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CGI GROUP INC  
Form 6-K  
January 22, 2002

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 January 2002

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: First quarter report of fiscal 2002 - January 18, 2002

This Form 6-K shall be deemed incorporated by reference in the Registrant's Registration Statements on Form S-8, Reg. Nos. 333-13350, 333-66044 and 333-74932.

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Consolidated financial statements of  
CGI Group Inc.  
For the three months ended December 31, 2001

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

	Three months 2001
	\$
Revenue	520,783
Operating expenses	
Costs of services, selling and administrative expenses	439,535
Research	4,305
	443,840
Operating earnings before:	76,943
Depreciation and amortization of fixed assets	11,144
Amortization of contract costs	13,240
	24,384
Earnings before the following items	52,559
Interest	
Long-term debt	(826)
Other	50
Income	362
	(414)
Earnings before income taxes, entity subject to significant influence and amortization of goodwill	52,145
Income taxes	21,533
Earnings before entity subject to significant influence	

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and amortization of goodwill	30,612
Entity subject to significant influence	--
Earnings before amortization of goodwill	30,612
Amortization of goodwill, net of income taxes	--
Net earnings	30,612
Weighted average number of outstanding Class A subordinate shares and Class B shares	369,406,415
Basic and diluted earnings per share before amortization of goodwill (Note 2)	0.08
Basic and diluted earnings per share (Note 2)	0.08
Consolidated statements of retained earnings (in thousands of Canadian dollars) (unaudited)	
	Three months 2001
	\$
Retained earnings, beginning of period	245,945
Share issue costs (Note 2)	(3,800)
Net earnings	30,612
Retained earnings, end of period	272,757

CGI Group Inc.  
Consolidated balance sheets  
(in thousands of Canadian dollars) (unaudited)

	As at December 31, 2001	As at September 3 2001
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	155,830	46,008
Accounts receivable	313,388	320,667
Income taxes	7,020	979
Work in progress	83,708	84,838
Prepaid expenses and other current assets	66,389	48,931
Future income taxes	15,297	17,998
	641,632	519,421
Fixed assets	132,563	123,391
Contract costs and other long-term assets	322,947	272,403

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Future income taxes	35,954	32,785
Goodwill	1,142,066	1,114,793
	-----	-----
	2,275,162	2,062,793
	=====	=====
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	312,673	315,902
Deferred revenue	87,896	85,163
Future income taxes	21,489	21,013
Current portion of long-term debt	5,857	7,528
	-----	-----
	427,915	429,606
Future income taxes	45,512	43,705
Long-term debt	54,740	32,752
Deferred credits	84,955	74,813
	-----	-----
	613,122	580,876
	-----	-----
Shareholders' equity		
Capital stock (Note 2)	1,341,135	1,213,542
Contributed surplus	211	211
Warrants (Note 2)	19,655	19,655
Retained earnings	272,757	245,945
Foreign currency translation adjustment	28,282	2,564
	-----	-----
	1,662,040	1,481,917
	-----	-----
	2,275,162	2,062,793
	=====	=====

CGI Group Inc.  
Consolidated statements of cash flows  
(in thousands of Canadian dollars) (unaudited)

	Three months ended 2001
	\$
Operating activities	
Net earnings	30,612
Adjustments for:	
Depreciation and amortization of fixed assets	11,144
Amortization of contract costs and other long-term assets	13,240
Amortization of goodwill	--
Deferred credits	(13,679)
Future income taxes	1,815
Foreign exchange loss	187
Entity subject to significant influence	--
	-----
	43,319
	-----

Changes in non-cash operating working capital items:

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Accounts receivable	7,284
Work in progress	1,118
Prepaid expenses and other current assets	(17,441)
Accounts payable and accrued liabilities	(3,308)
Income taxes	(6,052)
Deferred revenue	2,634
-----	
	(15,765)
-----	
Cash provided by operating activities	27,554
-----	
Financing activities	
Net variation of credit facility	21,363
Increase (Decrease) of other long-term debts	(1,046)
Issuance of shares	127,593
Share issue costs	(5,500)
-----	
Cash used for financing activities	142,410
-----	
Investing activities	
Business acquisitions (net of cash)	--
Purchase of fixed assets	(20,287)
Contract costs and other long-term assets	(39,806)
-----	
Cash provided by (used for) investing activities	(60,093)
-----	
Foreign exchange (loss) gain on cash held in foreign currencies	(49)
-----	
Net (decrease) increase in cash and cash equivalents	109,822
Cash and cash equivalents at beginning of period	46,008
-----	
Cash and cash equivalents at end of period	155,830
=====	
Interest paid	450
Income taxes paid and received	6,504
=====	

CGI Group Inc.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars, except share data) (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, 2001.

On October 1, 2001, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook sections 1581, Business Combinations, and 3062, Goodwill and Other Intangible Assets. Under the revised section 1581, all business combinations are accounted for using the purchase method. Additionally, under the revised section 3062, goodwill and intangible assets with an indefinite life will no longer be amortized to earnings and will

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be assessed for impairment on an annual basis in accordance with the new standards, including a transitional impairment test whereby any resulting impairment will be charged to opening retained earnings. In fiscal 2002, the effect of the non-amortization of goodwill will result in an increase in the consolidated net earnings of approximately \$28,800,000. The Company is currently evaluating the impact of the transitional impairment test, and therefore has not yet assessed its effect on the Company's future consolidated net earnings and financial position.

On October 1, 2001, the Company reclassified its UK subsidiary company from integrated foreign operations to self-sustained foreign operations as a result of changes in the economic facts and circumstances. Consequently, this subsidiary was accounted for using the current-rate method, which change was applied prospectively.

### 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 contract and of a business acquisition, the Company granted warrants entitling the holders to subscribe to up to 5,118,210 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 around the respective transaction dates. The warrants vest upon signature of the contracts or date of business acquisition and have an exercise period of five years. As at September 30, 2001, there were 5,118,210 warrants issued and outstanding, 4,000,000 of which are exercisable at a price of \$6.55 per share and expire April 30, 2006 and remaining 1,118,210 are exercisable at a price of \$8.88 per share expiring June 13, 2006. The fair values of the warrants were estimated at their respective grant dates at \$19,655,000 using the Black-Scholes option pricing model with the following assumptions : risk-free interest rate of 4.9%, dividend yield of 0.0%, expected volatility of 57.7% and expected life of 5 years.

In addition to the warrants to purchase up to 5,118,210 Class A Shares referred to above and issued in connection with the signing of a strategic outsourcing contract and of a business acquisition the "Initial Warrants", CGI issued to the Majority Shareholders and BCE warrants (the "Pre-emptive Rights Warrants") to subscribe in the aggregate up to 3,865,014 Class A Shares and 697,044 Class B Shares pursuant to the exercise of their pre-emptive rights contained in the

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articles of incorporation of CGI, with substantially similar terms and conditions as those of the Initial Warrants. The Pre-emptive Rights Warrants may be exercised by BCE and the Majority Shareholders only to the extent that the holders of the Initial Warrants exercise such Initial Warrants.

Furthermore, subject to regulatory approval, the Company has undertaken in favour of a holder of Initial Warrants to purchase up to 4,000,000 Class A Shares to issue promptly after April 30, 2006 (the "Expiration Date") replacing warrants (the "Extended Warrants") to purchase Class A Shares equal to the number of Class A Shares not purchased by such holder under terms of the Initial Warrants on the Expiration Date. The Extended Warrants will have substantially similar terms and conditions as those of the Initial Warrants, except for the exercise price which will be based upon the closing price of the Class A Shares on the TSE on the date preceding the issuance of the Extended Warrants.

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CGI Group Inc.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

### Note 2 - Capital Stock and Warrants (cont'd)

The following table presents information concerning capital stock issued and paid and all stock options and warrants as at December 31, 2001 :

Number of shares issued and paid

-----  
 Class A subordinate shares

Class B shares

-----  
 Total capital stock

Number of stock options (Class A subordinate shares)

Number of warrants (Class A subordinate shares)

-----  
 Number of shares reflecting the potential exercise of stock options and warrants  
 =====

As at December 31, 2001 and September 30, 2001, (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 :

	Dece	
	Class A subordinate sha	
	Number	Amount
Balance, beginning of period	327,032,717	1,159,
Issued for cash (1)	11,110,000	124,
Issued as consideration for business acquisitions	--	

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Fair value of options issued as consideration for business acquisitions	--	
Options exercised	481,319	2,
Balance, end of period	338,624,036	1,286,
-----		
		Sep
	Class A subordinate share	
	Number	Amount
-----		
Balance, beginning of period		
Issued for cash (1)	240,755,667	490,
Issued as consideration for business acquisitions	--	
Fair value of options issued as consideration for business acquisitions	85,835,178	651,
Options exercised	--	16,
	441,872	1,
Balance, end of period	327,032,717	1,159,
=====		

The following table presents information concerning all stock options granted to certain employees and directors by the Company as at December 31, 2001 and September 30, 2001.

	December 31, 2001	September 30, 2001
-----		
Number of options		
Outstanding, beginning of period	24,223,852	6,41
Granted	407,446	10,64
Granted as consideration for business acquisitions	--	8,42
Exercised	(481,319)	(44
Forfeited and expired	(474,947)	(81
Outstanding, end of period	23,675,032	24,22
=====		

CGI Group Inc.

Notes to the consolidated financial statements

(tabular amounts only are in thousands of Canadian dollars, except share data) (unaudited)

Note 2 - Capital Stock and Warrants (cont'd)

Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended December 31, 2001 and December 31, 2000.



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Three months ended December 31,		
2001		
	Net earnings (numerator)	Number of shares (denominator)
	\$	
Net earnings available to common shareholders	30,612	369,406,415
Dilutive options		4,246,841
Dilutive warrants		3,291,477
Net earnings available to common shareholders and assumed conversions	30,612	376,944,733

Three months ended December 31,		
2000		
	Net earnings (numerator)	Number of shares (denominator)
	\$	
Net earnings available to common shareholders	10,422	275,663,540
Dilutive options		919,344
Dilutive warrants		--
Net earnings available to common shareholders and assumed conversions	10,422	276,582,884

Note 3 - Segmented information

The Company provides information technology services. Effective October 1, 2001, the Company changed its organizational structure. The Company has three strategic business units ("SBU"), organized according to the following breakdown: Canada and Europe, US and Asia Pacific, and Business Process Services ("BPS"). The Company evaluates each SBU's performance under this structure and reports segmented information on that basis.

The following presents information on the Company's operations based on its new organizational structure.

As at and for the three months ended December 31, 2001	Canada and Europe	US and Asia Pacific	B
---	----------------------	------------------------	---

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	\$	\$	
Revenue	430,698	94,496	20
Operating expenses	355,366	89,593	14
-----			
Operating earnings before:	75,332	4,903	5
Depreciation and amortization	19,132	4,159	
-----			
Earnings before interest, income taxes and amortization of goodwill	56,200	744	4
=====			
Total assets	1,193,032	809,821	72
=====			

As at and for the three months  
ended December 31, 2000

Revenue	294,027	37,977	18
Operating expenses	246,147	40,475	14
-----			
Operating earnings before:	47,880	(2,498)	3
Depreciation and amortization	10,682	588	
-----			
Earnings before interest, income taxes and amortization of goodwill	37,198	(3,086)	2
=====			
Total assets	709,832	99,510	84
=====			

As at and for the three months  
ended December 31, 2001

	Corporate expenses and programs	Intersegment elimination	To
	\$	\$	
Revenue	--	(24,515)	520
Operating expenses	8,645	(24,515)	443
-----			
Operating earnings before:	(8,645)	--	76
Depreciation and amortization	323	--	24
-----			
Earnings before interest, income taxes and amortization of goodwill	(8,968)	--	52
=====			
Total assets	199,324	==	2,275
=====			

As at and for the three months  
ended December 31, 2000

Revenue	--	(15,985)	334
Operating expenses	7,147	(15,985)	292
-----			
Operating earnings before:	(7,147)	--	41
Depreciation and amortization	275	--	12
-----			
Earnings before interest, income taxes and amortization of goodwill	(7,422)	--	29
=====			
Total assets	63,635	==	957
=====			

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Note 4 - Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2002.

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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.  
(Registrant)

Date: January 18, 2002

By /s/ Paule Dore  
Name: Paule Dore  
Title: Executive Vice President  
and Chief Corporate Officer  
and Secretary