42,968	53,247
Weighted average number of outstanding Class A subordinate shares and Class B shares	290,069,819	270,300,026	284,618,900	269,905,421
Basic earnings per share before amortization of goodwill	0.08	0.04	0.22	0.25
Diluted earnings per share before amortization of goodwill (Note 1)	0.08	0.04	0.22	0.24
Basic and diluted earnings per share (Note 1)	0.06	0.03	0.15	0.20

Consolidated statements of retained earnings

(in thousands of Canadian dollars) (unaudited)

	2001	2000	2001	2000
	\$	\$	\$	\$
Retained earnings, beginning of period, as previously reported	208,784	173,861	183,156	139,080
Adjustment for change in accounting policy	-	-	-	(11,590)
Retained earnings, beginning of period, as restated	208,784	173,861	183,156	127,490
Net earnings	17,340	6,876	42,968	53,247
Retained earnings, end of period	226,124	180,737	226,124	180,737

CGI Group Inc.**Consolidated balance sheets**

(in thousands of Canadian dollars) (unaudited)

	As at June 30, 2001	As at September 30, 2000
	\$	\$
Assets		
Current assets		
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
Liabilities		
Current liabilities		
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
Shareholders' equity		
Capital stock (Note 2)	600,150	491,807
Contributed surplus	211	211
Warrants (Note 2)	19,655	-
Retained earnings	226,124	183,156
Foreign currency translation adjustment	3,475	2,127
	849,615	677,301
	1,305,823	920,873

CGI Group Inc.

Consolidated statements of cash flows
(in thousands of Canadian dollars) (unaudited)

	Three months ended June 30		Nine months ended June 30	
	2001	2000	2001	2000
	\$	\$	\$	\$
Operating activities				
Net earnings	17,340	6,876	42,968	53,247
Adjustments for:				
Depreciation and amortization of fixed assets	8,239	6,895	23,013	20,689
Loss on disposal of fixed assets	-	814	-	945
Amortization of contract costs	9,009	5,102	20,823	16,598
Amortization of goodwill	7,335	4,727	20,779	14,160
Future income taxes	8,295	(834)	6,423	698
Foreign exchange loss (gain)	2,511	(484)	4,609	(583)
Entity subject to significant influence	-	(13)	(7)	(64)
Operating cash flow	52,729	23,083	118,608	105,690
Changes in non-cash operating working capital items:				
Accounts receivable	(8,306)	13,774	(4,610)	11,586
Work in progress	3,898	19,744	(963)	8,160
Prepaid expenses and other current assets	11	2,642	(12,003)	(12,170)
Accounts payable and accrued liabilities	30,892	(39,227)	19,631	(76,481)
Income taxes	9,727	(8,783)	(3,070)	(6,672)
Deferred revenue	12,912	7,763	40,775	400
	49,134	(4,087)	39,760	(75,177)
Cash provided by operating activities	101,863	18,996	158,368	30,513
Financing activities				
Addition of long-term debt	35,000	-	55,000	-
Reduction of long-term debt	(12,240)	(17,575)	(43,934)	(20,960)
Issuance of shares	5	349	490	10,497
Cash provided by (used for) financing activities	22,765	(17,226)	11,556	(10,463)
Investing activities				
Business acquisitions (net of cash) (Note 3)	(61,669)	-	(108,792)	(2,892)
Entity subject to significant influence	-	-	-	(514)
Purchase of fixed assets	(10,450)	(3,349)	(21,027)	(12,440)
Proceeds from sale of fixed assets	-	537	-	834
Contract costs	(25,885)	(4,247)	(36,260)	(14,693)
Cash used for investing activities	(98,004)	(7,059)	(166,079)	(29,705)
Foreign exchange (loss) gain on cash held in foreign currencies	(1,500)	1,184	128	717
Net increase (decrease) in cash and cash equivalents	25,124	(4,105)	3,973	(8,938)
Cash and cash equivalents, beginning of period	28,190	37,396	49,341	42,229
Cash and cash equivalents, end of period	53,314	33,291	53,314	33,291
Interest paid	1,291	799	4,040	2,860
Income taxes paid and received	897	14,678	31,515	53,525

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 June 30

	2001			2000		
	Net earnings (numerator)	Number of shares (denominator)	Per share amount	Net earnings (numerator)	Number of shares (denominator)	Per share amount
	\$		\$	\$		\$
Net earnings available to common shareholders	17,340	290,069,819	0.06	6,876	270,300,026	0.03
Dilutive options	–	969,315		–	1,882,861	
Dilutive warrants	–	518,130		–	–	
Net earnings available to common shareholders and assumed conversions	17,340	291,557,264	0.06	6,876	272,182,887	0.03

Nine months ended June 30

	2001			2000		
	Net earnings (numerator)	Number of shares (denominator)	Per share amount	Net earnings (numerator)	Number of shares (denominator)	Per share amount
	\$		\$	\$		\$
Net earnings available to common shareholders	42,968	284,618,900	0.15	53,247	269,905,421	0.20
Dilutive options	–	881,941		–	3,011,295	
Dilutive warrants	–	151,453		–	–	
Net earnings available to common shareholders and assumed conversions	42,968	285,652,294	0.15	53,247	272,916,716	0.20

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.

CGI Group Inc.

Note 2 – Capital stock and warrants (cont'd)

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 preceeding 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.

The following table presents information concerning capital stock issued and 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				September 30, 2000			
	Class A subordinate shares		Class B shares		Class A subordinate shares		Class B shares	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		\$		\$		\$		\$
Balance, beginning of period	240,755,667	490,645	34,846,526	1,162	233,887,974	423,616	34,773,652	148
Issued for cash	-	-	-	-	287,914	4,003	-	-
Issued as consideration for business acquisitions	14,299,441	107,853	-	-	5,626,369	57,112	-	-
Options exercised	169,833	490	-	-	953,410	5,914	72,874	1,014
Balance, end of period	255,224,941	598,988	34,846,526	1,162	240,755,667	490,645	34,846,526	1,162

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

CGI Group Inc.

Note 3 – Business acquisitions

During the nine months ended June 30, 2001, the Company acquired all the outstanding shares of C.U. Processing Inc. (“CUP”) and RSI Realtime Inc. on October 4, 2000, and on December 12, 2000, respectively, and acquired 49.0% 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 (“CIA”) from 35.0% to 49.0% 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 Confédération des Caisses Populaires et d'Économie Desjardins du Québec (“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	CUP	Other	Total
	\$	\$	\$	\$	\$	\$
Non-cash working capital items	11,625	(16,153)	2,216	(9,811)	1,653	(10,470)
Fixed assets	13,368	21,211	448	3,296	1,076	39,399
Contract costs	111,986	7,613	-	447	184	120,230
Future income taxes	(6,685)	12,616	10	4,228	428	10,597
Goodwill	9,549	75,512	14,602	39,351	14,114	153,128
Currents liabilities	(34,846)	-	-	-	-	(34,846)
Long-term debt	-	(10,799)	-	(812)	(1,462)	(13,073)
Other non-current liabilities	(32,781)	-	-	-	-	(32,781)
	72,216	90,000	17,276	36,699	15,993	232,184
Cash position at acquisition	-	12,820	7,639	1,837	3,136	25,432
	72,216	102,820	24,915	38,536	19,129	257,616
Consideration						
Cash	57,945	-	24,915	38,536	12,828	134,224
Issuance of 14,299,441 Class A subordinate shares	-	102,820	-	-	5,033	107,853
4,000,000 warrants at fair value	14,271	-	-	-	-	14,271
Equity value of CIA investment at acquisition date	-	-	-	-	1,268	1,268
	72,216	102,820	24,915	38,536	19,129	257,616

CGI Group Inc.**Note 4 - Segmented information**

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

	Canada	US	International	Corporate expenses and programs	Intersegment elimination	Total
As at and for the three months ended June 30, 2001						
	\$	\$	\$	\$	\$	\$
Revenue	342,411	51,321	15,593	-	(5,189)	404,136
Operating expenses	269,248	52,628	17,233	9,098	(5,189)	343,018
Operating earnings before:	73,163	(1,307)	(1,640)	(9,098)	-	61,118
Depreciation and amortization	15,480	866	345	557	-	17,248
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	57,683	(2,173)	(1,985)	(9,655)	-	43,870
Total assets	954,643	197,039	70,600	83,541	-	1,305,823
As at and for the three months ended June 30, 2000						
Revenue	255,367	56,914	39,221	-	(20,801)	330,701
Operating expenses	220,631	55,539	37,819	8,650	(20,801)	301,838
Operating earnings before:	34,736	1,375	1,402	(8,650)	-	28,863
Depreciation and amortization	10,214	907	552	324	-	11,997
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	24,522	468	850	(8,974)	-	16,866
Total assets	496,645	171,203	124,667	58,316	-	850,831

CGI Group Inc.

Note 4 - Segmented information (cont'd)

	Canada	US	International	Corporate expenses and programs	Intersegment elimination	Total
As at and for the nine months ended June 30, 2001						
	\$	\$	\$	\$	\$	\$
Revenue	932,676	152,201	54,421	-	(27,001)	1,112,297
Operating expenses	742,632	156,874	56,561	26,241	(27,001)	955,307
Operating earnings before:	190,044	(4,673)	(2,140)	(26,241)	-	156,990
Depreciation and amortization	39,072	2,468	1,182	1,114	-	43,836
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	150,972	(7,141)	(3,322)	(27,355)	-	113,154
Total assets	954,643	197,039	70,600	83,541	-	1,305,823
As at and for the nine months ended June 30, 2000						
Revenue	858,543	162,904	158,432	-	(63,972)	1,115,907
Operating expenses	719,187	151,755	140,842	21,219	(63,972)	969,031
Operating earnings before:	139,356	11,149	17,590	(21,219)	-	146,876
Depreciation and amortization	31,577	3,289	1,434	987	-	37,287
Earnings before interest, income taxes, entity subject to significant influence and amortization of goodwill	107,779	7,860	16,156	(22,206)	-	109,589
Total assets	496,645	171,203	124,667	58,316	-	850,831

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.

CGI Group Inc.**Note 6 – Subsequent event**

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

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 CGI Class A subordinate shares 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 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 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.