Iowa Department of Revenue

Director: Courtney M. Kay-Decker
Hoover State Office Building
Des Moines, Iowa 50319
www.iowa.gov/tax

September 21, 2011

To whom it may concern:

This letter is provided in reference to two multi-year projects of significant scope delivered by CGI for the Iowa Department of Revenue.

The first project involved development and implementation of collection stratification software and was implemented between October 2006 and August 2007. The second project was a complete replacement of the Department's collection system and was implemented between April 2009 and November 2010. Both projects utilized an out-of-the box solution that was significantly modified and configured to meet the Department's specific requirements.

Both projects were exceptionally well structured and managed. CGI used a blended team approach that utilized both on-site and off-site team members to ensure extensive local knowledge that could be enhanced with the required subject matter experts when appropriate. Both projects were delivered on time and on budget.

After the initial implementation, CGI has continued to provide ongoing application support, maintenance, issue analysis and resolution.

Sincerely,

Stuart Vos

Stuart Vos, Administrator
Revenue Operations Division
Iowa Department of Revenue

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF CHILDREN'S SERVICES

SEAN PARNELL, GOVERNOR

P.O. BOX 110630
JUNEAU, ALASKA 99811-0630
PHONE: (907) 465-3170
FAX: (907) 465-3397

September 21, 2011

JoAnn Cowger
Iowa Medicaid Enterprise
100 Army Post Road
Des Moines, IA 50315

Dear Ms. Cowger:

I'm pleased to recommend CGI Technologies and Solutions Inc. as a contractor for the Electronic Health Records Medicaid Incentive Payment Administration Tool.

I have worked with CGI since 2003, first on the initial ORCA SACWIS development, then on maintenance and operations. Their service and commitment to our agency's mission has been steadfast, and we are pleased with the work they have delivered.

We selected CGI as a partner because of their expertise in child welfare and their successful implementations of human services case management systems in other states. CGI supported the transfer of Wisconsin's SACWIS system to Alaska, providing project management, functional, development, conversion, training, and implementation services. CGI effectively managed and implemented this large, complex project through collaboration and partnership with OCS over the fifteen months of initial development. CGI continues to provide project management, functional, development services in the maintenance and operations of ORCA.

Through the years, CGI has been on time and on budget in delivering high-quality technology services to our project. I recommend them without hesitation and would select them again to support our technology efforts.

Should you need any additional information, or have any questions regarding this reference, please me at (907)269-4007 or by email at stevan.huffman@alaska.gov.

Sincerely,

Stevan "Tim" Huffman
ORCA SACWIS Project Manager

September 16, 2011

Iowa Medicaid Enterprise
Attn: Joann Cowger
100 Army Post Road
Des Moines, IA 50315

Re: **Letter of Recommendation**

To the State of Iowa's Evaluation Committee:

This letter is in support of CGI Technologies and Solutions, Inc., who designed, implemented, and continues to maintain the State of Wisconsin's SACWIS system known as eWiSACWIS. I was the State Project Manager from the beginning of this large project in 1999 until my retirement from state service in 2006.

CGI demonstrated the skills and ability necessary to design and implement a large scale system throughout the state. This project followed best practices in project management and software development lifecycle methodologies. CGI showed unwavering commitment to our goals and outcomes and worked in a spirit of collaboration and partnership. This high quality project was implemented on schedule and on budget.

After the initial implementation, CGI has continued to provide monthly support for application maintenance, operations, and helpdesk services.

Sincerely,

Joyce M Rose

Joyce M. Rose
eWiSACWIS Project Director (former)
joyce@kassets.com

Jennifer Salas, PMP

Engagement Manager

As a Director of Consulting, Ms. Salas is the Medicaid Incentive360 Engagement Manager. Her background is in delivery specializing in account, program, and project management, process engineering, quality management, and change management. Ms. Salas is PMP certified and who excels in leadership, delivery, organization and management. Backed with the knowledge of industry best practices, Ms. Salas has the know-how to foster productive client relationships, synergize teams, and the proven ability to drive tasks to completion. With a solid background in Information Systems, hands-on software development experience, and a Masters in Information Technology from Northwestern University, Ms. Salas has led several teams in the delivery of complex, high visibility projects for CGI with a focus on public sector applications.

CGI Experience

Engagement Manager, Medicaid Incentive360……………………………………February 2010 – Present

As the Engagement Manager for Medicaid Incentive360, Ms. Salas manages the Medicaid Incentive360 customer relationships providing executive oversight for the implementation of our existing member states and educating potential member states on CGI's experience, value, and approach. She originally led and helped form the founding team of experts who conceived, designed, and developed the offering and is an expert on the EHR Incentive Programs.

CGI's Medicaid Incentive360 is an end-to-end business service to manage all of the components of a state's Medicaid EHR Incentive Payment Program. From registration through attestation, payment processing, auditing, and reporting, our service is designed to enable Medicaid agencies to implement program requirements on time and without undue risk, burden and cost.

CGI Account Manager, States of Wisconsin, Minnesota, and Michigan…February 2006 – September 2010

Ms. Salas served as the CGI Account Manager for the State of Wisconsin, the State of Minnesota and the State of Michigan. In this role, Ms. Salas is responsible for developing and maintaining relationships with CGI's public sector clients and for overseeing the delivery of CGI's public sector project engagements in these geographical regions.

Managed Services Program Manager, WCA Services Inc……….July 2005 – June 2006

As a Program Manager, Ms. Salas provided the primary oversight on the Managed Services Program. In this role, Ms. Salas worked with WCA Services to develop the framework for the Managed Services Program including the business, management, service, and revenue models. In additional, Ms. Salas was responsible for contract management services.

WCA Services, Inc. (WCASI), the for-profit arm of the Wisconsin Counties Association, and CGI partnered to offer a Managed Services Program to all local units of Wisconsin government. As WCASI's trusted technology advisor, CGI agreed to develop, promote and manage all technology-enabled managed services offerings on behalf of WCASI. Under this program, local units of Wisconsin government will be able to access centrally hosted applications on a subscription basis for common functions such as Payroll and Benefits, Property and Land Management, and Enterprise Content Management. This model will allow each local governmental unit the ability to focus on its core mission - improving services to its citizens - and not worrying about software solutions, staffing a help desk or maintaining IT infrastructure. Our partnership offers access to state-of-the-art software and services including application management expertise, the ability to ramp up quickly while minimizing transition risk, and a solution delivery approach.

Integrated Tax System (ITS), Wisconsin Department of Revenue (WDOR)………. September 2003 – June 2005

After partnering with WDOR to implement ITS Release 1.0, WDOR contracted with CGI for a series of Change Orders to provide Post-Implementation support and Enhancements to the production system.

After working with Ms. Salas during the ITS Release 1.0 effort, WDOR chose Ms. Salas as one of a select number of Key Staff for the post-implementation contractual period. Initially, Ms. Salas headed up the project's Project Management Office, working with the CGI Engagement Manager and the WDOR Project Manager to define, document, and implement rigorous methodologies to support a release model that would support multiple projects and releases of software. Included in these methodologies were a Change Control process, a Staff Projection and Estimation process, an Issue Management process, a Risk process, an Incident Lifecycle process, and a Status Reporting process. Ms. Salas directly managed the transition to the new organization and the socialization of the processes. Designed and developed multiple database applications in MS Access to support the methodology.

In Spring 2004, Ms. Salas transitioned into the Project Manager role. At its peak size, Ms. Salas was supervising a staff of 32 CGI members and indirectly supporting a WDOR project team of the same size. As Project Manager, she was solely responsible for managing the project's daily operations, reporting status, managing the staff, and monitoring the project's financials. Also provided consulting support on project organization, methodology, and best practices to WDOR.

Integrated Tax System (ITS), Wisconsin Department of Revenue……….June 2000 – January 2003

CGI was contracted to support full processing for sales and use tax, registration for additional tax types including withholding, excise, and exposition activities, and revenue accounting for multiple tax types. In November 2001, a change order increased the scope of the original contract to include additional functionality and CGI maintenance and support for DOR.

ITS is based on the Enterprise Java Bean (EJB) version of CGI AMS' ADVANTAGE Revenue. By implementing the EJB version of ADVANTAGE Revenue, DOR incorporated a technologically advanced, e-business solution into its 7-year, $50 million plan to become a true customer-facing organization. CGI also provided DOR with project management support, consulting support for business process transformation efforts, conversion, and technology management as well as transition management including documentation, user training, technical training, and systems administration and operations training. CGI was responsible for the porting of the ADVANTAGE Revenue 2.0 Software to EJB and customization to meet DOR's specific business requirements.

Ms. Salas served the role of Deputy Project Manager on ITS Release 1. Serving as a member of the Project Management Group, Ms. Salas managed the project's operations and guided the daily activities of the project. Ms. Salas was involved in all aspects of the project, serving both in a management and functional expert capacity. From a project management perspective, Ms. Salas reported the project's weekly status, managed project scope, resolved project and functional issues, and establish project procedures based on CGI-CGI Best Practices. In addition to her project management work, Ms. Salas directly managed the analysis effort for the Skills and Knowledge Transfer Plan and the Service Level Target Agreement. Ms. Salas also co-wrote the user training materials for ITS Release 1.0, developed the Returns Processing functional requirements and built project management database tools such as the ITS Release 1.0 Issues Management database in MS Access. Lastly, Ms. Salas established and managed the cutover to the production system and led the project through the Controlled Production activities.

Financial System Implementation, Illinois Department of Employment Security… January 1999 – July 2000

IDES initiated a process in 1997 to replace the department's nonintegrated accounting systems with an integrated Administrative Accounting System (AAS). IDES selected CGI to implement its ADVANTAGE 2000 government financial application. To implement AAS, the Illinois Department of Employment Security customized and implemented a modified version of ADVANTAGE FINANCIAL 2.0.

Ms. Salas began her work for IDES as the on-site Development Manager. As Development Manager, she supervised 4 to 10 developers to write, code, and test over 200 detail designs for software development, conversion, and interfaces. Additionally, she was responsible for the technical aspects of the go-live effort in July 1999. During that time, Ms. Salas was also responsible for providing weekly AAS technical training sessions to the Agency's technical staff.

Project Manager, she oversaw the Functional, Development, and Technical Teams in the completion of Post Implementation modifications, production support, hotline support, training, GUI development, report development, and enhancement requests. Additionally, Ms. Salas maintained the Project/Staffing Plan, the Project Financials, and delivered weekly Project Status Reports on the progression of the Post Implementation Activities.

Ms. Salas' final achievement was to obtain and manage a follow-on project with IDES to create and implement a custom Sub-Grantee Self-Service module. This work was completed with a high level of quality within an exceptionally aggressive timeframe due to legislation change deadlines.

Financial System Implementation, City of Minneapolis…May 1997 – September 1997

The City of Minneapolis selected CGI to perform to upgrade their ADVANTAGE Financial system.

As the Development Manager, Ms. Salas headed up the off-site development effort for the City of Minneapolis. Her development team was responsible to upgrade the City of Minneapolis' custom offline reports. In doing so, Ms. Salas and her team of three to ten programmers made modifications to 47 COBOL source programs adding edits to comply with the ADVANTAGE FINANCIAL 2.0 product and to make the software year 2000 compliant. Additionally, she oversaw the conversion of 28 JCL to C scripts

ERP System Implementation, City Of Houston…………………….May 1997 - January 1999

The City of Houston contracted with CGI to provide professional services for the Core Business Systems Upgrade Project (CBSUP). The project involved upgrading the City's existing CGI systems ADVANTAGE 2.0. CGI upgraded core human resources and financial systems, replaced the procurement system designed by KPMG Peat Marwick with CGI's Extended Purchasing Subsystem (EPS) and Inventory Subsystem, and migrated ADVANTAGE Financial and ADVANTAGE HR to a client/server platform. CGI also provided support for the new software system and evaluated additional enhancements to the baseline systems.

As the Development Manager, Ms. Salas assisted in the management of a fifteen-person off-site development team. Ms. Salas established coding guidelines and development procedures documentation for her team as well as trained the new hires that came aboard her team. Additionally, she reviewed and proof read General, Technical, and Unit Test designs for each modification and assisted developers with their coding. As a Team Leader, she oversaw the completion of 110 HR modifications and 49 Financial modifications, ranging from the reapplication of existing modification to new enhancements, and tracked the team's development goals and status. As a developer, Ms. Salas spearheaded the creation of user-exits for baseline ADVANTAGE HR 2.0 software, thus achieving code independence and assuring the ease of future upgrades.

Once On-Site, Ms. Salas managed the technical effort for the ADVANTAGE Financial portion of the project. She managed the data conversion effort for ADVANTAGE Financial as well as the conversion from a non-CGI software package to CGI' EPS system. Additionally, she provided technical support during system and acceptance tests and also managed the reapplication of all Financial, Purchasing and Inventory report programs. As the system went live November 14, 1998, Ms. Salas supported the Financial application as well as assisted in getting the City of Houston programmers up to speed on the new software package.

Financial System Implementation, Illinois Department of Human Services (IDHS) – March 1997 - May 1997

The Consolidated Accounting and Receivable System (CARS) project standardized financial budgeting and fiscal management for the consolidated agencies included in the newly created IDHS. The ADVANTAGE Financial 2.0 package was selected for CARS with all the customizations developed by CGI for the Illinois Department of Public Aid’s PAAS system, including the enhanced multiple agency capability and subgrantee subsystem. In May 1998, the consolidated agencies switched over to the CARS system, which included the high priority IDHS specific customizations. The next phase of the project included the remaining required customizations.

Ms. Salas provided functional support to the development team that modified baseline ADVANTAGE Financial 2.0. Additionally, Ms. Salas is documented the conversion to multi-agency compliance and created test scripts for the testing of custom offline processes. She was also part of a team that ported the modifications to the client's mainframe operating system and provided functional and technical support during the System Testing Phase of the project.

Prior Experience

E-Commerce Program Manager, CompTIA…February 2003 – September 2003

General Manager, Laser Quest, Inc… September 1995 - February 1997

Education

M.S., Northwestern University, Information Technology

A.B., Dartmouth College, Drama

Certifications

PMP

Christopher Jacoby

Program Manager

As a Director of Consulting Services, Mr. Jacoby is an Information Technology professional with more than 25 years of professional experience ranging from Software Developer to Portfolio Manager. Leveraging his software development skills, portfolio management and project management skills and knowledge, Mr. Jacoby provided leadership and oversight required to complete development, testing, and deployment of Medicaid Incentive360 baseline solution for the State of Texas as well as the successful implementation and operations for Ohio. His extensive Project Management experience on large, complex ERP and systems integration projects provides the necessary skills for managing and maintain a multi state Medicaid Incentive Payment EHR product. He is currently the Medicaid Incentive360 Program Manager with oversight for the build and delivery of the Medicaid Incentive360 baseline solution with state-specific configurations.

CGI Experience

Program Manager, Medicaid Incentive360……………………….October 2010 – present

Mr. Jacoby is Medicaid Incentive360 Program Manager with oversight for the build and delivery of the Medicaid Incentive360 solution. In this position, he oversees the build and maintenance of the Medicaid Incentive360 solution and provides cross-team management of our individual member state implementations. Mr. Jacoby

Senior Delivery Manager.. October 2008 – September 2010

The Senior Delivery Manager has overall responsibility for successfully managing the implementation of large, complex ERP projects and systems integration engagements for Public Sector clients within the Los Angeles Metropolitan area and the Southwest Territory. Mr. Jacoby reports to the Regional Director, and is responsible for managing staff, program financials, project deliverables and revenue (P&L). He supervised multiple project managers or deputies with a total staff of up to 75 on multi-year projects in excess of $25M. His responsibilities included developing quality deliverables in the deployment of ERP software applications while adhering to PMI standards through instruction, direction, and monitoring of work. He also defines and set expectations with deputy project leaders and team members.

Mr. Jacoby had overall responsibility for Member satisfaction, enhancement and management of key client relationships associated with program/project implementation including negotiation of project plans. In addition, he managed complex contracts, scope, and financial plans with the objective of meeting program performance milestones while mitigating risk.

Other Relevant Experience

Project Director and Project Manager, Riverside County Property Tax Administration...................July 2007 – October 2008

As the Project Director and Project Manager, Mr. Jacoby was responsible for the development of a business process review and requirements definition project for the Property Tax Administration Departments (Assessor-County Clerk-Recorder, Auditor-Controller and Treasurer-Tax Collector) of Riverside County. As Project Director, he provided guidance and Quality Assurance support to the project manager and team and liaised with the County Management team to ensure that expectations were met and exceeded. This project consisted of analyzing and documenting the current processes and developing refined, more efficient to-be processes for the participating departments.

Project Manager, Los Angeles County Department of Mental Health........................Oct 2003 - Oct 2008

Mr. Jacoby managed the DMH HIPAA Remediation Project, which enabled DMH to send and receive HIPAA compliant transactions using a web-based wrapper to their existing mainframe applications. As a result, Los Angeles County was the first California County to process HIPAA compliant behavioral health transactions with the State and Medicare.

He was also responsible for directing the efforts of the Sierra Systems development, deployment and support teams and worked closely with DMH management teams to identify and prioritize system enhancements an support activities to introduce improvements that improved overall usability and acceptance and dramatically reduced claim processing cycle times.

Project Manager and Senior Business Systems Analyst, County of Orange Property Tax Administration………………..January 2006 – July 2007

Mr. Jacoby was responsible for developing Needs Assessment and Requirements Definition for a Property Tax Management System for the County. This project consisted of analyzing and documenting the current processes and developing refined, more efficient to-be processes for the Auditor-Controller, Treasurer-Tax Collector and Clerk of the Board Departments. Mr. Jacoby developed a comprehensive repository of requirements to be fulfilled with the subsequent replacement system. Work products have been utilized as foundation for training and business process improvement initiatives within the three departments.

Mr. Jacoby developed a strong working understanding of California County Property Tax Management concepts and the implementation within the County of Orange. He developed excellent working relationships with the client and staff and worked seamlessly with representatives of all of the affected Property Tax Administration departments.

Mr. Jacoby developed the following documents/artifacts: As-Is Process Model, Current Application Review, Logical Data Model, To-Be Process Model, To-Be System Functional Requirements, Use Cases, Class Diagram and Implementation Strategy.

Project Manager, Los Angeles County Sheriff's Department (LASD) Regional Crime Information System (LARCIS) – Technical Services Division……………..January 2005 - July 2005

Managing the development of the LASD LARCIS and Gap Analysis Strategic Plan, to determine LARCIS' level of compliance with stakeholder expectation and validated functional needs. Evaluated the feasibility for LARCIS to provide a foundation for a Southern California regional Crime/Incident Information Repository. This repository would provide compliant reporting for UCR/NIBRS as well as the Federal Bureau of Investigation's (FBI) National Data Exchange (N-Dex) initiative.

Project Manager, LASD Automated Fingerprint Identification System……………………. October 2002 - October 2003

Managed the test team for the implementation of the LASD Automated Fingerprint Identification System (LAFIS). Sierra Systems was contracted by the prime contractor and product vendor to provide assistance in the design of the system interfaces and for development and execution of a system test plan. Led a team of consultants in the independent development, execution and certification of completion of a test plan that was built upon a traceability matrix reconciling elements from the statement of work and subsequent detailed design document.

Project Director, Santa Clara County Department of Correction........................June 2001 - March 2002

Mr. Jacoby managed the Business Process Re-Engineering and Strategic Planning project for the Department. He managed the project team, participated in management meetings with client staff, conducted quality control reviews of all deliverables and acted as liaison with client executive sponsors.

LASD, Court Services Division..2001- 2003

Managed the Transportation Management Automated System (TMAS) replacement requirements definition project for the Los Angeles County Sheriff's Department.

Los Angeles County Sheriff's Department, Court Services Division…………..1996-1997

Managed and lead business analyst for the detailed requirements definition for a Defendant/Inmate Movement and Management System (DIMMS) for the Los Angeles County Sheriff's Department.

Education

B.A. Computer Science High Honors, University of Northern Iowa, Cedar Falls, IA, May 1986

Certifications

Project Management Professional (PMP), May 2003

Certified Function Point Specialist, July 2002

Craig A. Earls Sr.

Project Manager

With more than 13 years in the Information Technology industry, Mr. Earls is a pivotal resource to the Medicaid Incentive360 program. Most recently, Mr. Earls lead key components of the Ohio Medicaid Provider Incentive Program implementation and managed all aspects of the cutover to going live. Mr. Earls has a wide range of leadership experience including project management, resource estimation and planning, software test planning and execution, functional and technical requirements analysis, training development and delivery. He has led the design, development, and implementation of numerous information systems, and is knowledgeable in wide range of information technologies, including client/server architecture, application prototyping, and software testing methodologies. Mr. Earls also has extensive experience in the management of medium to large teams. As the Medicaid Incentive360 program lead Subject Matter Expert, Mr. Earls possesses a comprehensive understanding of the Federal Rules and Regulations for the EHR Incentive Payment program in order to define the requirement specifications for the Medicaid Incentive360 solution. Throughout design, development, testing, and implementation, Mr. Earls reviews the Medicaid Incentive360 baseline solution to ensure compliance with functional and technical design requirements. Mr. Earls' knowledge about the Medicaid Incentive360 program along with his leadership, management, client relations and business analyst skills are the necessary attributes for managing the configuration and deployment of the baseline solution.

CGI Experience

Implementation Manager/Training Lead – Ohio Medicaid Incentive 360……… February 2011 to present

Mr. Earls was responsible for delivery of the State of Ohio implementation of the MI360 baseline solution. He was responsible for creating, establishing and managing project plans for the deployment of the baseline solution with Ohio enhancements. Mr. Earls was the key liaison between CGI management and ODJFS teams during solution and technical design sessions. He led the development of design specifications for all enhancements and integration into existing State systems. Mr. Earls successfully managed the solution implementation through the design, development, testing, and delivery phases of the project including the analysis of risks and corrective actions needed for a successful delivery. As Training Lead, Mr. Earls planned and conducted internal State training sessions on the baseline solution to key stakeholders. He also conducted provider communication outreach by delivering key incentive program webinars and presentations to Eligible Professionals and Eligible Hospitals to promote user adoption. Mr. Earls was recognized for his efforts in the successful implementation of the solution within the agreed upon implementation schedule.

Enterprise Business Analyst – Texas Medicaid Incentive 360….August 2010 – February 2011

As the Enterprise Business Analyst for MI360 baseline solution team Mr. Earls is responsible for the initial solution development for the state of Texas implementation of the MI360 Medicaid EHR Incentive Payment Plan solution.

With his broad understanding of the Medicaid EHR Incentive program and CMS requirements, he was responsible for designing and delivering the user interface design requirements and specifications for the solution. He also partnered with technical teams to develop detailed specifications for system and interface designs for integration of the MI360 solution into existing State systems. During implementation Mr. Earls worked with the functional and technical teams to develop testing scenarios and to execute those tests to validate product quality.

Mr. Earls conducted Joint Application Development on-site sessions with multiple client teams within Texas and Ohio to gather requirements and design specifications for enhancements. Mr. Earls has directly impacted the success of the MI360 program and has delivered successfully on an accelerated implementation timeline.

Business Analyst / Test Architect - Enterprise Care Planning, AT&T….March 2009 – August 2010

As Test Architect for the Sales Process Engineering organization, Mr. Earls was responsible for co-leading a virtual team of junior to senior level Test Analysts. His primary responsibility was managing the work entry process, risk assessment, work estimation, and test planning for the largest implementation of Siebel in the US. Mr. Earls was responsible for the Technical Leadership, Strategic Direction, Risk Assessment/Mitigation, and Test Architecture for all test cases under the SPE program which can span hundreds of test cases across multiple projects costing upwards of 30 million dollars per release. He also works directly with the client for test strategy and planning approvals with all project stakeholders. From a technical perspective, Mr. Earls was responsible for the overall quality of deliverables across all parameters, both functional and non-functional including peer reviewing all test cases and ensuring that they meet the planning goals and requirements outlined by the client. Mr. Earls also develops and executes key user acceptance and production test cases that include business process testing, end-to-end system flow testing, data modeling and preparation for projects that span multiple environments and architectures.

Mr. Earls has also worked extensively to start and build a formal regression test automation approach for the Siebel platform. He was successful in working with key client members to identify critical regression tests and developed the automation approach to satisfy these needs. He also worked with his project team to train the automation tools and processes such as Quality Center, Business Process Testing, and Quick Test Professional to effectively run the automated tests.

From a leadership perspective, Mr. Earls interfaces with the AT&T Test Out-Tasking project's senior leadership on process issues, estimation modeling, capacity planning, training, information, and identifying key issues/risks and mitigation approaches.

Business Analyst / Siebel Test Analyst Lead - Enterprise Care Planning, AT&T February 2008 – March 2009

As Lead Test Analyst for the Global Sales Operations organization, Mr. Earls was responsible for managing a virtual team of junior to senior level test analysts testing the largest US implementation of Siebel. He participated in the management and development of test strategies and plans, risk analysis, and test cases for multiple functional areas and test phases. He also responsible for assigning key resources to Siebel projects based on resource capacity needs and client priorities. Mr. Earls also served as technical SME and validated that his team created test cases based on the client technical specifications and test plans.

Business Analyst / Test Analyst Team Lead – Enterprise Care Planning, AT&T July 2007 – February 2008

As Test Analyst Team Lead, Mr. Earls was responsible for the management and leadership of a large Test Analyst team in the BVoIP, IP Services, and Billing Program areas. Mr. Earls worked during the on-boarding phase of the project to assign resources to the areas which were targeted for transition to CGI. He was also responsible for coordinating the client knowledge transfer sessions for functional knowledge needed for the test cases execution. With respect to AT&T releases, Mr. Earls was responsible for capacity planning for his Test Analyst team and assigning those resources strategically based on AT&T project priorities. During test execution, Mr. Earls was acting Test Manager for multiple projects spanning multiple program areas. He was responsible for evaluation of client testing requirements, analyzed risks and mitigation strategies, formulated and developing the test strategy and approach, coordinated and developed test cases, and provided project level statusing to senior leadership on a weekly basis. He also was a point of escalation for defect management and any team related issues.

From a leadership perspective, Mr. Earls interfaced with the AT&T Test Out-Tasking project's senior leadership on process issues, estimation modeling, capacity planning, training, information sharing, and general issues/risks. He was instrumental in getting the on-boarding and training program off the ground once the contract was signed developing multiple telecom related training courses. Mr. Earls' leadership within the BVoIP, IP Services, and Billing Test Analyst team contributed greatly to CGI's successes in ramping up the contract.

Other Relevant Experience

Center Manager, AT&T Mobility – (08/03 to 06/07)

As AT&T's center manager, Mr. Earls served in many leadership roles which included the management of customer service representatives, as well management of special projects. Mr. Earls successfully managed a large scale market software integration UAT testing project. Mr. Earls represented the business stakeholders and developed the test plan and testing strategy spanning multiple systems across each major release. He also managed a team of 20+ UAT testers to manage the large scale project and severed as point of escalation for critical issues and was responsible for ensuring testing occurred per the project milestones. Other responsibilities included serving as the SME on many customer facing software applications as well as various business processes. Mr. Earls also served as SME for curriculum designers, providing data course facilitation throughout the U.S., and facilitating material to national trainers on the data curriculum. Mr. Earls also served in other roles that included software simulation designer, SME for eCRM Systems, Train-The-Trainer facilitator, SharePoint administrator, and designer of regional performance evaluation system.

Senior Network Administrator, Bluefield College – (04/02 to 05/03)

As senior network administrator, Mr. Earls served many technical roles. His most complex role was client side project manager for implementation of a new student/course management system. Mr. Earls' responsibilities included conducting a feasibility study, system requirements, managed the data migration, application QoS testing, UAT testing, faculty/staff training, and multi-phased integration. Mr. Earls also served as manager for other projects that included: Cisco network design and installation PBX system installation, creation of an IT ticketing system, and new campus PHP based website realizing the college savings exceeding $500,000 in TCO.

Service Center Manager, MikroTec Internet Services – (07/98 to 08/01)

Education

B. A., King College, Bristol, Tennessee, Business Administration - 2009

A.A.S., Southwest Virginia Community College, Richlands, Virginia, Computer/Electronics Internetworking – 2001

Harry Townsend

Technical Architect

After 29 years in the Information Technology industry, Mr. Townsend has acquired a vast repertoire of knowledge and experience with developing the technical architecture for a wide range of business solutions for the state and local government and the private sector. He is creative in his approach to understanding the business problem before applying technology to develop the client's solution. His understanding and application of current technology to develop functional and technical solutions is unsurpassed. As the Technical Architect for Medicaid Incentive360, Mr. Townsend has a deep understanding of the Federal Rules and Regulations in order to understand requirement specifications for the Medicaid Incentive360 baseline solution design. His understanding of the Medicaid Incentive360 design enables him to design, configure, and code the framework for the baseline solution. Mr. Townsend is one of CGI's lead technical architects. In addition to the Medicaid Incentive360 baseline solution, Mr. Townsend has developed technical solutions for Child Welfare Case Management, ERP Financial, and Tax systems for state and local governments.

CGI Experience

Technical Manager, Ohio Medicaid Provider Incentive Program…. January 2011 – present

As the Technical Manager for the Ohio Medicaid Provider Incentive Program, Mr. Townsend is responsible for supporting maintenance of Ohio's Medicaid Provider Incentive Payment (MPIP) solution which CGI implemented statewide June 1, 2011 after 4 months of modifying the baseline solution to support Ohio specification. Since Mr. Townsend managed NLR interface testing, standing up OH MPIP environments, designing and coding user logon and the financial interface between MPIP and Ohio's, he supports the OH team with evaluating incidents and request for enhancements.

Technical Architect, Medicaid Incentive 360, Internal CGI…..August 2010 to present

As the Technical Architect, Mr. Townsend's responsibilities include managing the technical architecture, database, and supporting dashboard reporting, development and interface teams which enable CGI to maintain its end-to-end service offering for the administration of the state Medicaid Electronic Health Record Incentive program. Mr. Townsend reviews and approves all modifications or enhancements to the provider and Business Services web portals, databases, along with the NLR, MMIS, and financial interfaces. Additionally, Mr. Townsend support MI360's multi-state deployment and maintenance.

Technical Environment: Java, JSP, JBoss 5, Struts 1.3, EJB 3, JPA, XML, Web Services, Jasper 3.7, Eclipse, Windows 2008 Server, SQL Server 2008

Technical Manager, Cleveland Advantage, City of Cleveland, Ohio…May 2009 – August 2010

As Technical Manager, duties on the project are composed of directing the technical, interface, and conversion teams. The engagement replaces the city of Cleveland's current PeopleSoft ERP system with the CGI / AMS Advantage ERP system. Advantage modules implemented include Administration, Vendor Self-Service, Performance Budgeting, Financial, infoAdvantage data warehouse, ECM, PCI cash management, Archibus work order tracking, Sympro debt and investment management.

Technical Environment: Java, JSP, Windows 2003 Server, SQL Server 2005, WebSphere 6, Business Objects Enterprise XI R3, PDI, Tomcat, Active Directory, Adobe Forms, Versata

Technical Manager and Technical Architect, Florida Safe Families Network, Florida Department of Children and Families………. June 2006 – May 2009

As Technical Manager and Technical Architect, duties on the project were composed of directing the development, interface, data warehouse, and conversion teams on the project. The engagement implements CGI's Federal ACF compliant statewide child welfare solution for the state of Florida. The solution supports Florida's privatized community based care provider (CBC) service delivery model and integrates with numerous CBC and state agency systems. It includes mobile computing support for field workers and a full data warehouse / business intelligence environment.

Technical Environment: Java, JSP, JMS, EJB, RedHat LINUX, z/OS, DB2 z/OS, Db2 LUW 9.5, WebLogic 9.2, IMS Connect, Business Objects Enterprise XI R2, Business Objects Data Integrator, Web Services, IBM LDAP Directory, CA AutoSys, SVN

Project Lead, Streamlined Sales Tax Project, Ohio Department Of Taxation………… April 2005 - June 2006

As project lead, duties on the project were composed of directing the development of the Ohio implementation of the Streamlined Sales Tax Project (SSTP) application specification. Managed and executed the technical design and development activities for the State and vendor staff,

The SSTP is to enable the automated collection of interstate sales taxes using web service technology, enabling businesses to register with participating states through a centralized exchange service and post tax collections to participating state revenue agencies through a standard web service API.

Technical Environment: Java, JSP, JMS, EJB, UNIX, z/OS, DB2 z/OS, WebSphere 5, Web Services, IBM LDAP Directory

Technical Manager and Technical Architect, Ohio Field Audit Support Tool (OFAST), Ohio Department of Taxation…………. November 2005 – March 2006 and March 2003 - March 2005

As Technical Manager and Technical Architect, duties on the project were composed of directing the development of the conceptual design for the application, infrastructure design and development, and the development of core functional modules as well as knowledge transfer to client support staff.

The OFAST project is an application to support field workers auditing of the State's business taxes. It supports audits spanning multiple tax years for multiple tax types and is extensible to cover new tax types and tax years through the addition of new rules and tables. The application includes a stand-alone client component as well as a server-based archive facility.

Technical Environment: Java, JSP, Swing, JFLEX, CUP, XML, DB2 8 Personal Edition, DB2 z/OS 7, Crystal Reports, Tivoli, CVS

Technical Manager, eMARS, Commonwealth of Kentucky… April 2005 – October 2005

As Technical Manager, duties on the project were composed of directing the installation and configuration of the Advantage® Financial (ERP) and infoADVANTAGE® (data warehouse) products as well as the support infrastructure for interfaces and conversion. Developed the hardware specifications for the production deployment and defined and managed the scope and approach for performance testing, tuning and monitoring of eMARS for the on-line web components, the financial batch cycles, the ePayment Gateway, the extract transformation and load (ETL) processes for maintaining the data warehouse, the on-line business intelligence, interface processes, and the batch report cycle. Supported the product engineering team in the development of baseline and custom enhancements. The eMARS project replaces AMS Advantage 2 with AMS Advantage 3 as the Commonwealth's financial management system.

Technical Environment: Java, JSP, EJB, Web Services, AIX, WebSphere 5, Business Objects Enterprise, PDI, IBM LDAP Directory, Adobe Forms, Versata, Oracle 9i

Technical Manager, AMS Advantage ePAY, Commonwealth of Kentucky…March 2002 – June 2003

As Technical Manager, duties included scoping and planning the project plan and level of effort. Developed the conceptual design for the application; specifying and developing the technical infrastructure for the application. Directed the design and construction of the functional modules for the application and coordinating project work with third-party service providers.

The AMS Advantage ePayment Gateway provides the following services to the Commonwealth of Kentucky and its affiliates: a single secure standard payment processing interface for all eCommerce transactions; reconciliation of real-time payment authorizations with nightly batch deposits; and automated generation of cash receipts into the Commonwealth's Advantage financial system

Technical Environment: Java, JSP, EJB, Web Services, AIX, WebSphere 4, Business Objects Enterprise, PDI, IBM LDAP Directory, Adobe Forms, Versata, Oracle 8i, WSAD 4 & 5, Rational XDE

Technical Architect Group Lead, eICMS and ICMS, Ohio Department of Jobs and Family Services (ODJFS)……… August 2000 – February 2002, February – July 2000, August 1999 – January 2000, February – July 1999, and February – July 1998

The eICMS / ICMS application provides casework support to transition welfare recipients to gainful employment as well as provide single client view of welfare program participation to case workers and a common front end gateway to legacy welfare applications.

As Technical Architect group lead, duties on the project were composed of conceptual design of the application framework, oversight of the construction of the application framework, conceptual design for ETL application framework, and directing the logical and physical database design for the application. As the user interface architect for the application, duties were composed of developing a stateless model view controller framework providing a functionally rich, dynamic expanding outliner driven user interface that reaches through the J2EE layer into back-end legacy systems. As application integration architect developed the approach for a Master Client Index of the state's welfare client base spanning welfare program specific systems. The approach included provision for coordinated disaster recovery for components spanning CICS / DB2, IMS, as well as J2EE environments.

As persistence architect from February 2000 to July 2000, Mr. Townsend specified and documented the approach and standards for the use of EJB CMP persistence as well as native JDBC. He developed proof-of-concept application for the persistence approach. Responsible for managing the data model, object model, and design artifacts for the Container Managed Persistence (CMP) Entity Beans legacy applications. As the OS390 DB2 DBA lead for the ICMS project, Mr. Townsend served as primary DBA for the fat client application with a statewide user base of 16,000. Created and executed the logical and physical database design; DB2 Connect architecture; Managed the development support; capacity planning and monitoring (database and network);and the data joiner providing SQL read access to IMS data.

Technical Environment: Java, Servlets, JSP, EJB, AIX, WebSphere 3, DB2 for z/OS 5 & 6, Netscape Enterprise Server for Novell, Crystal Reports, Platinum DB2 tool suite, Visual Age for Java, ERWin & Model Mart, IBM Data Joiner, DB2 Connect, Oracle, MS Access, Platinum infoReports

SETS, Ohio Department of Jobs and Family Services (ODJFS)…August 1998 – January 1999

As a performance analyst and reporting consultant on the SETS project, duties were comprised of strategy development to monitor and analyze the SETS batch cycle bottlenecks and instabilities, Identification of key bottleneck points and provide solution recommendations to increase inefficiencies; design and development of automated web based reporting system. The SETS project implements federally mandated child support enforcement information management system to identify and locate absentee parents, establish child support enforcement agreements, manage routine collection of the established support agreement as well as arrearages and penalties, and disburse support funds.

Technical Environment: IMS, DB2 for z/OS, Netscape Enterprise Server for Novell, Platinum DB2 and IMS tool suites, CA7, ERWin & Model Mart, IBM Data Joiner, DB2 Connect, Platinum infoReports

Other Relevant Experience

Senior DB2 DBA Consultant, Lucent and PSCO accounts, IBM Global Services…07/97 - 01/98

Technical Environment: DB2 for z/OS, BMC DB2 tool suite

Technical Lead, (NetPro), MCI…02/94 - 07/97

Technical Environment: DB2 version 3 and 4, COBOL, CICS, C, C++, Java, BMC tool suite, Candle Omegamon monitoring tools, Lotus Notes

Technical Manager and Development Lead, Integrated Production Support System (IPS), Dupont…01/86 - 02/94

Technical Environment: DB2 version 1 and 2, TOTAL, SUPRA, COBOL, CICS, C, MANTIS, BMC tool suite, Candle Omegamon monitoring tools, Lotus Notes, Handheld scanning devices, DOS / VSE, MVS, GDDM, QMF, ICF, SNA, LU 6.2, VAX, RDB, FORTRAN

Adjunct Faculty, West Virginia University at Parkersburg……08/85 - 12/85

Technical Environment: BASIC, FORTRAN

Research Assistant, Computer Aided Mapping functions for municipal and regional government planning, Florida State University…02/85 - 05/85

Technical Environment: VAX, FORTRAN, Intergraph CAD

Programmer Analyst, Banking and ATM synchronization for OWL network, United Bank…07/84 - 12/84

Technical Environment: Burroughs, CANDIE, COBOL, IBM OS, tape based modem

Computer Science Instructor and Systems Manager, Vocational Education, Mountain State College…07/81 - 12/84

Technical Environment: TI mid-range, COBOL, FORTRAN, PASCAL, C, RPG, BASIC

Skills and Certifications

Software: BEA WebLogic 9.2, IBM WebSphere V3 - 6, Business Objects XI R2 & XI R3, Business Objects Data Integrator XI, Pervasive Data Integrator, Eclipse, Rational Developer, ERWin & ModelMart, Rational Rose & XDE, ORACLE, DB2 for z/OS V1-8, DB2 LUW V5-9.5, SQL Server 2005, MySQL, Versata, IBM MQ Series, JMS, Tomcat, Adobe Central Pro, IBM LDAP Directory, Active Directory, CA AutoSys, BMC Control M, CA 7, SVN, CVS, IMS Connect, Crystal Reports, CA Platinum DB2 tool suite, BMC DB2 tools suite, Tivoli / Candle monitoring suite, DB2 Connect, IBM Data Joiner with IMS extension, CICS, IMS, CA – Platinum InfoReports, Lotus Notes, Total Supra, QMF, ICF, GDDM, RDB, NetScape Enterprise Server for Novell, MS Office including Access, CANDIE

Languages: Java, J2EE, J2SE, JDBC, JSP, EJB, Swing, JFLEX, CUP, JavaScript, Web Services WSDL, DHTML, XML, COBOL, SQL, FORTRAN, C, C++, UML, XSLT, Clists / ISPF, REXX, Mantis, BASIC, RPG

Operating Systems: UNIX (AIX, Linux), Windows 2003 Server, z/OS, MVS, DOS VSE,

Education

B.A., St John’s College – Annapolis, Liberal Arts with emphasis on Physics

Curtis Rushing

Business Services Operations Manager

As the Medicaid Incentive360 Operations Manager, Mr. Rushing is manages the business services team which provides operational support to Medicaid Incentive360 participant states. With over 15 years of IT experience, Mr. Rushing is an experienced consultant in public sector healthcare, specifically Medicaid claim process. His experience includes analyzing business requirements, managing project teams, analyzing call center statistics, documenting procedures, developing quality monitoring processes, and testing system software. With extensive experience with managing personnel, Mr. Rushing's skills includes workforce planning, hiring, training, performance counseling, compensation planning, and motivating team members. In addition, Mr. Rushing is experienced in developing training materials, process control manuals, and procedures manuals. He has led teams that delivered service for government clients such as the Department of Education, Department of Commerce, Bureau of the Census, and the Alabama Medicaid Agency.

CGI Experience

Operations Manager, Medicaid Incentive360™ Business Services – 11/2010 Present

Mr. Rushing coordinates the business services administration of Medicaid Incentive360, including communications and outreach, policy and procedure management, call center operations, dispute resolution, reporting/auditing; fraud, abuse and duplication monitoring, provider appeals initiation, and payment processing. In this role, Mr. Rushing develops and coordinates training, maintains operations policies and procedures, and maintains frequently asked questions (FAQ's) file for the Medicaid Incentive360 Program. Additionally, he performs desk audits, aids in answering routine questions, provides issue/dispute resolution for registrants, eligibility, attestation, or payment process, and resolves technical issues such as password resets for the Medicaid Incentive360 program.

Other Relevant Experience

Hewlett Packard (HP)…….May 1996 - November 2010

Alabama Title XIX (Medicaid/MMIS), HP………February 2004 – November 2010

Business Analyst II (Financial Subsystem)…………..April 2008 to November 2010

As the Financial subsystem Lead Business Analyst, monitored, tested functions encompassing claim payment, accounts receivable, and all associated financial transaction processing. Ensured that funds were appropriately disbursed for claim payments, and all post-payment transactions were accounted for and applied accurately. Financial Processing functions included generation of payments to providers and the production of a remittance advice for each provider who had claims adjudicated and/or financial transactions processed.

Service Relations Supervisor (Provider Assistance Center)……February 2004 to March 2008

Managed personnel recruitment, hiring, development and service delivery. Monitored call center performance metrics to meet or exceed contractual requirements and ensure total customer satisfaction. Managed solutions using technologies including ACD, IVR, Voice Mail, Expert/Agent Skill, outbound and inbound call management.

Federal Direct Student Loan Program (FDSL), HP…………May 1996 – October 2003

Service Relations Supervisor………………………….………… April 1997 to October 2003

As a Service Relations Supervisor for the Loan Origination Program serving the Department of Education contract, managed personnel development and service delivery. Monitored call center performance metrics to meet or exceed contractual requirements and ensure total customer satisfaction. Managed the receipt of customer inquiries via telephone, e-mail, fax and white mail. Delivered oversight for Direct Loan PLUS credit appeal processing to ensure customer inquiries were answered in an efficient manner.

Business Analyst – Loan Origination Core Team………………. May 1996 to April 1997

As a Business Analyst for the Loan Origination Program serving the Department of Education contract, developed manual procedures, training materials, system testing conditions and scenarios. Served as Team Leader responsible for issue resolution and team planning.

Business Analyst – Loan Consolidation……………………….January 1996 to May 1996

As a member of the Loan Consolidation Program serving the Department of Education contract, provided input and support for the development of manual procedures. Responded to customer inquiries via telephone, fax, and e-mail. Served as Team Leader and trained customer service representatives on telephone techniques, procedures, and daily responsibilities.

Census 2000 Telephone Questionnaire Assistance, HP…..February 2000 – April 2000 (TDY)

Quality Assurance Manager - Ensured monitoring goals and objectives were met. Analyzed quality monitoring results to determine agent proficiency levels and additional training needs for approximately 90 agents.

Skills and Competencies

Project Management:

- Start-up and Planning

- Basic Scheduling
- Execution and Close-down
- Interpersonal Skills Workshop, Equal Employment in Action, Behavioral Interviewing,
- Lucent CentreVu Supervisor, Inter-Tel Call Center Suite, Noble Dialer
- MS Access; Business Objects, SQLEducation

Education

Bachelor of Science, Troy University, 1998

David O. Trotter

Lead Business Analyst

With more than 20 years in the Information Technology industry, Mr. Trotter is a lead business analyst for the Medicaid Incentive360 program. Mr. Trotter possesses a comprehensive understanding of the Federal Rules and Regulations for the EHR Incentive Payment program. Throughout design, development, testing, and implementation, Mr. Trotter reviewed and tested the Medicaid Incentive360 baseline solution to ensure compliance with functional and technical design requirements. Mr. Trotter has program and project management, system specification, software development, system and integration testing, system delivery, and end-user training experience. His program management and software development skills have been applied in the public and private section client's such as aerospace industry. His testing & system integration skills have been applied in the Medicaid, telecommunications and insurance industries. He always endeavors to deliver project deliverables on schedule, on budget. David is a Certified Software Test Engineer (CSTE), and has a proven record across a wide spectrum of applications.

CGI Experience

Functional Analyst, Medicaid Incentive Payment Program (MPIP), CGI….August 2010-Present

Mr. Trotter analyzed Texas and Ohio state Medicaid incentive program requirements and developed functional and detailed design specifications for Ohio modifications to MI360 baseline solution. He developed test plans and procedures, executed system tests and user acceptance test scripts, evaluated test results, trained state MPIP staff in system processes and procedures, and supported all aspects of project and team management.

Technical Environment: Ensemble-II supported shared environment; Microsoft Word for specifications and plans; Excel for data description documents; XSD for schema and XML files for executing tests; Microsoft SQL server for database; Web applications for user-level GUI testing; Mantis for defect tracking.

Senior Test Analyst Team Lead, Sales Ordering Team, AT&T Test Out-Tasking, CGI May 2008- August 2010

As the Senior Test Analyst, Mr. Trotter led and managed the Sales Ordering Team and interfaced with Sales Test Analyst Architects and other team leads to estimate test budgets and plan and design testing approaches. He validated and demonstrated all testing activities of the Sales Ordering Team, including test case development and execution for BVT, Regression, UAT, UCT, PSAT, ORT, and CRT. He also coordinated these activities with Test Managers, oversaw the cross-training of all Sales Ordering Team members on all AT&T systems and functions, reviewed and developed job aids, and reported testing results using Mercury Quality Center and AT&T production reporting systems. CGI awarded the Star Performance Award to Mr. Trotter for the quarter, Fall, 2008.

Technical Environment: AT&T VPN, all AT&T systems for the testing levels and subsystems listed above. Specifically includes eCRM, ADOPT, eCON/ABSCON & Emptoris, EFMS, eSign, GCSM, GIOM, DBOR/GCP, and Quote Expert. These systems interface with ASOC, USRP-IP, LPP, USRP-FR/ATM, OCS-SS, SA, UB, CADM, ICT, eUAM, CTM, and BGW.

Test / Quality Assurance Lead …February 2008 - April 2008

As the Lead for the Quality Assurance Test Team for the Humana/KMG America project, Mr. Trotter verified project requirements documents; developed requirements clarification matrices; reviewed Program Definition documents; developed test plans, procedures, and testing scripts to assist with Unit Tests, and to perform System Tests, Integration Tests, and prepare projects for User Acceptance Testing. Mr. Trotter also prepared test data for all levels of testingand developed test tools to facilitate the verification of test results across platforms (AS/400 and Microsoft Windows File Server). Functional areas included all aspects of life and health insurance. Completed training courses in the insurance industry.

Technical Environment: AS/400; AS/400 Emulator; Microsoft Windows File Server

Senior Test Manager, CGI….January 2008 - February 2008

Mr. Trotter researched the AT&T Test Out-tasking contract, at the overview level, involving all aspects of the AT&T telecommunications contract with CGI. Completed training courses in the telecommunications industry.

Technical Environment: VPN test environment to AT&T hardware and software off-site.

Other Relevant Employment Experience

Database Administrator, Christian Medical & Dental Associations…September 2003-December 2007

Converted previous membership system from ASP and Microsoft Access to iMIS. Converted Access reports to Crystal Reports. Supported all database maintenance & retrieval requests using SQL, T-SQL, Crystal Reports, and Access. Trained users in using the system and how to perform their tasks more proficiently. Specified database user requirements, designed & implemented solutions, delivered data to consumers around the world.

Technical Environment: iMIS, SQL server, Crystal Reports, Microsoft Access

Consultant, D&D School of Real Estate….January 2004 - September 2004

Designed and implemented an integrated customer database for a real estate training center.

Technical Environment: Microsoft Access, Visual Basic

Adjunct Professor, San Antonio College….September 1998- June 2001

Taught classes in Microsoft Office and C++ (LINUX and Microsoft).

Technical Environment: Microsoft Office, C++, LINUX

Project Manager, System Engineering & Development Corporation…August 1984 - August 1988

Helped establish the West Coast office of SEDC, a Maryland corporation. Designed concepts & systems to satisfy national intelligence collection requirements. During four years, all projects delivered on schedule, within budget.

Program Manager, Calspan Field Services, Inc……August 1981 - August 1984

Managed 22 engineers in the design, development, implementation, and test & integration of the $5M Mission Control Element (MCE) software for the TR-1 Reconnaissance System (TRS) ground station. The TRS provided complete mission control & intelligence processing control for the TR-1 reconnaissance mission. Assumed management of the MCE project when it was $250K overrun and behind schedule, and delivered it on schedule and $50K under budget in less than two years.

Technical Environment: PDP-11/70 network, Fortran

Computer Systems Analyst, Calspan Field Services, Inc……August 1978- August 1981

Designed, developed, & implemented the applications software for the PACOM Data Services Center. The PDSC provided a computer system network with a vast array of software satisfying the wide variety of military & intelligence functions supporting the PACOM mission.

Technical Environment: PDP-11/70 network, Fortran

Computer Systems Analyst, Intelligence Center Pacific (U.S. Air Force)…August 1975 – August 1978

Designed, developed, & integrated computer systems to satisfy IPAC requirements, particularly in the ELINT support field. Designed and developed the first of its kind intelligence requirements interpretation system that integrated all the intelligence reporting and processing into one system.

Technical Environment: PDP-11/45, Fortran

Computer Systems Analyst, HQ Tactical Air Command (U.S. Air Force)……..June 1971 - August 1975

Designed, developed, & integrated computer systems to satisfy TAC requirements in the Force support and modeling & simulation fields.

Technical Environment: IBM 1410, Autocoder, Burroughs 6000, Simscript II.5

Certification

Certified Software Test Engineer (CSTE)

Education

Doctor of Philosophy, Education, Louisiana Baptist University

Master of Science in Administration, Information Technology, George Washington University

Bachelor of Science, Computer Science, United States Air Force Academy

Consolidated Financial Statements of

CGI GROUP INC.

For the years ended September 30, 2010 and 2009

Management's and Auditors' reports

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of CGI Group Inc. ("the Company") is responsible for the preparation and integrity of the consolidated financial statements and the Management's Discussion and Analysis ("MD&A"). The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and necessarily include some amounts that are based on management's best estimates and judgment. Financial and operating data elsewhere in the MD&A are consistent with that contained in the accompanying consolidated financial statements.

To fulfill its responsibility, management has developed, and continues to maintain, systems of internal controls reinforced by the Company's standards of conduct and ethics, as set out in written policies to ensure the reliability of the financial information and to safeguard its assets. The Company's internal control over financial reporting and consolidated financial statements are subject to audit by the independent auditors, Ernst & Young LLP, whose report follows. They were appointed as independent auditors, by a vote of the Company's shareholders, to conduct an integrated audit of the Company's consolidated financial statements and of the Company's internal control over financial reporting. In addition, the Management Committee of the Company reviews the disclosure of corporate information and oversees the functioning of the Company's disclosure controls and procedures.

Members of the Audit and Risk Management Committee of the Board of Directors, all of whom are independent of the Company, meet regularly with the independent auditors and with management to discuss internal controls in the financial reporting process, auditing matters and financial reporting issues and formulates the appropriate recommendations to the Board of Directors. The independent auditors have unrestricted access to the Audit and Risk Management Committee. The consolidated financial statements and MD&A have been reviewed and approved by the Board of Directors.

(signed)	(signed)
Michael E. Roach	**R. David Anderson**
PRESIDENT AND CHIEF EXECUTIVE OFFICER	EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

NOVEMBER 8, 2010

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in Canada.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in Canada, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and,
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

All internal control systems have inherent limitations; therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There were two exclusions from our assessment. Our interest in a joint venture was excluded from our assessment as we do not have the ability to dictate or modify the joint venture's internal control over financial reporting, and we do not have the practical ability to assess those controls. Our interest in the joint venture represents approximately 1% of our consolidated total assets and approximately 2% of our consolidated revenue as at and for the year ended September 30, 2010. We have assessed the Company's internal controls over the inclusion of our share of the joint venture and its results for the year in our consolidated financial statements. In addition, management's assessment and conclusion on the effectiveness of internal controls over financial reporting excludes the controls, policies and procedures of Stanley, Inc. ("Stanley") which was acquired six weeks prior to the Company's fiscal year-end. Our assessment is limited to the internal controls over the inclusion of its financial position and results in our consolidated financial statements. Stanley's operations represented approximately 28% of our consolidated total assets (including intangible assets and goodwill) and approximately 3% of our consolidated revenue for the year ended September 30, 2010. The exclusion is due to the short time frame between the consummation date of the acquisition and the date of management's assessment.

As of the end of the Company's 2010 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2010, was effective.

The effectiveness of the Company's internal control over financial reporting as at September 30, 2010, has been audited by the Company's independent auditors, as stated in their report appearing on page 4.

(signed)
Michael E. Roach
PRESIDENT AND CHIEF EXECUTIVE OFFICER

(signed)
R. David Anderson
EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

NOVEMBER 8, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited CGI Group Inc.'s (the "Company") internal control over financial reporting as at September 30, 2010, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of its interest in a joint venture, which is included in the 2010 consolidated financial statements of the Company, and constituted approximately 1% of total assets as of September 30, 2010 and approximately 2% of revenues for the year then ended. In addition, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Stanley, Inc., acquired six weeks prior to the Company's fiscal year-end, which is included in the 2010 consolidated financial statements of the Company and constituted approximately 28% of total assets (including intangible assets and goodwill) as of September 30, 2010 and approximately 3% of revenues for the year then ended. Our audit of internal control over financial reporting of CGI Group Inc. also did not include an evaluation of the internal control over financial reporting of its interest in a joint venture and of Stanley, Inc.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2010 based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as at and for the year ended September 30, 2010, and our report dated November 8, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP[1]

Ernst & Young LLP
CHARTERED ACCOUNTANTS

MONTRÉAL, CANADA
NOVEMBER 8, 2010

[1] Chartered accountant auditor permit No. 15859

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited the consolidated balance sheet of CGI Group Inc. (the "Company") as at September 30, 2010 and the consolidated statements of earnings, comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company for the years ended September 30, 2009 and 2008, were audited by other auditors whose report dated November 8, 2009, expressed an unqualified opinion on those statements and included a comment paragraph for U.S. readers that disclosed changes in the Company's accounting principles discussed in Note 2 to those financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2010 and the consolidated results of its operations and its cash flows for the year then ended in conformity with Canadian generally accepted accounting principles.

As explained in note 2 to the consolidated financial statements, in 2010, the Company adopted the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, Section 1602, Non-Controlling Interests, and amendments to Section 3862, Financial Instruments - Disclosures. As explained in note 28, in 2010 the Company adopted the requirements of the Financial Accounting Standards Board's ("FASB") ASC Topic 805, Business Combinations.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 8, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP[1]

Ernst & Young LLP
CHARTERED ACCOUNTANTS

MONTRÉAL, CANADA
NOVEMBER 8, 2010

[1] Chartered accountant auditor permit No. 15859

Consolidated Statements of Earnings

Years ended September 30 (in thousands of Canadian dollars, except share data)	**2010**	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Revenues	**3,732,117**	3,825,161	3,705,863
Operating expenses			
Costs of services, selling and administrative (Note 17)	**3,025,823**	3,170,406	3,110,760
Amortization (Note 14)	**195,308**	195,761	163,172
Acquisition-related and integration costs (Note 18a)	**20,883**	–	–
Interest on long-term debt	**17,123**	18,960	27,284
Interest income	**(2,419)**	(2,908)	(5,570)
Other (income) expenses	**(952)**	3,569	3,341
Foreign exchange (gain) loss	**(916)**	(1,747)	1,445
Gain on sale of capital assets	**(469)**	–	–
	3,254,381	3,384,041	3,300,432
Earnings from continuing operations before income taxes	**477,736**	441,120	405,431
Income tax expense (Note 16)	**114,970**	125,223	106,297
Earnings from continuing operations	**362,766**	315,897	299,134
Earnings (loss) from discontinued operations, net of income taxes (Note 19)	**–**	1,308	(5,134)
Net earnings	**362,766**	317,205	294,000
Attributable to :			
Shareholders of CGI Group Inc.			
Earnings from continuing operations	**362,386**	315,158	298,266
Earnings (loss) from discontinued operations	**–**	1,308	(5,134)
Net earnings attributable to shareholders of CGI Group Inc.	**362,386**	316,466	293,132
Non-controlling interest			
Net earnings attributable to non-controlling interest	**380**	739	868
Net earnings	**362,766**	317,205	294,000
Basic earnings (loss) per share attributable to shareholders of CGI Group Inc.			
Continuing operations (Note 13)	**1.27**	1.03	0.94
Discontinued operations	**–**	–	(0.02)
	1.27	1.03	0.92
Diluted earnings (loss) per share attributable to shareholders of CGI Group Inc.			
Continuing operations (Note 13)	**1.24**	1.02	0.92
Discontinued operations	**–**	–	(0.02)
	1.24	1.02	0.90

See Notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended September 30 (in thousands of Canadian dollars)	**2010**	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Net earnings	**362,766**	317,205	294,000
Net unrealized (losses) gains on translating financial statements of self-sustaining foreign operations (net of income taxes)	**(53,598)**	6,249	66,200
Net unrealized gains (losses) on translating long-term debt designated as hedges of net investments in self-sustaining foreign operations (net of income taxes)	**15,806**	15,739	(538)
Net unrealized gains (losses) on cash flow hedges (net of income taxes)	**2,036**	13,446	(1,013)
Other comprehensive (loss) income (Note 15)	**(35,756)**	35,434	64,649
Comprehensive income	**327,010**	352,639	358,649
Attributable to:			
Shareholders of CGI Group Inc.	**326,630**	351,900	357,781
Non-controlling interest	**380**	739	868

See Notes to the consolidated financial statements.

Consolidated Statements of Retained Earnings

Years ended September 30 (in thousands of Canadian dollars)	**2010**	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Retained earnings, beginning of year	**1,182,237**	921,380	750,138
Net earnings attributable to shareholders of CGI Group Inc.	**362,386**	316,466	293,132
Excess of purchase price over carrying value of Class A subordinate shares acquired (Note 11)	**(347,940)**	(55,609)	(121,890)
Change in subsidiary investment	**(297)**	–	–
Retained earnings, end of year	**1,196,386**	1,182,237	921,380

See Notes to the consolidated financial statements.

Consolidated Balance Sheets

As at September 30 (in thousands of Canadian dollars)	**2010**	2009 (Restated Note 2a)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 3)	**127,824**	343,427
Short-term investments	**13,196**	–
Accounts receivable (Note 4)	**423,926**	461,291
Work in progress	**358,984**	249,022
Prepaid expenses and other current assets	**76,844**	82,237
Income taxes	**7,169**	2,759
Future income taxes (Note 16)	**16,509**	15,110
Total current assets before funds held for clients	**1,024,452**	1,153,846
Funds held for clients	**248,695**	332,359
Total current assets	**1,273,147**	1,486,205
Capital assets (Note 5)	**238,024**	212,418
Intangible assets (Note 6)	**516,754**	455,775
Other long-term assets (Note 7)	**42,261**	60,558
Future income taxes (Note 16)	**11,592**	10,173
Goodwill (Note 8)	**2,525,413**	1,674,781
	4,607,191	3,899,910
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**304,376**	306,826
Accrued compensation	**191,486**	165,981
Deferred revenue	**145,793**	136,135
Income taxes	**86,877**	88,002
Future income taxes (Note 16)	**26,423**	50,250
Current portion of long-term debt (Note 10)	**114,577**	17,702
Total current liabilities before clients' funds obligations	**869,532**	764,896
Clients' funds obligations	**248,695**	332,359
Total current liabilities	**1,118,227**	1,097,255
Future income taxes (Note 16)	**170,683**	171,697
Long-term debt (Note 10)	**1,039,299**	265,428
Other long-term liabilities (Note 9)	**119,899**	83,934
	2,448,108	1,618,314
Commitments, contingencies and guarantees (Note 25)		
Shareholders' equity		
Retained earnings	**1,196,386**	1,182,237
Accumulated other comprehensive loss (Note 15)	**(321,746)**	(285,990)
	874,640	896,247
Capital stock (Note 11)	**1,195,069**	1,298,270
Contributed surplus (Note 12c)	**82,922**	80,737
Equity attributable to shareholders of CGI Group Inc.	**2,152,631**	2,275,254
Equity attributable to non-controlling interest	**6,452**	6,342
	2,159,083	2,281,596
	4,607,191	3,899,910

See Notes to the consolidated financial statements.

Approved by the Board	(signed)	(signed)
	DIRECTOR	DIRECTOR
	Michael E. Roach	Serge Godin

Consolidated Statements of Cash Flows

Years ended September 30 (in thousands of Canadian dollars)	**2010**	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Operating activities			
Earnings from continuing operations	**362,766**	315,897	299,134
Adjustments for:			
Amortization (Note 14)	**219,740**	218,087	186,120
Future income taxes (Note 16)	**(21,417)**	29,300	(22,675)
Foreign exchange (gain) loss	**(828)**	723	1,846
Stock-based compensation (Note 12a)	**15,517**	8,617	5,131
Gain on sale of capital assets	**(469)**	–	–
Net change in non-cash working capital items (Note 21a)	**(22,942)**	57,620	(113,886)
Cash provided by continuing operating activities	**552,367**	630,244	355,670
Investing activities			
Purchase of short-term investments	**(12,940)**	–	–
Business acquisitions (net of cash acquired) (Note 18)	**(899,564)**	(997)	(3,911)
Proceeds from sale of assets and businesses (net of cash disposed)	**4,100**	4,991	29,238
Purchase of capital assets	**(47,684)**	(69,212)	(60,983)
Proceeds from disposal of capital assets	**896**	–	–
Additions to intangible assets	**(69,722)**	(62,367)	(60,942)
Decrease in other long-term assets	**–**	–	3,019
Cash used in continuing investing activities	**(1,024,914)**	(127,585)	(93,579)
Financing activities			
Use of credit facilities	**939,394**	144,694	90,305
Repayment of credit facilities	**(82,684)**	(157,505)	(196,533)
Repayment of long-term debt	**(125,168)**	(117,752)	(10,153)
Proceeds on settlement of forward contracts (Note 10)	**–**	18,318	–
Repurchase of Class A subordinate shares (including share repurchase costs)	**(516,699)**	(101,698)	(216,208)
Issuance of shares	**53,039**	16,141	32,423
Change in subsidiary investment	**(571)**	(425)	–
Cash provided by (used in) continuing financing activities	**267,311**	(198,227)	(300,166)
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations	**(10,367)**	(11,300)	398
Net (decrease) increase in cash and cash equivalents from continuing operations	**(215,603)**	293,132	(37,677)
Net cash and cash equivalents provided by (used in) discontinued operations (Note 19)	**–**	161	(1,068)
Cash and cash equivalents, beginning of year	**343,427**	50,134	88,879
Cash and cash equivalents, end of year (Note 3)	**127,824**	343,427	50,134

Supplementary cash flow information (Note 21)
See Notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Years ended September 30, 2010, 2009 and 2008
(tabular amounts only are in thousands of Canadian dollars, except share data)

1. Description of business

CGI Group Inc. (the "Company"), directly or through its subsidiaries, manages information technology services ("IT services"), including outsourcing, systems integration and consulting, software licenses and maintenance, as well as business process services ("BPS") to help clients cost effectively realize their strategies and create added value.

2. Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which differ in certain material respects from U.S. GAAP. A reconciliation between Canadian and U.S. GAAP can be found in Note 28. Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2010.

CHANGES IN ACCOUNTING POLICIES
On October 1, 2009, the Company elected to adopt the following Handbook Sections issued by the Canadian Institute of Chartered Accountants ("CICA") during the year as they primarily converge with the International Financial Reporting Standards ("IFRS") and U.S. GAAP:

a) Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations". The Section establishes standards for the accounting for a business combination. It is similar to the corresponding provisions of IFRS 3 (Revised), "Business Combinations" and of U.S. GAAP standard, Accounting Standards Codification ("ASC") Topic 805, "Business Combinations". The new Section requires the acquiring entity in a business combination to recognize most of the assets acquired and liabilities assumed in the transaction at their acquisition-date fair values including non-controlling interest and contingent consideration. Subsequent changes in fair value of contingent consideration classified as a liability are recognized in earnings. Acquisition-related and integration costs are also to be expensed as incurred rather than considered as part of the purchase price allocation. In addition, changes in estimates associated with future income tax assets after the measurement period are recognized as income tax expense rather than as a reduction of goodwill, with prospective application to all business combinations regardless of the date of acquisition.

Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These sections are similar to the corresponding provisions of IFRS standard, International Accounting Standards 27 (Revised), "Consolidated and Separate Financial Statements" and of U.S. GAAP standard, ASC Topic 810, "Consolidation". Section 1602 requires the Company to report non-controlling interests as a separate component of shareholders equity rather than as a liability on the consolidated balance sheets. Transactions between an entity and non-controlling interests are considered as equity transactions. In addition, the attribution of net earnings and comprehensive income between the Company's shareholders and non-controlling interests is presented separately in the consolidated statements of earnings and comprehensive income rather than reflecting non-controlling interests as a deduction of net earnings and total comprehensive income.

In accordance with the transitional provisions, these sections have been applied prospectively, with the exception of the presentation requirements for non-controlling interest, which must be applied retrospectively. The adoption of these sections change the accounting of the business combination realized in fiscal year 2010 for which acquisition-related and integration costs of $20,883,000 with associated income tax expense of $3,688,000 were recorded directly in the consolidated statement of earnings (refer to Note 18a). The previously unrecognized future tax assets related to losses carried forward of past acquisitions of $7,378,000 were also recognized as a reduction of income tax expense (refer to Note 18b). In addition, the above-mentioned reclassifications of non-controlling interest have been reflected in the consolidated financial statements and had no significant impact. The effects on future periods will depend on the nature and significance of the business combinations subject to these standards.

b) In June 2009, the CICA amended Section 3862 "Financial Instruments – Disclosures" to adopt the amendments proposed by the International Accounting Standards Board ("IASB") to IFRS 7 "Financial Instruments: Disclosures". The amendments were made to enhance disclosure requirements about the liquidity risk and fair value measurement of financial instruments. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009, and comparative information is not required in the first year of adoption. The Company adopted these amendments in fiscal 2010. The adoption of these amendments had no impact on the consolidated financial statements. The new disclosures are included in Note 26.

2. Summary of significant accounting policies (continued)

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Significant estimates include, but are not limited to, purchase accounting and goodwill, income taxes, contingencies and other liabilities, revenue recognition, stock based compensation, investment tax credits and government programs and the impairment of long-lived assets and goodwill.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated. The Company accounts for its jointly-controlled investment using the proportionate consolidation method.

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue principally through the provision of IT services and BPS.

The IT services include a full range of information technology services, namely: i) outsourcing ii) systems integration and consulting iii) software licenses and iv) provision of maintenance. BPS provides business processing for the financial services sector, as well as other services such as payroll, insurance processing and document management services.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when persuasive evidence of an arrangement exists, services or products have been provided to the client, the fee is fixed or determinable, and collectability is reasonably assured.

The Company's arrangements often include a mix of the services listed below. If an arrangement involves the provision of multiple elements, the total arrangement value is allocated to each element as a separate unit of accounting if: 1) the delivered item has value to the client on a stand-alone basis; 2) there is objective and reliable evidence of the fair value of the undelivered item; and 3) in an arrangement that includes a general right of return relative to the delivered item, the delivery or performance of the undelivered item is considered probable and substantially in the control of the Company. If these criteria are met, then the total consideration of the arrangement is allocated among the separate units of accounting based on their relative fair values. Fair value is established based on the internal or external evidence of the amount charged for each revenue element. However, some software license arrangements are subject to specific policies as described below in "Software license arrangements".

In situations where there is fair value for all undelivered elements, but not for the delivered elements, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of revenue allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements.

For all types of arrangements, the appropriate revenue recognition method is applied for each unit of accounting, as described below, based on the nature of the arrangement and the services included in each unit of accounting. All deliverables that do not meet the separation criteria are combined into one unit of accounting and the most appropriate revenue recognition method is applied.

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. If uncertainty exists about client acceptance, revenue is not recognized until acceptance occurs. Formal client sign-off is not always necessary to recognize revenue, provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include the historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and the historical experience with the specific client.

Provisions for estimated contract losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract.

2. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

OUTSOURCING AND BPS ARRANGEMENTS

Revenue from outsourcing and BPS arrangements under time and materials and unit-priced arrangements are recognized as the services are provided at the contractually stated price. If the contractual per-unit prices within a unit-priced contract change during the term of the arrangement, the Company evaluates whether it is more appropriate to record revenue based on the average per-unit price during the term of the contract or based on the actual amounts billed.

Revenue from outsourcing and BPS arrangements under fixed-fee arrangements is recognized on a straight-line basis over the term of the arrangement, regardless of the amounts billed, unless there is a better measure of performance or delivery.

SYSTEMS INTEGRATION AND CONSULTING SERVICES

Revenue from systems integration and consulting services under time and material arrangements is recognized as the services are rendered, and revenue under cost-based arrangements is recognized as reimbursable costs are incurred.

Revenue from systems integration and consulting services under fixed-fee arrangements and software licenses arrangements where the implementation services are essential to the functionality of the software or where the software requires significant customization are recognized using the percentage-of-completion method over the implementation period. The Company uses the labour costs or labour hours incurred to date to measure the progress towards completion. This method relies on estimates of total expected labour costs or total expected labour hours to complete the service, which are compared to labour costs or labour hours incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Management regularly reviews underlying estimates of total expected labour costs or hours. Revisions to estimates are reflected in the statement of earnings in the period in which the facts that gave rise to the revision become known.

Revenue from systems integration and consulting services under benefits-funded arrangements is recognized only to the extent it can be predicted, with reasonable certainty, that the benefit stream will generate amounts sufficient to fund the value on which revenue recognition is based.

SOFTWARE LICENSE ARRANGEMENTS

Most of the Company's software license arrangements are accounted for as described above in "Systems integration and consulting services". In addition, the Company has software license arrangements that do not include implementation services that are essential to the functionality of the software or software that requires significant customization, but that may involve the provision of multiple elements such as integration and post-contract customer support. For these types of arrangements, revenue from software licenses is recognized upon delivery of software if persuasive evidence of an arrangement exists, collection is probable, the fee is fixed or determinable and vendor-specific objective evidence ("VSOE") of fair value of an arrangement exists to allocate the total fee to the different elements of an arrangement based on their relative VSOE of fair value. The residual method, as defined above, using VSOE of fair value can be used to allocate the arrangement consideration. VSOE of fair value is established through internal evidence of prices charged for each revenue element when that element is sold separately. Revenue from maintenance services for licenses sold and implemented is recognized ratably over the term of the contract.

WORK IN PROGRESS AND DEFERRED REVENUE

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the delivery of products or performances of services are classified as deferred revenue.

REIMBURSEMENTS

Reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third party costs, such as the cost of hardware and software re-sales, are included in revenue, and the corresponding expense is included in costs of services when the Company has assessed that the costs meet the criteria for gross revenue recognition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of unrestricted cash and short-term investments having an initial maturity of three months or less.

2. Summary of significant accounting policies (continued)

SHORT-TERM INVESTMENTS

Short-term investments, comprised of term deposits, have remaining maturities over three months, but not more than one year, at the date of purchase. Short-term investments are designated as held-for-trading and are carried at fair value.

FUNDS HELD FOR CLIENTS AND CLIENTS' FUNDS OBLIGATIONS

In connection with the Company's payroll, tax filing and claims services, the Company collects funds for payment of payroll, taxes and claims, temporarily holds such funds until payment is due, remits the funds to the clients' employees, appropriate tax authorities or claim holders, files federal and local tax returns, and handles related regulatory correspondence and amendments. The Company presents the funds held for clients and related obligations separately.

CAPITAL ASSETS

Capital assets, including those under capital leases, are recorded at cost and are amortized over their estimated useful lives using the straight-line method.

Buildings	10 to 40 years
Leasehold improvements	Lesser of the useful life or lease term
Furniture, fixtures and equipment	3 to 20 years
Computer equipment	3 to 5 years

INTANGIBLE ASSETS

CONTRACT COSTS

Contract costs are mainly incurred when acquiring or implementing long-term IT services and BPS contracts. Contract costs are classified as intangible assets. These assets are recorded at cost and amortized using the straight-line method over the term of the respective contracts. Contract costs are comprised primarily of incentives and transition costs.

Occasionally, incentives are granted to clients upon signing of outsourcing contracts. These incentives can be granted either in the form of cash payments, issuance of equity instruments or discounts awarded principally over a transition period, as negotiated in the contract. In the case of equity instruments, cost is measured at the estimated fair value at the time they are issued. For discounts, cost is measured at the value of the granted financial commitment and a corresponding amount is recorded as deferred revenue. As services are provided to the client, the amount is amortized and recorded as a reduction of revenue.

Capital assets acquired from a client in connection with outsourcing contracts are capitalized as such and amortized consistent with the amortization policies described previously. The excess of the amount paid over the fair value of capital assets acquired in connection with outsourcing contracts is considered as an incentive granted to the client, and is recorded as described in the preceding paragraph.

Transition costs consist of expenses associated with the installation of systems and processes incurred after the award of outsourcing contracts, relocation of transitioned employees and exit from client facilities. Under BPS contracts, the costs consist primarily of expenses related to activities such as the conversion of the client's applications to the Company's platforms. These incremental costs are comprised essentially of labour costs, including compensation and related fringe benefits, as well as subcontractor costs.

Pre-contract costs associated with acquiring or implementing long-term IT services and BPS contracts are expensed as incurred except where it is virtually certain that the contracts will be awarded and the costs are incremental and directly related to the acquisition of the contract. Eligible pre-contract costs are recorded at cost and amortized using the straight-line method over the expected term of the respective contracts.

OTHER INTANGIBLE ASSETS

Other intangible assets consist mainly of internal-use software, business solutions, software licenses and client relationships.

Internal-use software, business solutions and software licenses are recorded at cost. Business solutions developed internally and marketed for distribution are capitalized when they meet specific capitalization criteria related to technical, market and financial feasibility. Business solutions and software licenses acquired through a business combination are initially recorded at fair value based on the estimated net future income-

2. Summary of significant accounting policies (continued)

INTANGIBLE ASSETS (CONTINUED)

OTHER INTANGIBLE ASSETS (CONTINUED)

producing capabilities of the software products. Client relationships are acquired through business combinations and are initially recorded at their fair value based on the present value of expected future cash flows.

The Company amortizes its other intangible assets using the straight-line method over the following estimated useful lives:

Internal-use software	2 to 7 years
Business solutions	2 to 10 years
Software licenses	3 to 8 years
Client relationships and other	2 to 10 years

IMPAIRMENT OF LONG-LIVED ASSETS

When events or changes in circumstances indicate that the carrying amount of long-lived assets, such as capital assets and intangible assets, may not be recoverable, undiscounted estimated cash flows are projected over their remaining term and compared to the carrying amount. To the extent that such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amounts of related assets, a charge is recorded to reduce the carrying amount to the projected future discounted cash flows.

OTHER LONG-TERM ASSETS

Other long-term assets consist mainly of deferred financing fees, deferred compensation plan assets, long-term maintenance agreements and forward contracts.

BUSINESS COMBINATIONS AND GOODWILL

On October 1, 2009, the Company elected to early adopt prospectively Section 1582 which revised the accounting guidance that the Company was required to apply for past acquisitions done in prior fiscal years. The underlying principles are similar to the previous guidance but introduce certain accounting changes which were described earlier in *changes in accounting policies* in this note.

The Company accounts for its business combinations using the purchase method of accounting. Under this method, the Company allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price amount being allocated to goodwill.

Acquisition-related and integration costs associated to the business combination are expensed as incurred. Changes in estimates associated with future income tax assets after measurement period are recognized as income tax expense with prospective application to all business combinations regardless of the date of acquisition.

Goodwill for each reporting unit is assessed for impairment at least annually, or when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. The Company has designated September 30 as the date for the annual impairment test. An impairment charge is recorded when the carrying amount of the reporting unit exceeds its fair value and is determined as the difference between the goodwill's carrying amount and its implied fair value.

EARNINGS PER SHARE

Basic earnings per share are based on the weighted average number of shares outstanding during the period. Diluted earnings per share is determined using the treasury stock method to evaluate the dilutive effect of stock options.

RESEARCH AND SOFTWARE DEVELOPMENT COSTS

Research costs are charged to earnings in the period in which they are incurred, net of related tax credits. Software development costs are charged to earnings in the year they are incurred, net of related tax credits, unless they meet specific capitalization criteria related to technical, market and financial feasibility.

2. Summary of significant accounting policies (continued)

TAX CREDITS

The Company follows the cost reduction method to account for tax credits. Under this method, tax credits related to operating expenditures are recognized in the period in which the related expenditures are charged to operations, provided there is reasonable assurance of realization. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset, provided there is reasonable assurance of realization. The tax credits recorded are based on management's best estimates of amounts expected to be recovered and are subject to audit by the taxation authorities.

INCOME TAXES

Income taxes are accounted for using the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statement purposes and tax values of assets and liabilities using substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. A valuation allowance is recorded for the portion of the future income tax assets when its realization is not considered more likely than not.

TRANSLATION OF FOREIGN CURRENCIES

Revenue and expenses denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Realized and unrealized translation gains and losses are reflected in net earnings.

Self-sustaining subsidiaries, with economic activities largely independent of the Company, are accounted for using the current rate method. Under this method, assets and liabilities of subsidiaries denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the period. Resulting unrealized gains or losses are reported as net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations in the consolidated statements of comprehensive income.

The accounts of foreign subsidiaries, which are financially or operationally dependent on the Company, are accounted for using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at average rates for the period. Translation exchange gains or losses of such subsidiaries are reflected in net earnings.

STOCK-BASED COMPENSATION

The Company uses the fair value based method to account for stock options awarded under its stock option plan. The fair value of stock options is recognized as compensation costs in earnings with a corresponding credit to contributed surplus on a straight line basis over the vesting period of the entire award. The number of stock options expected to vest are estimated on the grant date and subsequently revised on a periodic basis. When stock options are exercised, any consideration paid by employees is credited to capital stock and the recorded fair value of the option is removed from contributed surplus and credited to capital stock.

HEDGING TRANSACTIONS

The Company uses various financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. The Company does not hold or use any derivative instruments for trading purposes.

CASH FLOW HEDGES ON SENIOR U.S. UNSECURED NOTES

Effective December 21, 2007, the Company entered into forward contracts to hedge the contractual principal repayments of the Senior U.S. unsecured notes. The purpose of the hedging transactions is to hedge the risk of variability in functional currency equivalent cash flows associated with the foreign currency debt principal repayments.

2. Summary of significant accounting policies (continued)

HEDGING TRANSACTIONS (CONTINUED)

CASH FLOW HEDGES ON SENIOR U.S. UNSECURED NOTES (CONTINUED)

The hedges were documented as cash flow hedges and no component of the derivative's fair value are excluded from the assessment and measurement of hedge effectiveness. The hedge is considered to be highly effective as the terms of the forward contracts coincide with the intended repayment of the two remaining tranches of the debt. The first tranche was repaid in fiscal 2009.

The forward contracts are derivative instruments and, therefore, are recorded at fair value on the balance sheet under other current assets and other long-term assets and the effective portion of the change in fair value of the derivatives is recognized in other comprehensive income (loss). An amount that will offset the related translation gain or loss arising from the remeasurement of the portion of the debt that is designated is reclassified each period from other comprehensive income (loss) to earnings. The forward premiums or discounts on the forward contracts used to hedge foreign currency long-term debt are amortized as an adjustment of interest expense over the term of the forward contracts. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the forward contracts. Realized and unrealized foreign exchange gains and losses in relation to forward contracts for the year ended September 30, 2010, were not significant. The cash flows of the hedging transaction are classified in the same manner as the cash flows of the position being hedged.

HEDGE ON NET INVESTMENTS IN SELF-SUSTAINING FOREIGN SUBSIDIARIES

The Company has designated certain long-term debt as a hedging instrument for a portion of the Company's net investment in self-sustaining U.S. and European subsidiaries. Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in other comprehensive income (loss).

CASH FLOW HEDGES ON FUTURE REVENUE

During the year ended September 30, 2010, the Company entered into various foreign currency forward contracts to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Indian rupee on future U.S. revenue. During the year ended September 30, 2009, the Company entered into various foreign currency forward contracts to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Indian rupee on future U.S. revenue, and to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Canadian dollar on future U.S. revenue. The cash flow hedges mature at various dates until 2014.

These hedges were documented as cash flow hedges and no component of the derivative instruments' fair value is excluded from the assessment and measurement of hedge effectiveness. The forward contracts are derivative instruments, and, therefore, are recorded at fair value on the balance sheet under other current assets, other long-term assets, accrued liabilities or other long-term liabilities. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the forward contracts.

The effective portion of the change in fair value of the derivative instruments is recognized in other comprehensive income (loss) and the ineffective portion, if any, in the consolidated statement of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income (loss) into earnings as an adjustment to revenue when the hedged revenue is recognized. The assessment of effectiveness is based on forward rates utilizing the hypothetical derivative method. During fiscal 2010, the Company's hedging relationships were effective. The cash flows of the hedging transactions are classified in the same manner as the cash flows of the position being hedged.

FUTURE ACCOUNTING CHANGES

In December 2009, the CICA issued Emerging Issue Committee Abstract ("EIC") 175, "Revenue Arrangements with Multiple Deliverables", an amendment to EIC 142, "Revenue Arrangements with Multiple Deliverables". EIC 175 provides guidance on certain aspects of the accounting for arrangements under which the Company will perform multiple revenue-generating activities. Under the new guidance, when VSOE or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. EIC 175 also includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. EIC 175 is effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after January 1, 2011. Early adoption is also permitted. Effective October 1, 2010, the Company will early adopt this new EIC, on a prospective basis. The effects on future periods will depend on the nature and significance of the future customer contracts subject to this EIC.

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

3. Cash and cash equivalents

	2010	2009
	$	$
Cash	**27,162**	203,160
Cash equivalents	**100,662**	140,267
	127,824	343,427

4. Accounts receivable

	2010	2009
	$	$
Trade	**349,349**	317,647
Other[1]	**74,577**	143,644
	423,926	461,291

[1] Other accounts receivable include refundable tax credits on salaries related to the Québec Development of E-Business program, Research and Development tax credits in North America and Europe, and other Job and Economic Growth Creation programs available. The tax credits represent approximately $55,758,000 and $124,803,000 of other accounts receivable in 2010 and 2009, respectively.

Effective April 1, 2008, the Company became eligible for the new Development of E-Business refundable tax credit, which replaces prior existing Québec tax credit programs. The fiscal measure enables corporations with an establishment in the province of Québec that carry out eligible activities in the technology sector to obtain a refundable tax credit equal to 30% of eligible salaries, up to a maximum of $20,000 per year per eligible employee until December 31, 2015.

Prior to April 1, 2008, in order to be eligible for the E-Commerce Place, Cité du Multimédia de Montréal, New Economy Centres tax credits, the Company relocated some of its eligible employees to designated locations. Real estate costs for these designated locations are significantly higher than they were at the previous facilities. As at September 30, 2010, the balance outstanding for financial commitments for these real estate locations was $352,362,000 ranging between three months and 13 years. The refundable tax credits for these programs were calculated at rates varying between 35% to 40% on salaries paid in Québec to a maximum range of $12,500 to $15,000 per year per eligible employee.

5. Capital assets

			2010			2009
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
	$	$	$	$	$	$
Land and buildings	**17,309**	**4,461**	**12,848**	17,757	3,427	14,330
Leasehold improvements	**142,297**	**76,381**	**65,916**	139,542	68,879	70,663
Furniture, fixtures and equipment	**75,990**	**30,605**	**45,385**	55,953	24,569	31,384
Computer equipment	**256,985**	**143,110**	**113,875**	190,850	94,809	96,041
	492,581	**254,557**	**238,024**	404,102	191,684	212,418

Capital assets include assets acquired under capital leases totalling $57,101,000 ($37,680,000 in 2009), net of accumulated amortization of $35,533,000 ($17,880,000 in 2009). Amortization expense of capital assets acquired under capital leases was $18,467,000 and $13,213,000 in 2010 and 2009, respectively.

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

6. Intangible assets

			2010
	COST	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**
	$	**$**	**$**
Intangible assets			
Contract costs			
Incentives	**236,750**	**190,294**	**46,456**
Transition costs	**200,154**	**102,734**	**97,420**
	436,904	**293,028**	**143,876**
Other intangible assets			
Internal-use software	**90,704**	**66,841**	**23,863**
Business solutions	**283,799**	**178,491**	**105,308**
Software licenses	**174,412**	**123,977**	**50,435**
Client relationships and other	**426,546**	**233,274**	**193,272**
	975,461	**602,583**	**372,878**
	1,412,365	**895,611**	**516,754**

			2009
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
	$	$	$
Intangible assets			
Contract costs			
Incentives	247,146	185,296	61,850
Transition costs	169,087	77,138	91,949
	416,233	262,434	153,799
Other intangible assets			
Internal-use software	88,128	59,033	29,095
Business solutions	284,341	160,423	123,918
Software licenses	144,861	108,127	36,734
Client relationships and other	341,188	228,959	112,229
	858,518	556,542	301,976
	1,274,751	818,976	455,775

All intangible assets are subject to amortization. The following table presents the aggregate amount of intangible assets that were acquired or internally developed during the period:

	2010	2009	2008
	$	$	$
Acquired	**166,468**	22,965	30,665
Internally developed	**49,193**	44,181	40,257
	215,661	67,146	70,922

Amortization expense of other intangible assets included in the consolidated statements of earnings is as follows:

	2010	2009	2008
	$	$	$
Internal-use software	**11,121**	12,963	12,307
Business solutions	**26,322**	33,444	34,367
Software licenses	**18,726**	16,674	17,997
Client relationships and other	**36,676**	37,748	37,121
Amortization of other intangible assets (Note 14)	**92,845**	100,829	101,792

Amortization expense of contract costs is presented in Note 14.

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

7. Other long-term assets

	2010	2009
	$	$
Deferred financing fees	**2,360**	3,643
Deferred compensation plan assets	**16,318**	13,108
Long-term maintenance agreements	**5,542**	13,735
Forward contracts (Note 26)	**13,317**	22,372
Other	**4,724**	7,700
Other long-term assets	**42,261**	60,558

8. Goodwill

The variations in goodwill are as follows:

				2010
	Canada	**U.S. & India**	**Europe & Asia Pacific**	**Total**
	$	**$**	**$**	**$**
Balance, beginning of year	**1,141,381**	**432,320**	**101,080**	**1,674,781**
Acquisition (Note 18a)	**–**	**886,403**	**–**	**886,403**
Foreign currency translation adjustment	**–**	**(25,961)**	**(9,810)**	**(35,771)**
Balance, end of year	**1,141,381**	**1,292,762**	**91,270**	**2,525,413**

				2009
	Canada	U.S. & India	Europe & Asia Pacific	Total
	$	$	$	$
Balance, beginning of year	1,158,730	431,129	99,503	1,689,362
Acquisition	209	–	–	209
Purchase price adjustments (Note 18c)	(16,059)	(3,865)	(415)	(20,339)
Disposal of assets (Note 18b)	(1,499)	–	–	(1,499)
Foreign currency translation adjustment	–	5,056	1,992	7,048
Balance, end of year	1,141,381	432,320	101,080	1,674,781

9. Other long-term liabilities

	2010	2009
	$	$
Deferred compensation	**25,173**	22,727
Deferred revenue	**40,702**	27,774
Deferred rent	**44,737**	16,940
Forward contracts (Note 26)	**3,396**	7,648
Other	**5,891**	8,845
Other long-term liabilities	**119,899**	83,934

Asset retirement obligations included in “other” pertain to operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The asset retirement obligation liability of $3,060,000 ($2,522,000 in 2009) was based on the expected cash flows of $4,370,000 ($3,579,000 in 2009) and was discounted at an interest rate of 6.42% (6.83% in 2009). The timing of the settlement of these obligations varies between one and 13 years.

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

10. Long-term debt

	2010	2009
	$	$
Senior U.S. unsecured notes, bearing a weighted average interest rate of 5.27% and repayable by payments of $89,593 (US$87,000) in 2011 and $20,596 (US$20,000) in 2014, less imputed interest of $290 [1]	**109,899**	114,061
Unsecured committed revolving term facility bearing interest at LIBOR rate plus 0.63% or bankers' acceptance rate plus 0.63%, maturing in 2012[2]	**964,223**	126,043
Obligations bearing a weighted average interest rate of 4.00% and repayable in blended monthly instalments maturing at various dates until 2018	**22,049**	5,879
Obligations under capital leases, bearing a weighted average interest rate of 4.89% and repayable in blended monthly instalments maturing at various dates until 2018	**57,705**	37,147
	1,153,876	283,130
Current portion	**114,577**	17,702
	1,039,299	265,428

[1] As at September 30, 2010, the private placement financing with U.S. institutional investors is comprised of two remaining tranches of Senior U.S. unsecured notes maturing in January 2011 and 2014 for a total amount of US$107,000,000. On January 29, 2009, the Company repaid the first tranche in the amount of US$85,000,000 and settled the related forward contracts taken to manage the Company's exposure to fluctuations in the foreign exchange rate resulting in a cash inflow of $18,318,000. The Senior U.S. unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 27). At September 30, 2010, the Company is in compliance with these covenants.

[2] The Company has a five-year unsecured revolving credit facility available for an amount of $1,500,000,000 that expires in August 2012 bearing interest at LIBOR plus a variable margin that is determined based on leverage ratios. As at September 30, 2010, an amount of $964,223,000 has been drawn upon this facility (Note 26). Also an amount of $15,846,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. In addition to the revolving credit facility, the Company has available demand lines of credit in the amount of $25,000,000. At September 30, 2010, no amount had been drawn upon these facilities. The revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 27). At September 30, 2010, the Company is in compliance with these covenants. The Company also has a proportionate share of a revolving demand credit facility related to the joint venture for an amount of $2,500,000 bearing interest at the Canadian prime rate. As at September 30, 2010, no amount has been drawn upon this facility.

Principal repayments on long-term debt over the forthcoming years are as follows:	
	$
2011	95,169
2012	968,636
2013	4,750
2014	24,308
2015	1,917
Thereafter	1,391
Total principal payments on long-term debt	1,096,171

Minimum capital lease payments are as follows:	Principal	Interest	Payment
	$	$	$
2011	19,408	2,441	21,849
2012	17,308	1,440	18,748
2013	10,456	578	11,034
2014	5,850	276	6,126
2015	3,188	68	3,256
Thereafter	1,495	–	1,495
Total minimum capital lease payments	57,705	4,803	62,508

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

11. Capital stock

Authorized, an unlimited number without par value:

First preferred shares, carrying one vote per share, ranking prior to second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends;

Second preferred shares, non-voting, ranking prior to Class A subordinate shares and Class B shares with respect to the payment of dividends;

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, convertible at any time at the option of the holder into Class A subordinate shares.

For 2010, 2009 and 2008, the Class A subordinate and the Class B shares varied as follows:

	CLASS A SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	NUMBER	CARRYING VALUE	NUMBER	CARRYING VALUE	NUMBER	CARRYING VALUE
		$		$		$
Balance, September 30, 2007	290,545,715	1,321,305	34,208,159	47,724	324,753,874	1,369,029
Repurchased and cancelled[1]	(20,488,168)	(90,748)	–	–	(20,488,168)	(90,748)
Repurchased and not cancelled[1]	–	(847)	–	–	–	(847)
Issued upon exercise of options[2]	4,107,823	42,238	–	–	4,107,823	42,238
Balance, September 30, 2008	274,165,370	1,271,948	34,208,159	47,724	308,373,529	1,319,672
Repurchased and cancelled[1]	(9,708,292)	(44,272)	–	–	(9,708,292)	(44,272)
Issued upon exercise of options[2]	2,221,032	22,870	–	–	2,221,032	22,870
Conversion of shares[3]	600,000	837	(600,000)	(837)	–	–
Balance, September 30, 2009	267,278,110	1,251,383	33,608,159	46,887	300,886,269	1,298,270
Repurchased and cancelled[1]	(35,602,085)	(168,759)	–	–	(35,602,085)	(168,759)
Issued upon exercise of options[2]	6,008,766	65,558	–	–	6,008,766	65,558
Balance, September 30, 2010	**237,684,791**	**1,148,182**	**33,608,159**	**46,887**	**271,292,950**	**1,195,069**

[1] On January 27, 2010, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid ("NCIB") to purchase up to 10% of the public float of the Company's Class A subordinate shares during the next year. The Toronto Stock Exchange ("TSX") subsequently approved the Company's request for approval. The Issuer Bid enables the Company to purchase up to 25,151,058 Class A subordinate shares (26,970,437 in 2009 and 28,502,941 in 2008) for cancellation on the open market through the TSX. The Class A subordinate shares were available for purchase under the Issuer Bid commencing February 9, 2010, until no later than February 8, 2011, or on such earlier date when the Company completes its purchases or elects to terminate the bid. During 2010, the Company repurchased, under the previous and current NCIB, 35,602,085 Class A subordinate shares (9,525,892 in 2009 and 19,910,068 in 2008) for cash consideration of $516,699,000 ($99,881,000 in 2009 and $213,485,000 in 2008). The excess of the purchase price over the carrying value of Class A subordinate shares repurchased, in the amount of $347,940,000 ($55,609,000 in 2009 and $121,890,000 in 2008), was charged to retained earnings.
As at September 30, 2008, 182,400 of the repurchased Class A subordinate shares with a carrying value of $847,000 and a purchase value of $1,817,000 were held by the Company and had been cancelled and paid subsequent to year-end.

[2] The carrying value of Class A subordinate shares includes $13,332,000 ($5,253,000 in 2009 and $10,223,000 in 2008) which corresponds to a reduction in contributed surplus representing the value of accumulated compensation cost associated with the options exercised during the year.

[3] During the twelve months ended September 30, 2009, a shareholder converted 600,000 Class B shares into 600,000 Class A subordinate shares.

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

12. Stock-based compensation plans and contributed surplus

A) STOCK OPTIONS

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, options to purchase Class A subordinate shares to certain employees, officers, directors and consultants of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the TSX on the day preceding the date of the grant. Options generally vest one to three years from the date of grant conditionally upon the achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death. As at September 30, 2010, 52,002,178 Class A subordinate shares have been reserved for issuance under the stock option plan.

The following table presents information concerning all outstanding stock options granted by the Company for the years ended September 30:

	2010		2009		2008	
	NUMBER OF OPTIONS	**WEIGHTED AVERAGE EXERCISE PRICE PER SHARE**	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
		$		$		$
Outstanding, beginning of year	**28,883,835**	**9.16**	26,757,738	9.34	24,499,886	8.52
Granted	**8,413,586**	**12.58**	8,448,453	9.32	7,798,388	11.39
Exercised	**(6,008,766)**	**8.69**	(2,221,032)	7.93	(4,107,823)	7.79
Forfeited	**(3,734,542)**	**9.65**	(3,863,746)	11.16	(1,094,052)	10.65
Expired	**(998,630)**	**15.91**	(237,578)	14.11	(338,661)	12.20
Outstanding, end of year	**26,555,483**	**10.03**	28,883,835	9.16	26,757,738	9.34
Exercisable, end of year	**14,116,392**	**8.60**	18,087,166	8.75	19,398,753	8.56

The following table summarizes information about outstanding stock options granted by the Company as at September 30, 2010:

	OPTIONS OUTSTANDING			**OPTIONS EXERCISABLE**	
RANGE OF EXERCISE PRICE	**NUMBER OF OPTIONS**	**WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)**	**WEIGHTED AVERAGE EXERCISE PRICE**	**NUMBER OF OPTIONS**	**WEIGHTED AVERAGE EXERCISE PRICE**
$			**$**		**$**
2.06 to 5.20	**10,729**	**0.51**	**2.57**	**10,729**	**2.57**
6.05 to 6.98	**2,255,941**	**4.48**	**6.48**	**2,255,941**	**6.48**
7.00 to 7.87	**3,408,828**	**4.57**	**7.74**	**3,408,828**	**7.74**
8.00 to 8.99	**4,417,145**	**3.43**	**8.62**	**4,417,145**	**8.62**
9.05 to 9.90	**4,832,132**	**7.50**	**9.34**	**1,692,713**	**9.40**
10.05 to 11.80	**3,566,872**	**6.99**	**11.37**	**2,284,340**	**11.35**
12.54 to 13.26	**7,964,939**	**9.01**	**12.55**	**10,799**	**13.26**
14.48 to 15.58	**98,897**	**9.54**	**14.98**	**35,897**	**9.55**
	26,555,483	**6.58**	**10.03**	**14,116,392**	**8.60**

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

12. Stock-based compensation plans and contributed surplus (continued)

The following table presents the weighted average assumptions used to determine the stock-based compensation cost recorded in cost of services, selling and administrative expenses using the Black-Scholes option pricing model for the years ended September 30:

	2010	2009	2008
Stock-based compensation costs ($)	**15,517**	8,617	5,131
Dividend yield (%)	**0.00**	0.00	0.00
Expected volatility (%)	**27.32**	24.42	23.70
Risk-free interest rate (%)	**2.48**	3.05	4.09
Expected life (years)	**5.00**	5.00	5.00
Weighted average grant date fair value ($)	**3.63**	2.59	3.37

B) Performance share units (PSUs)

On September 28, 2010, the Company adopted a PSU plan for senior executives and other key employees ("participants"). Under that plan, the Board of Directors may grant PSUs to participants which entitles them to receive one Class A subordinate share for each PSU. The vesting and performance conditions are determined by the Board of Directors at the time of each grant. PSUs must be exercised within three years following the end of the Company's fiscal year during which the award is made, except in the event of retirement, termination of employment or death.

There was no grant under this plan in fiscal year 2010.

C) Contributed surplus

The following table summarizes the contributed surplus activity since September 30, 2007:

	$
Balance, September 30, 2007	82,465
Compensation cost associated with exercised options (Note 11)	(10,223)
Stock-based compensation costs	5,131
Balance, September 30, 2008	77,373
Compensation cost associated with exercised options (Note 11)	(5,253)
Stock-based compensation costs	8,617
Balance, September 30, 2009	80,737
Compensation cost associated with exercised options (Note 11)	(13,332)
Stock-based compensation costs	15,517
Balance, September 30, 2010	**82,922**

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

13. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share from continuing operations attributable to shareholders of the Company for the years ended September 30:

	2010			2009			2008		
	EARNINGS FROM CONTINUING OPERATIONS	**WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]**	**EARNINGS PER SHARE FROM CONTINUING OPERATIONS**	EARNINGS FROM CONTINUING OPERATIONS	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]	EARNINGS PER SHARE FROM CONTINUING OPERATIONS	EARNINGS FROM CONTINUING OPERATIONS	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]	EARNINGS PER SHARE FROM CONTINUING OPERATIONS
	$		**$**	$		$	$		$
	362,386	**284,826,257**	**1.27**	315,158	306,853,077	1.03	298,266	317,604,899	0.94
Dilutive options[2]		**8,093,693**			3,492,164			5,199,388	
	362,386	**292,919,950**	**1.24**	315,158	310,345,241	1.02	298,266	322,804,287	0.92

[1] The 35,602,085 Class A subordinate shares repurchased during the year (9,525,892 in 2009 and 19,910,068 in 2008), were excluded from the calculation of weighted average number of shares outstanding as of the date of repurchase.

[2] The calculation of the diluted earnings per share excluded 8,029,590, 13,384,651 and 8,764,136 options for the years ended September 30, 2010, 2009 and 2008, respectively, as they were anti-dilutive.

14. Amortization

	2010	2009	2008
	$	$	$
Amortization of capital assets	**72,067**	61,412	43,455
Amortization of intangible assets			
Contract costs related to transition costs	**30,396**	22,377	17,925
Other intangible assets (Note 6)	**92,845**	100,829	101,792
Impairment of other intangible assets[1]	**–**	11,143	–
	195,308	195,761	163,172
Amortization of contract costs related to incentives (presented as reduction of revenue)	**23,149**	21,043	21,682
Amortization of deferred financing fees (presented in interest on long-term debt)	**1,283**	1,283	1,266
	219,740	218,087	186,120

[1] The impairment of other intangible assets relates to certain assets that were no longer expected to provide future value.

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

15. Accumulated other comprehensive loss

	Balance, as at October 1, 2009	**Net changes during the year**	**Balance, as at September 30, 2010**
	$	**$**	**$**
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $12,686)	**(359,423)**	**(53,598)**	**(413,021)**
Net unrealized gains on translating long-term debt designated as a hedge of net investments in self-sustaining foreign operations (net of accumulated income tax expense of $14,347)	**61,000**	**15,806**	**76,806**
Net unrealized gains on cash flow hedges (net of accumulated income tax expense of $5,336)	**12,433**	**2,036**	**14,469**
	(285,990)	**(35,756)**	**(321,746)**

	Balance, as at October 1, 2008	Net changes during the year	Balance, as at September 30, 2009
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $10,464)	(365,672)	6,249	(359,423)
Net unrealized gains on translating long-term debt designated as a hedge of net investments in self-sustaining foreign operations (net of accumulated income tax expense of $11,623)	45,261	15,739	61,000
Net unrealized gains on cash flow hedges (net of accumulated income tax expense of $4,422)	(1,013)	13,446	12,433
	(321,424)	35,434	(285,990)

	Balance, as at October 1, 2007	Net changes during the year	Balance, as at September 30, 2008
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $7,029)	(431,872)	66,200	(365,672)
Net unrealized gains on translating long-term debt designated as a hedge of net investment in self-sustaining foreign operations (net of accumulated income tax expense of $8,748)	45,799	(538)	45,261
Net unrealized losses on cash flow hedges (net of accumulated income tax recovery of $187)	-	(1,013)	(1,013)
	(386,073)	64,649	(321,424)

For the year ended September 30, 2010, $8,359,000 of the net unrealized gains previously recognized in other comprehensive income (net of income taxes of $3,746,000) were reclassified to net earnings for derivatives designated as cash flow hedges ($928,000 net of income taxes of $478,000 for the year ended September 30, 2009, and nil for the year ended September 30, 2008).

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

16. Income taxes

Future income taxes are classified as follows:	2010	2009
	$	$
Current future income tax assets	**16,509**	15,110
Long-term future income tax assets	**11,592**	10,173
Current future income tax liabilities	**(26,423)**	(50,250)
Long-term future income tax liabilities	**(170,683)**	(171,697)
Future income taxes, net	**(169,005)**	(196,664)

The income tax expense is as follows:

	2010	2009	2008
	$	$	$
Current	**136,387**	95,923	128,972
Future	**(21,417)**	29,300	(22,675)
	114,970	125,223	106,297

The Company's effective income tax rate on income from continuing operations differs from the combined Federal and Provincial Canadian statutory tax rate as follows:

	2010	2009	2008
	%	%	%
Company's statutory tax rate	**30.2**	30.9	31.2
Effect of foreign tax rate differences	**0.3**	–	(0.6)
Final determination from agreements with tax authorities and expirations of statutes of limitations	**(7.9)**	(3.9)	(3.7)
Non-deductible and tax exempt items	**1.7**	1.3	0.8
Impact on future tax assets and liabilities resulting from tax rate changes	**(0.3)**	–	(1.7)
Tax benefits on losses	**0.1**	0.1	0.2
Effective income tax rate	**24.1**	28.4	26.2

Future income tax assets and liabilities are as follows at September 30:

	2010	2009
	$	$
Future income tax assets:		
Accounts payable and accrued liabilities	**14,074**	11,316
Tax benefits on losses carried forward	**14,667**	10,171
Capital assets, intangible assets and other long-term liabilities	**20,482**	17,197
Accrued compensation	**28,397**	23,414
Unrealized losses on cash flow hedges	**1,585**	3,395
Allowance for doubtful accounts	**1,793**	3,107
Other	**1,612**	2,433
	82,610	71,033
Valuation allowance	**(4,346)**	(6,818)
	78,264	64,215
Future income tax liabilities:		
Capital assets, intangible assets and other long-term assets	**161,988**	161,008
Work in progress	**25,165**	22,395
Goodwill	**27,774**	25,276
Refundable tax credits on salaries	**20,985**	40,233
Unrealized gain on cash flow hedges	**6,908**	7,478
Other	**4,449**	4,489
	247,269	260,879
Future income taxes, net	**(169,005)**	(196,664)

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

16. Income taxes (continued)

At September 30, 2010, the Company had $46,419,000 in non-capital losses carried forward, of which $13,053,000 expire at various dates up to 2030 and $33,366,000 have no expiry dates. The Company recognized a future tax asset of $14,667,000 on the losses carried forward and recognized a valuation allowance of $4,346,000. The decrease in the valuation allowance mainly results from the expiry of non capital losses. The resulting net future income tax asset of $10,321,000 is the amount that is more likely than not to be realized.

Foreign earnings of certain of the Company's subsidiaries would be taxed only upon their repatriation to Canada. The Company has not recognized a future income tax liability for these retained earnings as management does not expect them to be repatriated. A future income tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable matter, such as the sale of the investment or through the receipt of dividends. On remittance, certain countries impose withholding taxes that, subject to certain limitations, are then available for use as tax credits against a federal or provincial income tax liability, if any.

17. Costs of services, selling and administrative

Tax credits netted against costs of services, selling and administrative expenses are as follows:

	2010	2009	2008
	$	$	$
Costs of services, selling and administrative	**3,116,425**	3,268,995	3,193,270
Tax credits	**(90,602)**	(98,589)	(82,510)
	3,025,823	3,170,406	3,110,760

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

18. Investments in subsidiaries

For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

2010 TRANSACTIONS

A) ACQUISITION

The Company made the following acquisition:

– *Stanley, Inc. ("Stanley")* — On August 17, 2010, the Company acquired all outstanding shares of Stanley, a provider of information technology services and solutions to U.S. defence, intelligence and federal civilian government agencies, for a total cash consideration of $923,150,000. The acquisition was financed through a withdrawal from the Company's existing unsecured revolving credit facility and cash on hand of $832,160,000 and $90,990,000, respectively. Stanley's operations will increase the scale and capabilities of the Company to serve the U.S. Federal Government expanding the offering into the defence and intelligence space.

The acquisition was accounted for using the purchase method. The purchase price allocation shown below is preliminary and based on the Company's management's best estimates. The final purchase price allocations are expected to be completed as soon as Company's management has gathered all of the significant information available and considered necessary in order to finalize this allocation.

	STANLEY
	$
Current assets[1]	**163,648**
Capital assets	**9,005**
Intangible assets	**123,897**
Goodwill[2]	**886,403**
Other long-term assets	**3,167**
Future income taxes	**3,564**
Current liabilities	**(176,110)**
Debt, classified as current	**(102,262)**
Other long-term liabilities	**(11,748)**
	899,564
Cash acquired	**23,586**
Net assets acquired	**923,150**
Cash consideration	**923,150**

[1] The current assets include accounts receivable with a fair value of $97,967,000 which approximates the gross amount due under the contracts.

[2] The goodwill arising from the acquisition mainly represents the future economic value associated to acquired work force and synergies with the Company's operations. All of the goodwill is included in the U.S. and India segment and $26,323,000 is deductible for tax purposes.

In connection with the acquisition of Stanley, the Company expensed $20,883,000 during the year ended September 30, 2010. Included in that amount are acquisition-related costs of $11,573,000 and integration costs of $9,310,000. The acquisition-related costs consist mainly of professional fees incurred for the acquisition. The integration costs mainly include provisions related to leases for premises occupied by the acquired business, which the Company vacated, as well as costs related to the termination of certain employees of the acquired business performing functions already available through its existing structure. The acquisition-related and integration costs are separately disclosed in the Company's consolidated statement of earnings.

Stanley's revenue in the year ended September 30, 2010 represents approximately 3% of the total consolidated revenue of the Company. Stanley's net earnings in the year ended September 30, 2010 is not significant. On a pro-forma basis, the revenue and net earnings of the combined Company for the year ended September 30, 2010 would have been approximately $4,556,000,000 and $411,000,000 respectively, had the Stanley acquisition occurred as of October 1, 2009. The pro forma financial information was constructed using the Company's 2010 annual results and Stanley's results from July 1, 2009 to June 30, 2010 due to the differences in reporting periods and includes business combination adjustments such as amortization of acquired intangible assets, interest expense on borrowings, elimination of acquisition-related and integration costs and related tax effects. The pro-forma financial information does not reflect synergies or changes to historical transactions and is not necessarily indicative of the results of operations of the Company that would have resulted had the acquisition actually occurred on October 1, 2009, or the results that may be obtained in the future.

18. Investments in subsidiaries (continued)

B) BUSINESS COMBINATION ADJUSTMENTS

Certain unrecorded future income tax assets acquired from past acquisitions were recognized during the year ended September 30, 2010, resulting in a corresponding decrease in income tax expense of $7,378,000. The transitional rules of the new Section 1582 require that a change in recognized acquired future income tax assets arising from past business combinations be recorded through the income tax expense. Prior to the adoption of Section 1582, the corresponding decrease would have been applied to the goodwill.

2009 TRANSACTIONS

A) ACQUISITION

There were no significant acquisitions during fiscal 2009.

B) DISPOSAL

On February 20, 2009, the Company disposed of its actuarial services business for purchase consideration of $3,780,000 less an estimated working capital adjustment. The Company received $3,565,000 on February 27, 2009. The business was previously included in the Canada segment. As a result of the final agreement, net assets disposed of included goodwill of $1,499,000. The transaction resulted in a gain of $1,494,000.

C) MODIFICATIONS TO PURCHASE PRICE ALLOCATIONS

During the year ended September 30, 2009, the Company modified the purchase price allocation and made adjustments relating to certain business acquisitions, resulting in a net decrease of accounts payable and accrued liabilities of $969,000 and a net increase of future income tax liabilities of $338,000, whereas goodwill decreased by $631,000.

Additionally, certain unrecorded future income tax assets acquired from past acquisitions were recognized during the year ended September 30, 2009, resulting in a corresponding decrease in goodwill of $19,708,000.

D) CONSIDERATION OF PURCHASE PRICE

During fiscal 2009, the Company paid a balance of purchase price of $997,000 relating to a business acquisition.

2008 TRANSACTIONS

A) ACQUISITION

There were no acquisitions during fiscal 2008.

B) DISPOSAL

On July 19, 2008, the Company disposed of its Canadian claims adjusting and risk management services business for purchase consideration of $38,050,000 which was subject to subsequent adjustments. This business was included in the former BPS segment in prior years. The Company received $31,671,000 in August 2008. Of the remaining balance, $879,000 was received in fiscal year 2009 and $4,100,000 was received in fiscal year 2010 as a final payment. The net assets disposed of included goodwill of $7,732,000, which is net of an impairment of $4,051,000. The transaction resulted in a loss of $2,365,000.

C) MODIFICATIONS TO PURCHASE PRICE ALLOCATIONS

The Company modified the purchase price allocation and made adjustments relating to certain business acquisitions resulting in a net decrease of accounts payable and accrued liabilities, current portion of long-term debt, long-term debt, future income tax assets and other long-tem liabilities of $5,801,000, $3,287,000, $2,685,000, $2,145,000 and $320,000, respectively, and a net increase of cash and non-controlling interest of $43,000 and $75,000, respectively, whereas goodwill decreased by $9,916,000.

D) CONSIDERATION OF PURCHASE PRICE

During fiscal 2008, the Company paid balances of purchase price relating to certain business acquisition resulting in a net decrease of long-term debt by $3,954,000.

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

19. Discontinued operations

In fiscal 2008, the Company classified its Canadian claims adjusting and risk management services and actuarial services businesses as discontinued operations. The Canadian claims adjusting and risk management services business was divested in July 2008 and the actuarial services business was divested in February 2009 (Note 18b of 2009 Transactions and 2008 Transactions).

The following table presents summarized financial information related to discontinued operations:

	2010	2009	2008
	$	$	$
Revenue	**–**	2,511	64,851
Operating expenses[1]	**–**	1,046	68,747
Amortization	**–**	14	1,624
Earnings (loss) before income taxes	**–**	1,451	(5,520)
Income tax expense (recovery)[2]	**–**	143	(386)
Earnings (loss) from discontinued operations	**–**	1,308	(5,134)

[1] For the year ended September 30, 2009, operating expenses from discontinued operations include a gain on disposition of $1,494,000. For the year ended September 30, 2008, it includes an impairment of goodwill of $4,051,000 and a loss on disposition of $965,000.

[2] Income tax expense (recovery) does not bear a normal relation to earnings (loss) before income taxes since the sale includes goodwill of $1,499,000 for the year ended September 30, 2009 ($7,732,000 for the year ended September 30, 2008), which has no tax basis.

The related cash flow information of discontinued operations is as follows:

	2010	2009	2008
	$	$	$
Cash provided by (used in) operating activities	**–**	164	(818)
Cash used in investing activities	**–**	(3)	(250)
Total cash provided by (used in) discontinued operations	**–**	161	(1,068)

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

20. Joint venture: supplementary information

The Company's proportionate share of its joint venture investee's operations included in the consolidated financial statements is as follows:

	2010	2009
	$	$
BALANCE SHEETS		
Current assets	**38,148**	37,608
Non-current assets	**2,992**	2,998
Current liabilities	**15,609**	14,721
Non-current liabilities	**933**	445

	2010	2009	2008
	$	$	$
STATEMENTS OF EARNINGS			
Revenue	**91,015**	101,964	87,887
Expenses	**79,597**	88,552	77,381
Net earnings	**11,418**	13,412	10,506

	2010	2009	2008
	$	$	$
STATEMENTS OF CASH FLOWS			
Cash provided by (used in):			
Operating activities	**13,763**	25,542	4,879
Investing activities	**(733)**	(570)	(412)
Financing activities	**(12,740)**	(12,250)	(13,720)

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

21. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the years ended September 30:

	2010	2009	2008
	$	$	$
Accounts receivable	**125,928**	31,749	(13,164)
Work in progress	**(59,579)**	(22,450)	(43,785)
Prepaid expenses and other current assets	**17,933**	8,399	(12,692)
Accounts payable and accrued liabilities	**(46,810)**	(39,255)	5,762
Accrued compensation	**(74,443)**	38,009	(5,327)
Deferred revenue	**22,415**	15,194	(13,323)
Income taxes	**(8,386)**	25,974	(31,357)
	(22,942)	57,620	(113,886)

b) Non-cash operating, investing and financing activities related to continuing operations are as follows for the years ended September 30:

	2010	2009	2008
	$	$	$
Operating activities			
Accounts receivable	**(693)**	(1,476)	408
Work in progress	**2,707**	–	–
Accounts payable and accrued liabilities	**–**	(1,817)	(2,723)
Deferred revenue	**3,750**	4,779	–
	5,764	1,486	(2,315)
Investing activities			
Purchase of capital assets	**(42,982)**	(27,040)	(17,559)
Purchase of intangible assets	**(23,708)**	(4,779)	(13,185)
	(66,690)	(31,819)	(30,744)
Financing activities			
Increase in obligations under capital leases	**38,200**	27,040	17,559
Increase in obligations	**22,033**	–	13,185
Issuance of shares	**693**	1,476	(408)
Repurchase of Class A subordinate shares	**–**	1,817	2,723
	60,926	30,333	33,059

c) Interest paid and income taxes paid are as follows for the years ended September 30:

	2010	2009	2008
	$	$	$
Interest paid	**13,254**	16,558	26,847
Income taxes paid	**104,724**	63,125	139,803

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

22. Segmented information

The Company is managed through three operating segments, in addition to Corporate services, namely: Canada, U.S. & India and Europe & Asia Pacific (Note 8). The segments are based on a delivery view and the results incorporate domestic activities as well as impacts from our delivery model utilizing our centers of excellence.

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

					2010
	CANADA	**U.S. & INDIA**	**EUROPE & ASIA PACIFIC**	**CORPORATE**	**TOTAL**
	$	**$**	**$**	**$**	**$**
Segment revenue	**2,170,082**	**1,483,593**	**242,152**	**-**	**3,895,827**
Intersegment revenue elimination	**(57,670)**	**(83,194)**	**(22,846)**	**-**	**(163,710)**
Revenue	**2,112,412**	**1,400,399**	**219,306**	**-**	**3,732,117**
Earnings (loss) from continuing operations before acquisition-related and integration costs, interest on long-term debt, interest income, other (income) expense, gain on sale of capital assets and income tax expense[1]	**375,998**	**192,305**	**89**	**(56,490)**	**511,902**
Total assets	**2,083,675**	**2,166,397**	**180,780**	**176,339**	**4,607,191**

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $132,073,000, $69,010,000, $5,790,000 and $11,584,000, respectively, for the year ended September 30, 2010.

					2009
	CANADA	U.S. & INDIA	EUROPE & ASIA PACIFIC	CORPORATE	TOTAL
	$	$	$	$	$
Segment revenue	2,216,042	1,421,366	305,417	–	3,942,825
Intersegment revenue elimination	(36,383)	(59,579)	(21,702)	–	(117,664)
Revenue	2,179,659	1,361,787	283,715	–	3,825,161
Earnings (loss) from continuing operations before acquisition-related and integration costs, interest on long-term debt, interest income, other (income) expense, gain on sale of capital assets and income tax expense[1]	320,702	171,965	18,639	(50,565)	460,741
Total assets	2,341,074	985,289	197,619	375,928	3,899,910

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $116,243,000, $78,819,000, $7,247,000 and $14,495,000, respectively, for the year ended September 30, 2009. Amortization includes an impairment of $11,143,000 mainly related to other intangible assets in the U.S. & India segment.

					2008
	CANADA	U.S. & INDIA	EUROPE & ASIA PACIFIC	CORPORATE	TOTAL
	$	$	$	$	$
Segment revenue	2,356,629	1,137,457	296,745	–	3,790,831
Intersegment revenue elimination	(21,063)	(50,944)	(12,961)	–	(84,968)
Revenue	2,335,566	1,086,513	283,784	–	3,705,863
Earnings (loss) from continuing operations before acquisition-related and integration costs, interest on long-term debt, interest income, other (income) expense, gain on sale of capital assets and income tax expense[1]	332,827	129,401	24,692	(56,434)	430,486
Total assets	2,274,589	1,113,303	197,900	94,766	3,680,558

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $111,903,000, $54,358,000, $5,069,000 and $13,524,000, respectively, for the year ended September 30, 2008.

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

22. Segmented information (continued)

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies (Note 2). Intersegment revenue is priced as if the revenue was from third parties.

GEOGRAPHIC INFORMATION

The following table provides information for capital assets based on their location:

	2010	2009
	$	$
Capital assets		
Canada	**161,993**	155,072
U.S.	**59,306**	40,528
Other	**16,725**	16,818
	238,024	212,418

The geographic revenue information based on client's location approximates the revenue presented under the operating segments.

INFORMATION ABOUT SERVICES

The following table provides revenue information based on services provided by the Company:

	2010	2009	2008
	$	$	$
Outsourcing			
IT Services	**1,870,804**	1,817,943	1,523,562
BPS	**412,341**	405,516	485,454
Systems integration and consulting	**1,448,972**	1,601,702	1,696,847
	3,732,117	3,825,161	3,705,863

MAJOR CUSTOMER INFORMATION

Contracts with the U.S. federal government and its various agencies accounted for $510,786,000 of revenues included within the U.S. & India segment for the year ending September 30, 2010 ($394,436,000 and $360,926,000 for the years ending September 30, 2009 and 2008, respectively).

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

23. Related party transactions

In the normal course of business, the Company is party to contracts with Innovapost, a joint venture, pursuant to which the Company is its preferred IT supplier. The Company exercises joint control over Innovapost's operating, financing and investing activities through its 49% ownership interest.

Transactions and resulting balances, which were measured at commercial rates (exchange amount), are presented below.

Revenue was $81,760,000, $108,139,000 and $124,461,000 for the years ending September 30, 2010, 2009 and 2008, respectively.

	2010	2009
	$	$
Accounts receivable	**681**	10,542
Work in progress	**1,076**	5,937
Contract costs	**6,210**	8,706
Deferred revenue	**1,012**	3,351

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

24. Employee future benefits

Generally, the Company does not offer pension plan or post-retirement benefits to its employees with the exception of the following:

- The Company has defined contribution pension plans mainly covering certain European employees. For the years ended September 30, 2010, 2009 and 2008, the plan expense was $5,343,000, $5,053,000 and $5,303,000, respectively.
- The Company maintains a 401(k) defined contribution plan covering substantially all U.S. employees. Since January 1, 2008, the Company matches employees' contributions to a maximum of US$2,500 per year. Prior to that date, the maximum was US$1,000 per year. For the years ended September 30, 2010, 2009 and 2008, the amounts of the Company's contributions were $8,212,000, $7,557,000 and $5,069,000, respectively.
- The Company maintains two non-qualified deferred compensation plans covering some of its U.S. management. One of these plans is an unfunded plan and the non-qualified deferred compensation liability totaled $2,376,000 as at September 30, 2010 ($3,211,000 at September 30, 2009). The other plan is a funded plan for which a trust was established so that the plan assets could be segregated; however, the assets are subject to the Company's general creditors in the case of bankruptcy. The assets, included in other long-term assets, composed of investments, vary with employees' contributions and changes in the value of the investments. The change in liability associated with the plan is equal to the change of the assets. The assets in the trust and the associated liabilities totalled $16,318,000 as at September 30, 2010 ($13,108,000 as at September 30, 2009).
- The Company maintains a post-employment benefits plan to cover certain former retired employees associated with the divested Canadian claims adjusting and risk management services business. The post-employment benefits liability totalled $7,008,000 as at September 30, 2010 ($7,201,000 at September 30, 2009). The Company measures its benefits liability as at September 30 of each year. An actuarial valuation was performed at September 30, 2008, and the next actuarial valuation will be as at September 30, 2011.

25. Commitments, contingencies and guarantees

A) COMMITMENTS

At September 30, 2010, the Company is committed under the terms of operating leases with various expiration dates up to 2030, primarily for the rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately $917,834,000. Minimum lease payments due in the next five years and thereafter are as follows:

	$
2011	135,003
2012	118,971
2013	104,238
2014	88,739
2015	84,135
Thereafter	386,748

The Company entered into long-term service and other agreements representing a total commitment of $107,721,000. Minimum payments under these agreements due in each of the next five years and thereafter are as follows:

	$
2011	54,237
2012	28,730
2013	17,644
2014	5,073
2015	1,409
Thereafter	628

As of April 19, 2007, the Company became committed under the agreement between shareholders of Conseillers en informatique d'affaires ("CIA") to purchase the remaining shares of CIA by October 1, 2011. As at September 30, 2010, 32.44% of shares of CIA remains to be purchased. The purchase price of the remaining shares will be calculated by a formula as defined in the shareholders' agreement. If the Company had purchased the remainder of CIA's shares on September 30, 2010, the consideration would have been approximately $10,363,000.

25. Commitments, contingencies and guarantees (continued)

B) CONTINGENCIES

From time to time, the Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities.

In addition, the Company is engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Company's operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination, or reduction in the scope, of a major government project could have a materially adverse effect on the results of operations and financial condition of the Company.

C) GUARANTEES

SALE OF ASSETS AND BUSINESS DIVESTITURES

In connection with the sale of assets and business divestitures, the Company may be required to pay counterparties for costs and losses incurred as the result of breaches in representations and warranties, intellectual property right infringement and litigation against counterparties. While some of the agreements specify a maximum potential exposure of approximately $14,570,000 in total, others do not specify a maximum amount or limited period. It is impossible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in the consolidated balance sheets relating to this type of indemnification as at September 30, 2010. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

OTHER TRANSACTIONS

In the normal course of business, the Company may provide certain clients, principally governmental entities, with bid and performance bonds. In general, the Company would only be liable for the amount of the bid bonds if the Company refuses to perform the project once the bid is awarded. The Company would also be liable for the performance bonds in the event of default in the performance of its obligations. As at September 30, 2010, the Company provided for a total of $128,161,000 of these bonds. To the best of its knowledge, the Company is in compliance with its performance obligations under all service contracts for which there is a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a materially adverse effect on the Company's consolidated results of operations or financial condition.

In addition, the Company provides a guarantee of $5,900,000 of the residual value of a leased property, accounted for as an operating lease, at the expiration of the lease term.

26. Financial instruments

FAIR VALUE

All financial assets classified as held-to-maturity or loans and receivables, as well as financial liabilities classified as other liabilities, are initially measured at their fair values and subsequently at their amortized cost using the effective interest rate method. All financial assets and liabilities classified as held for trading are measured at their fair values. Gains and losses related to periodic revaluations are recorded in net earnings.

The Company has made the following classifications:

- Cash and cash equivalents (Note 3), short-term investments, and deferred compensation plan assets (Note 24) are designated as held for trading as this reflects management's intentions.
- Trade accounts receivable (Note 4), work in progress, and funds held for clients are classified as loans and receivables.
- Accounts payable and accrued liabilities, accrued compensation, long-term debt, excluding obligations under capital leases (Note 10), and clients' funds obligations are classified as other liabilities.

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the issuance of the respective financial assets and liabilities. Transaction costs are capitalized to the cost of financial assets and liabilities classified as other than held for trading.

At September 30, 2010 and 2009, the estimated fair values of trade accounts receivable, work in progress, funds held for clients, accounts payable and accrued liabilities, accrued compensation, long-term debt, with the exception of Senior U.S. unsecured notes and the unsecured committed revolving term facility, and clients' funds obligations approximate their respective carrying values.

The fair values of Senior U.S. unsecured notes and the unsecured committed revolving term facility, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions, are $112,937,000 and $941,396,000 at September 30, 2010, respectively, as compared to their carrying value of $109,899,000 and $964,223,000, respectively. At September 30, 2009, the fair value of the Senior U.S. unsecured notes was $116,859,000 as compared to its carrying value of $114,061,000, and the fair value of the revolving term facility approximated its carrying value of $126,043,000 (Note 10).

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

26. Financial instruments (continued)

FAIR VALUE (CONTINUED)

The following table summarizes the fair value of outstanding hedging instruments:

	Recorded as	2010 $	2009 $
Hedge on net investments in self-sustaining foreign subsidiaries			
US$920,000 debt designated as the hedging instrument to the Company's net investment in U.S. subsidiaries (US$100,000 as at September 30, 2009)	Long term debt	**947,416**	107,220
€12,000 debt designated as the hedging instrument to the Company's net investment in European subsidiaries (€12,000 as at September 30, 2009)	Long term debt	**16,807**	18,823
Cash flow hedges on future revenue			
US$130,380 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar (US$192,660 as at September 30, 2009)	Other current assets	**8,918**	8,303
	Other long-term assets	**11,433**	16,148
US$44,820 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee (US$62,940 as at September 30, 2009)	Other current assets	**2,378**	1,495
	Other long-term assets	**1,121**	488
	Other long-term liabilities	**–**	78
$89,040 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee ($110,315 as at September 30, 2009)	Accrued liabilities	**1,570**	2,005
	Other long-term liabilities	**3,396**	7,570
Cash flow hedges on Senior U.S. unsecured notes			
US$107,000 foreign currency forward contracts (US$107,000 as at September 30, 2009)	Other current asset	**1,277**	–
	Other long-term assets	**763**	5,736

The Company expects that approximately $11,096,000 of the accumulated net unrealized gains on all derivative financial instruments designated as cash flow hedges at September 30, 2010 will be reclassified in net income in the next 12 months.

FAIR VALUE HIERARCHY

Fair value measurements recognized in the balance sheet are categorized in accordance with the following levels;

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 but that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

The Company categorized the fair value measurement of cash and equivalents, short-term investments and deferred compensation plan assets in Level 1. For the cash flow hedges on future revenue and cash flow hedges on Senior U.S. unsecured notes, the Company categorized the fair value measurement in Level 2, as they are primarily derived from observable market inputs.

MARKET RISK (INTEREST RATE RISK AND CURRENCY RISK)

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk and currency risk, affect the fair values of financial assets and liabilities.

INTEREST RATE RISK

The Company is exposed to interest rate risk on a portion of its long-term debt (Note 10) and does not currently hold any financial instruments that mitigate this risk. The Company analyzes its interest rate risk exposure on an ongoing basis using various scenarios to simulate refinancing or the renewal of existing positions. Based on these scenarios, a change in the interest rate of 1% would not have had a significant impact on net earnings and comprehensive income.

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

26. Financial instruments (continued)

CURRENCY RISK

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company mitigates this risk principally through foreign debt and forward contracts. The Company enters, from time to time, into foreign exchange forward contracts to hedge forecasted cash flows or contractual cash flows in currencies other than the functional currency of its subsidiaries (Note 2). Hedging relationships are designated and documented at inception and quarterly effectiveness assessments are performed during the year.

The Company is mainly exposed to fluctuations in the U.S. dollar and the euro. As at September 30, 2010, the portion of the cash and cash equivalents, accounts receivable, work in progress, accounts payable and accrued liabilities and accrued compensation denominated in U.S. dollars amount to US$16,427,000, US$184,237,000 US$260,687,000, US$116,353,000 and US$78,340,000, respectively. Additionally, as at September 30, 2010, the portion of the same items denominated in euros amount to €13,881,000, €18,462,000, €943,000, €9,924,000, and €3,237,000, respectively.

The following table details the Company's sensitivity to a 10% strengthening of the U.S. dollar and the euro foreign currency rates on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis presents the impact of foreign currency denominated monetary items and adjusts their translation at period end for a 10% strengthening in foreign currency rates. For a 10% weakening of the U.S. dollar and the euro against the Canadian dollar, there would be an equal and opposite impact on net earnings and comprehensive income.

	2010		2009	
	U.S. dollar impact	**Euro impact**	U.S. dollar impact	Euro impact
Increase in net earnings	**16,485**	**116**	11,739	938
Increase in comprehensive income	**161,456**	**11,130**	79,117	12,409

LIQUIDITY RISK

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's activities are financed through a combination of the cash flows from operations, borrowing under existing credit facilities, the issuance of debt and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at September 30, 2010. All amounts contractually denominated in foreign currency are presented in Canadian dollar equivalent amounts using the period-end spot rate.

	Carrying Amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	Beyond 5 years
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**304,376**	304,376	304,376	–	–	–
Accrued compensation	**191,486**	191,486	191,486	–	–	–
Senior U.S. unsecured notes	**109,899**	116,799	93,113	1,236	22,450	–
Unsecured committed revolving term facility	**964,223**	977,861	9,092	968,769	–	–
Obligations repayable in blended monthly instalments	**22,049**	23,961	6,292	5,052	11,211	1,406
Clients' funds obligations	**248,695**	248,695	248,695	–	–	–
Derivative financial liabilities						
Cash flow hedge on future revenue						
Outflow	**4,966**	5,562	1,637	1,740	2,185	–
(Inflow)	**(23,850)**	(24,658)	(11,447)	(7,323)	(5,888)	–
	1,821,844	1,844,082	843,244	969,474	29,958	1,406

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

26. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

As at September 30, 2010, the Company is holding cash and cash equivalents and short-term investments of $141,020,000 ($343,427,000 at September 30, 2009). The Company also has available $519,931,000 in unsecured revolving credit facilities and $25,000,000 in demand lines of credit (Note 10) ($1,359,279,000 and $25,000,000, respectively, at September 30, 2009). In addition, the funds held for clients of $248,695,000 ($332,359,000 at September 30, 2009) fully cover the clients' funds obligations. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

CREDIT RISK

The Company takes on exposure to credit risk, which is the risk that a client will be unable to pay amounts in full when due. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, short-term investments, work in progress and accounts receivable.

Cash equivalents consist mainly of highly liquid investments, such as money market funds and term deposits, as well as bankers' acceptances and bearer deposit notes issued by major banks (Note 3). None of the cash equivalents are in asset backed commercial paper products. The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable and work in progress derived from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact accounts receivable. However, management does not believe that the Company is subject to any significant credit risk in view of the Company's large and diversified client base.

The following table sets forth details of the age of accounts receivable that are past due:

	2010	2009
	$	$
Not past due	**301,106**	267,784
Past due 1-30 days	**28,864**	9,183
Past due 31-60 days	**5,738**	13,086
Past due 61-90 days	**5,018**	4,979
Past due more than 90 days	**20,147**	33,737
	360,873	328,769
Allowance for doubtful accounts	**(11,524)**	(11,122)
	349,349	317,647

The carrying amount of accounts receivable is reduced by an allowance account and the amount of the loss is recognized in the consolidated statement of earnings within costs of services, selling and administrative. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against costs of services, selling and administrative in the consolidated statement of earnings. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

27. Capital risk management

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks.

The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. At September 30, 2010, total managed capital was $3,447,527,000 ($2,901,811,000 at September 30, 2009). Managed capital consists of long-term debt, including the current portion (Note 10), cash and cash equivalents (Note 3), short-term investments and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. When capital needs have been specified, the Company's management proposes capital transactions for the approval of the Company's Audit and Risk Management Committee and Board of Directors. The capital risk policy remains unchanged from prior periods.

The Company monitors its capital by reviewing various financial metrics, including the following:

- Debt/Capitalization
- Net Debt/Capitalization
- Debt/EBITDA

Debt represents long-term debt, including the current portion. Net debt, capitalization and EBITDA are non-GAAP measures. Net debt represents debt (including the impact of the fair value of forward contracts) less cash and cash equivalents and short-term investments. Capitalization is shareholders' equity plus debt. EBITDA is calculated as earnings from continuing operations before income taxes, interest expense on long-term debt and depreciation and amortization. The Company believes that the results of the current internal ratios are consistent with its capital management objectives.

The Company is subject to external covenants on its credit facilities and its Senior U.S. unsecured notes. On the credit facilities, the ratios are as follows:

- A leverage ratio, which is the ratio of total debt to EBITDA for the four most recent quarters.
- An interest and rent coverage ratio, which is the ratio of the EBITDAR for the four most recent quarters to the total interest expense and the operating rentals in the same periods. EBITDAR, a non-GAAP measure, is calculated as EBITDA plus rent expense.
- A minimum net worth requirement, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive loss, cannot be less than a specified threshold.

The ratios for the credit facilities are calculated on a consolidated basis, excluding Innovapost, which is a joint venture.

On the Senior U.S. unsecured notes, the ratios are as follows:

- A leverage ratio, which is the ratio of total debt adjusted for operating rent to EBITDAR for the four most recent quarters.
- A fixed charges coverage ratio, which is the ratio of the EBITDAR to the sum of interest expense plus operating rentals for the period for the four most recent quarters.
- A minimum net worth requirement, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive loss, cannot be less than a specified threshold.

The ratios for the Senior U.S. unsecured notes are calculated based on specific subsidiaries of the Company that represent a significant portion of the Company's consolidated operations.

The Company is in compliance with these covenants and monitors them on an ongoing basis. The ratios are also reviewed quarterly by the Company's Audit and Risk Management Committee. The Company is not subject to any other externally imposed capital requirements.

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

28. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP

The material differences between Canadian and U.S. GAAP affecting the Company's consolidated financial statements are detailed as follows:

	2010	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Reconciliation of net earnings:			
Net earnings – Canadian GAAP	**362,766**	317,205	294,000
Adjustments for:			
Stock-based compensation (i)	**(213)**	(3,759)	(4,127)
Warrants (ii)	**863**	1,404	(5,721)
Reversal of income tax provision (iii)	**–**	(517)	(7,452)
Other (iv)	**(140)**	594	216
Net earnings – U.S. GAAP	**363,276**	314,927	276,916
Attributable to:			
Shareholders of CGI Group Inc.	**362,896**	314,188	276,048
Non-controlling interest	**380**	739	868
Basic earnings per share attributable to shareholders of CGI Group Inc. – U.S. GAAP	**1.27**	1.02	0.87
Diluted earnings per share attributable to shareholders of CGI Group Inc. – U.S. GAAP	**1.24**	1.01	0.86
Net earnings – U.S. GAAP	**363,276**	314,927	276,916
Other comprehensive (loss) income	**(35,756)**	35,434	64,649
Comprehensive income – U.S. GAAP	**327,520**	350,361	341,565
Attributable to:			
Shareholders of CGI Group Inc.	**327,140**	349,622	340,697
Non-controlling interest	**380**	739	868

	2010	2009 (Restated Note 2a)	2008 (Restated Note 2a)
	$	$	$
Reconciliation of shareholders' equity:			
Equity attributable to shareholders of CGI Group Inc. – Canadian GAAP	**2,152,631**	2,275,254	1,997,001
Adjustments for:			
Stock-based compensation (ix)	**58,411**	58,411	58,411
Warrants (ii)	**(7,125)**	(7,988)	(9,392)
Reversal of income tax provision (iii)	**(7,969)**	(7,969)	(7,452)
Unearned compensation (v)	**(3,694)**	(3,694)	(3,694)
Integration costs (vi)	**(6,606)**	(6,606)	(6,606)
Goodwill (vii)	**28,078**	28,078	28,078
Income taxes and adjustment for change in accounting policy (viii)	**9,715**	9,715	9,715
Other (iv)	**(3,405)**	(3,265)	(3,859)
Equity attributable to shareholders of CGI Group Inc. – U.S. GAAP	**2,220,036**	2,341,936	2,062,202
Equity attributable to non-controlling interest – Canadian and U.S. GAAP	**6,452**	6,342	5,922

(i) Stock-based compensation

Beginning in fiscal 2008, the Company issued stock options with a three-year graded vesting period and a performance criteria. Under Canadian GAAP, the compensation cost for this type of option has been accounted for on a straight-line basis because the awards of graded vesting options have a similar expected life. Under U.S. GAAP, the graded vesting method must be used. The adjustment represents the compensation cost difference between using the straight-line and graded vesting method. This adjustment does not have an impact on shareholders' equity.

28. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP (continued)

(ii) Warrants
Under Canadian GAAP, the fair value of warrants issued in connection with long-term outsourcing contracts is recorded as contract costs and amortized on a straight-line basis over the initial contract term. Under U.S. GAAP, the fair value of equity instruments issued was subtracted from the initial proceeds received in determining revenue. The 2010, 2009, and 2008 adjustments reflect the reversal of contract cost amortization, net of income taxes, which is included as a reduction to Canadian GAAP consolidated net earnings.

The fiscal 2008 adjustment also includes final determinations from agreements with tax authorities and expirations of statutes of limitations of prior year tax liabilities associated with the issuance of warrants that resulted in the reversal of $7,125,000 in tax liabilities during fiscal 2008. The reversal of this recovery was included as an increase to Canadian GAAP consolidated earnings.

(iii) Reversal of income tax provision
During fiscal 2009 and fiscal 2008, the Company reversed one-time income tax provisions pertaining to the determination of prior year tax liabilities after final agreement with tax authorities and the expirations of statutes of limitations relating to business acquisitions. The reversal of the provisions was included as an increase to Canadian GAAP consolidated earnings. Under U.S. GAAP, the adjustment was applied to the goodwill attributable to the acquisition prior to the adoption of ASC Topic 805, "Business Combination" on October 1, 2009. (Refer to (x) Recent accounting changes).

(iv) Capitalization of intangible assets
Effective October 1, 2008, the Company adopted Section 3064, "Goodwill and Intangible Assets". As a result of the standard, there is new guidance relating to eligible capitalizable costs in the development of intangibles. Under U.S. GAAP, there were no changes to capitalization standards. This adjustment is one of the items included in "other" and represents the net effect of costs that were expensed or capitalized under Canadian GAAP for which the accounting treatment is different under U.S. GAAP. For the years ended September 30, 2010, 2009 and 2008, the adjustment to U.S. GAAP net earnings is a decrease of $959,000, $198,000 and $368,000, respectively. As at September 30, 2010, 2009 and 2008, the adjustment to U.S. GAAP shareholders' equity is an increase of $1,186,000, $2,145,000 and $2,341,000, respectively.

(v) Unearned compensation
Under Canadian GAAP, prior to July 1, 2001, unvested stock options granted as a result of a business combination were not recorded. The adjustment reflects the intrinsic value of unvested stock options (see (vii) below) that would have been recorded as a separate component of shareholders' equity for U.S. GAAP purposes. This unearned compensation was amortized over approximately three years, being the estimated remaining future vesting service period.

(vi) Integration costs
Under Canadian GAAP, prior to January 1, 2001, certain restructuring costs relating to the purchaser may be recognized in the purchase price allocation when accounting for business combinations, subject to certain conditions. Under U.S. GAAP, only costs relating directly to the acquired business may be considered in the purchase price allocation. This adjustment represents the charge to consolidated net earnings, net of goodwill amortization in 2001, recorded for Canadian GAAP purposes and net of income taxes.

(vii) Goodwill
The goodwill adjustment to shareholders' equity results principally from the difference in the value assigned to stock options issued to IMRglobal Corp. employees. Under Canadian GAAP, the fair value of the outstanding vested stock options is recorded as part of the purchase price allocation whereas under U.S. GAAP, the fair value of both vested and unvested outstanding stock options granted as a result of the business acquisition is recorded. See (v) above for a further discussion relating to this item.

28. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP (continued)

(viii) Income taxes and adjustment for change in accounting policy
On October 1, 1999, the Company adopted the recommendations of CICA Handbook Section 3465, "Income taxes". The recommendations of Section 3465 are similar to the provisions of ASC Topic 740, "Income Taxes", issued by the Financial Accounting Standards Board ("FASB"). Upon the implementation of Section 3465, the Company recorded an adjustment to reflect the difference between the assigned value and the tax basis of assets acquired in a business combination, which resulted in future income tax liabilities. The Company recorded this amount through a reduction of retained earnings as part of the cumulative adjustment. Under U.S. GAAP, this amount would have been reflected as additional goodwill.

(ix) Stock-based compensation
Under Canadian GAAP, stock-based compensation cost was accounted for using the fair value based method beginning October 1, 2004. Under U.S. GAAP, ASC Topic 718, "Compensation – Stock Compensation", did not require adoption of this standard until fiscal years beginning on or after June 15, 2005. The 2005 adjustments represent the charge to consolidated net earnings recorded for Canadian GAAP purposes as no such expense was recorded or required under U.S. GAAP. Beginning October 1, 2005, there is no difference between Canadian and U.S. GAAP in connection to stock-based compensation cost.

(x) Recent accounting changes
In December 2007, FASB issued ASC Topic 805, "Business Combinations," which became effective for the Company as of October 1, 2009 via prospective application to business combinations. This standard is similar to the corresponding provisions of CICA Section 1582, "Business Combinations", (refer to Note 2a). As a result of the adoption of ASC Topic 805, tax adjustments for a total amount of $29,716,000 related to the final determinations and expiration of limitation periods were recognized during the year ended September 30, 2010 as a reduction of the income tax expense rather than applied to goodwill. This new accounting treatment is consistent with CICA Section 1582. Consequently, there is no GAAP difference in the year ended September 30, 2010 with respect to these items.

In December 2007, FASB issued ASC Topic 810, "Consolidation", which became effective for the Company as of October 1, 2009 via retrospective application. This standard is similar to the corresponding provisions of CICA Section 1601 "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", (refer to Note 2a). The Company adopted ASC Topic 810 without significant effect on the Company's consolidated financial statements. The effects on future periods will depend on the nature and significance of business combinations subject to these standards.

(xi) Future accounting changes
In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, "Multiple-Deliverable Revenue Arrangements", an amendment to FASB ASC topic 605, "Revenue Recognition", and ASU 2009-14, "Certain Revenue Arrangements That Include Software Elements", an amendment to FASB ASC subtopic 985-605, "Software — Revenue Recognition". ASU 2009-13 provides authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under this ASU, when VSOE or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. ASU 2009-13 also includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. ASU 2009-14 provides guidance on arrangements that include software elements, including tangible products that have software components that are essential to the functionality of the tangible product and will no longer be within the scope of the software revenue recognition guidance, and software-enabled products that will now be subject to other relevant revenue recognition guidance. These standards must be adopted in the same period using the same transition method and are effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Effective October 1, 2010, the Company will adopt these standards, on a prospective basis. The effects on future periods will depend on the nature and significance of the future customer contracts subject to these standards.

Consolidated Financial Statements of

CGI GROUP INC.

For the years ended September 30, 2009 and 2008

Management's and Auditors' reports

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of CGI Group Inc. ("the Company") is responsible for the preparation and integrity of the consolidated financial statements and the Management's Discussion and Analysis ("MD&A"). The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and necessarily include some amounts that are based on management's best estimates and judgment. Financial and operating data elsewhere in the MD&A are consistent with that contained in the accompanying consolidated financial statements.

To fulfill its responsibility, management has developed, and continues to maintain, systems of internal controls reinforced by the Company's standards of conduct and ethics, as set out in written policies to ensure the reliability of the financial information and to safeguard its assets. The Company's internal control over financial reporting and consolidated financial statements are subject to audit by the independent auditors, Deloitte & Touche LLP, whose report follows. They were appointed as independent auditors, by a vote of the Company's shareholders, to conduct an integrated audit of the Company's consolidated financial statements and of the Company's internal control over financial reporting. In addition, the Management Committee of the Company reviews the disclosure of corporate information and oversees the functioning of the Company's disclosure controls and procedures.

Members of the Audit and Risk Management Committee of the Board of Directors, all of whom are independent of the Company, meet regularly with the independent auditors and with management to discuss internal controls in the financial reporting process, auditing matters and financial reporting issues and formulates the appropriate recommendations to the Board of Directors. The independent auditors have unrestricted access to the Audit and Risk Management Committee. The consolidated financial statements and MD&A have been reviewed and approved by the Board of Directors.

(signed)	(signed)
Michael E. Roach	**R. David Anderson**
PRESIDENT AND CHIEF EXECUTIVE OFFICER	EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

NOVEMBER 8, 2009

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in Canada.

The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in Canada, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and,
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

All internal control systems have inherent limitations; therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There was one exclusion from our assessment. Our interest in a joint venture was excluded from our assessment as we do not have the ability to dictate or modify the joint venture's internal control over financial reporting, and we do not have the practical ability to assess those controls. Our interest in the joint venture represents 1.0% of our consolidated total assets and 2.7% of our consolidated revenue as at and for the year ended September 30, 2009. We have assessed the Company's internal controls over the inclusion of our share of the joint venture and its results for the year in our consolidated financial statements.

As of the end of the Company's 2009 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2009, was effective.

The effectiveness of the Company's internal control over financial reporting as at September 30, 2009, has been audited by the Company's independent auditors, as stated in their report appearing on page 4.

(signed)	(signed)
Michael E. Roach	**R. David Anderson**
PRESIDENT AND CHIEF EXECUTIVE OFFICER	EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

NOVEMBER 8, 2009

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited the internal control over financial reporting of CGI Group Inc. and subsidiaries ("the Company") as of September 30, 2009, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from their assessment the internal control over financial reporting concerning one investment. Management excluded from its assessment the internal control over financial reporting of its interest in a joint venture because the Company does not have the ability to dictate or modify the controls at this entity and does not have the ability to assess, in practice, the controls at the entity. Their interest in the joint venture constitutes 1.0 % of total assets and 2.7% of revenues of the consolidated financial statements of the Company as of and for the year ended September 30, 2009. Accordingly, our audit did not include the internal control over financial reporting of that investment. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2009, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as at and for the year ended September 30, 2009, and our report dated November 8, 2009 expressed an unqualified opinion on those financial statements and included a separate report titled Comments By Independent Registered Chartered Accountants for U.S. Readers on Canada-U.S. Reporting Differences.

(signed)[1]
INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

MONTRÉAL, QUÉBEC
NOVEMBER 8, 2009

[1] Chartered accountant auditor permit No. 17046

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited the accompanying consolidated balance sheets of CGI Group Inc. and subsidiaries (the "Company") as at September 30, 2009 and 2008 and the related consolidated statements of earnings, comprehensive income, retained earnings and cash flows for each of the three years in the period ended September 30, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of CGI Group Inc. and subsidiaries as at September 30, 2009 and 2008 and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2009, in accordance with Canadian generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2009, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report, dated November 8, 2009, expressed an unqualified opinion on the Company's internal control over financial reporting.

(signed)[1]
INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

MONTRÉAL, QUÉBEC
NOVEMBER 8, 2009

COMMENTS BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS FOR U.S. READERS ON CANADA-U.S. REPORTING DIFFERENCES

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's consolidated financial statements, such as the changes described in Note 2 to the consolidated financial statements. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Board of Directors and Shareholders of the consolidated financial statements of CGI Group Inc. dated November 8, 2009, is expressed in accordance with Canadian reporting standards, which do not require a reference to such changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the consolidated financial statements.

(signed)[1]
INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

MONTRÉAL, QUÉBEC
NOVEMBER 8, 2009

[1] Chartered accountant auditor permit No. 17046

Consolidated Statements of Earnings

Years ended September 30 (in thousands of Canadian dollars, except share data)	**2009**	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
REVENUE	**3,825,161**	3,705,863	3,633,945
Operating expenses			
Costs of services, selling and administrative (Note 18)	**3,170,406**	3,110,760	3,050,782
Amortization (Note 14)	**195,761**	163,172	173,221
Restructuring costs related to specific items (Note 16)	**–**	–	23,010
Interest on long-term debt	**18,960**	27,284	41,818
Interest income	**(2,908)**	(5,570)	(9,451)
Other expenses	**3,569**	3,341	398
Foreign exchange (gain) loss	**(1,747)**	1,445	3,457
Gain on sale of assets	**–**	–	(700)
	3,384,041	3,300,432	3,282,535
Earnings from continuing operations before income taxes and non-controlling interest	**441,120**	405,431	351,410
Income tax expense (Note 17)	**125,223**	106,297	115,608
Non-controlling interest, net of income taxes	**739**	868	251
Earnings from continuing operations	**315,158**	298,266	235,551
Earnings (loss) from discontinued operations, net of income taxes (Note 20)	**1,308**	(5,134)	1,743
NET EARNINGS	**316,466**	293,132	237,294
BASIC EARNINGS (LOSS) PER SHARE			
Continuing operations (Note 13)	**1.03**	0.94	0.71
Discontinued operations	**–**	(0.02)	0.01
	1.03	0.92	0.72
DILUTED EARNINGS (LOSS) PER SHARE			
Continuing operations (Note 13)	**1.02**	0.92	0.70
Discontinued operations	**–**	(0.02)	0.01
	1.02	0.90	0.71

See Notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years ended September 30 (in thousands of Canadian dollars)	**2009**	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
NET EARNINGS	**316,466**	293,132	237,294
Net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations (net of income taxes)	**6,249**	66,200	(116,040)
Net unrealized gains (losses) on translating long-term debt designated as hedges of net investments in self-sustaining foreign operations (net of income taxes)	**15,739**	(538)	19,190
Net unrealized gains (losses) on cash flow hedges (net of income taxes)	**13,446**	(1,013)	–
Other comprehensive income (loss) (Note 15)	**35,434**	64,649	(96,850)
COMPREHENSIVE INCOME	**351,900**	357,781	140,444

See Notes to the consolidated financial statements.

Consolidated Statements of Retained Earnings

Years ended September 30 (in thousands of Canadian dollars)	**2009**	2008	2007
	$	$	$
RETAINED EARNINGS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	**923,721**	752,847	587,201
Change in accounting policy (Note 2a)	**(2,341)**	(2,709)	(3,601)
RETAINED EARNINGS, BEGINNING OF YEAR, AS RESTATED	**921,380**	750,138	583,600
Net earnings	**316,466**	293,132	237,294
Excess of purchase price over carrying value of Class A subordinate shares acquired (Note 11)	**(55,609)**	(121,890)	(70,756)
RETAINED EARNINGS, END OF YEAR	**1,182,237**	921,380	750,138

See Notes to the consolidated financial statements.

Consolidated Balance Sheets

As at September 30 (in thousands of Canadian dollars)	**2009**	2008 (Restated Note 2a)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	**343,427**	50,134
Accounts receivable (Note 4)	**461,291**	487,563
Work in progress	**249,022**	228,510
Prepaid expenses and other current assets	**82,237**	82,992
Income taxes	**2,759**	4,189
Future income taxes (Note 17)	**15,110**	34,031
Assets held for sale (Note 20)	**–**	1,398
	1,153,846	888,817
Capital assets (Note 5)	**212,418**	178,435
Intangible assets (Note 6)	**455,775**	539,897
Other long-term assets (Note 7)	**60,558**	45,677
Future income taxes (Note 17)	**10,173**	7,747
Goodwill (Note 8)	**1,674,781**	1,689,362
Total assets before funds held for clients	**3,567,551**	3,349,935
Funds held for clients	**332,359**	330,623
	3,899,910	3,680,558
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**306,826**	339,765
Accrued compensation	**165,981**	127,151
Deferred revenue	**136,135**	133,688
Income taxes	**88,002**	79,260
Future income taxes (Note 17)	**50,250**	25,529
Current portion of long-term debt (Note 10)	**17,702**	100,917
Liabilities held for sale (Note 20)	**–**	657
	764,896	806,967
Future income taxes (Note 17)	**171,697**	183,612
Long-term debt (Note 10)	**265,428**	290,174
Non-controlling interest	**6,342**	5,922
Other long-term liabilities (Note 9)	**83,934**	66,259
Total liabilities before clients' funds obligations	**1,292,297**	1,352,934
Clients' funds obligations	**332,359**	330,623
	1,624,656	1,683,557
Commitments, contingencies and guarantees (Note 26)		
SHAREHOLDERS' EQUITY		
Retained earnings	**1,182,237**	921,380
Accumulated other comprehensive loss (Note 15)	**(285,990)**	(321,424)
	896,247	599,956
Capital stock (Note 11)	**1,298,270**	1,319,672
Contributed surplus (Note 12b)	**80,737**	77,373
	2,275,254	1,997,001
	3,899,910	3,680,558

See Notes to the consolidated financial statements.

Approved by the Board	(signed)	(signed)
	DIRECTOR	DIRECTOR
	Michael E. Roach	Serge Godin

Consolidated Statements of Cash Flows

Years ended September 30 (in thousands of Canadian dollars)	**2009**	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
OPERATING ACTIVITIES			
Earnings from continuing operations	**315,158**	298,266	235,551
Adjustments for:			
Amortization (Note 14)	**218,087**	186,120	196,527
Future income taxes (Note 17)	**29,300**	(22,675)	10,470
Foreign exchange loss	**723**	1,846	3,833
Stock-based compensation (Note 12a)	**8,617**	5,131	13,933
Gain on sale of assets	**–**	–	(700)
Non-controlling interest, net of income taxes	**739**	868	251
Net change in non-cash working capital items (Note 22a)	**57,620**	(113,886)	84,250
Cash provided by continuing operating activities	**630,244**	355,670	544,115
INVESTING ACTIVITIES			
Business acquisitions (net of cash acquired) (Note 19)	**(1,422)**	(3,911)	(17,298)
Proceeds from sale of assets and businesses (net of cash disposed)	**4,991**	29,238	–
Purchase of capital assets	**(69,212)**	(60,983)	(50,967)
Proceeds from disposal of capital assets	**–**	–	1,371
Additions to intangible assets	**(62,367)**	(60,942)	(87,852)
Decrease in other long-term assets	**–**	3,019	908
Cash used in continuing investing activities	**(128,010)**	(93,579)	(153,838)
FINANCING ACTIVITIES			
Use of credit facilities	**144,694**	90,305	30,113
Repayment of credit facilities	**(157,505)**	(196,533)	(353,643)
Repayment of long-term debt	**(117,752)**	(10,153)	(7,466)
Proceeds on settlement of forward contracts (Note 10)	**18,318**	–	–
Repurchase of Class A subordinate shares (net of share repurchase costs) (Note 11)	**(101,698)**	(216,208)	(128,541)
Issuance of shares (Note 11)	**16,141**	32,423	42,744
Cash used in continuing financing activities	**(197,802)**	(300,166)	(416,793)
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations	**(11,300)**	398	(3,962)
Net increase (decrease) in cash and cash equivalents from continuing operations	**293,132**	(37,677)	(30,478)
Net cash and cash equivalents provided by (used in) discontinued operations (Note 20)	**161**	(1,068)	3,628
Cash and cash equivalents, beginning of year	**50,134**	88,879	115,729
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**343,427**	50,134	88,879

Supplementary cash flow information (Note 22)
See Notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Years ended September 30, 2009, 2008 and 2007
(tabular amounts only are in thousands of Canadian dollars, except share data)

1. Description of business

CGI Group Inc. (the "Company"), directly or through its subsidiaries, manages information technology services ("IT services"), including outsourcing, systems integration and consulting, software licenses and maintenance, as well as business process services ("BPS") to help clients cost effectively realize their strategies and create added value.

2. Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which differ in certain material respects from U.S. GAAP. A reconciliation between Canadian and U.S. GAAP can be found in Note 29. Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2009, including the impact of adopting Section 3064, "Goodwill and intangible assets" in fiscal 2009 and discontinued operations in fiscal 2008.

CHANGES IN ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants ("CICA") issued the following new Handbook Sections, which were effective for interim periods beginning on or after October 1, 2008:

a) Section 3064, "Goodwill and Intangible Assets", replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Financial Reporting Standards ("IFRS"). Section 1000, "Financial Statement Concepts", was also amended to provide consistency with this new standard. Section 3064 has been adopted retrospectively, with restatement of prior periods. As a result, the Company recorded certain expenditures related to start-up costs and labor costs as expenses, rather than recording them as intangible assets. In addition, the contract costs are now presented under intangible assets.

The effects of the adoption of this Section on the Company's previously issued consolidated financial statements are presented as follows:

Increase (decrease)	As at and for the year ended September 30	
	2008	2007
	$	$
Consolidated Statements of Earnings		
Costs of services, selling and administrative	240	500
Amortization	(772)	(1,808)
Income tax expense	164	416
Net earnings	368	892
Consolidated Balance Sheets		
Intangible assets	(3,415)	(3,947)
Long-term future income tax liabilities	(1,074)	(1,238)
Retained earnings	(2,341)	(2,709)
Consolidated Statements of Cash Flows		
Operating activities		
Amortization	(772)	(1,808)
Future income taxes	164	416
Investing activities		
Additions to intangible assets	240	500

Opening retained earnings for 2007 have been reduced by $3,601,000, which is the amount of the adjustment relating to periods prior to 2007. The retrospective impact on basic and diluted earnings per share for the prior restated periods is nominal.

2. Summary of significant accounting policies (continued)

CHANGES IN ACCOUNTING POLICIES (CONTINUED)

b) Section 1400, "General Standards of Financial Statement Presentation", includes requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section did not have an impact on the Company's consolidated financial statements.

In addition, on January 20, 2009, the CICA issued Emerging Issues Committee Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" ("EIC 173"), to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual consolidated financial statements after January 20, 2009. EIC 173 requires the Company to consider its own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financials liabilities, including derivative instruments. The Company adopted EIC 173 during fiscal 2009. The adoption of this new section did not have a significant impact on the consolidated financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and shareholders' equity and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Significant estimates include, but are not limited to, goodwill, income taxes, contingencies and other liabilities, accrued integration charges, revenue recognition, stock based compensation, investment tax credits and government programs and the impairment of long-lived assets.

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated. The Company accounts for its jointly-controlled investment using the proportionate consolidation method.

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue principally through the provision of IT services and BPS.

The IT services include a full range of information technology services, namely: i) outsourcing ii) systems integration and consulting iii) software licenses and iv) provision of maintenance. BPS provides business processing for the financial services sector, as well as other services such as payroll and document management services.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when persuasive evidence of an arrangement exists, services or products have been provided to the client, the fee is fixed or determinable, and collectibility is reasonably assured.

The Company's arrangements often include a mix of the services listed below. If an arrangement involves the provision of multiple elements, the total arrangement value is allocated to each element as a separate unit of accounting if: 1) the delivered item has value to the client on a stand-alone basis; 2) there is objective and reliable evidence of the fair value of the undelivered item; and 3) in an arrangement that includes a general right of return relative to the delivered item, the delivery or performance of the undelivered item is considered probable and substantially in the control of the Company. If these criteria are met, then the total consideration of the arrangement is allocated among the separate units of accounting based on their relative fair values. Fair value is established based on the internal or external evidence of the amount charged for each revenue element. However, some software license arrangements are subject to specific policies as described below in "Software license arrangements".

In situations where there is fair value for all undelivered elements, but not for the delivered elements, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of revenue allocated to the delivered elements equals the total arrangement consideration less the aggregate fair value of any undelivered elements.

For all types of arrangements, the appropriate revenue recognition method is applied for each unit of accounting, as described below, based on the nature of the arrangement and the services included in each unit of accounting. All deliverables that do not meet the separation criteria are combined into one unit of accounting and the most appropriate revenue recognition method is applied.

2. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. If uncertainty exists about client acceptance, revenue is not recognized until acceptance occurs. Formal client sign-off is not always necessary to recognize revenue, provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include the historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and the historical experience with the specific client.

Provisions for estimated contract losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract.

OUTSOURCING AND BPS ARRANGEMENTS

Revenue from outsourcing and BPS arrangements under time and materials and unit-priced arrangements are recognized as the services are provided at the contractually stated price. If the contractual per-unit prices within a unit-priced contract change during the term of the arrangement, the Company evaluates whether it is more appropriate to record revenue based on the average per-unit price during the term of the contract or based on the actual amounts billed.

Revenue from outsourcing and BPS arrangements under fixed-fee arrangements is recognized on a straight-line basis over the term of the arrangement, regardless of the amounts billed, unless there is a better measure of performance or delivery.

SYSTEMS INTEGRATION AND CONSULTING SERVICES

Revenue from systems integration and consulting services under time and material arrangements is recognized as the services are rendered, and revenue under cost-based arrangements is recognized as reimbursable costs are incurred.

Revenue from systems integration and consulting services under fixed-fee arrangements and software licenses arrangements where the implementation services are essential to the functionality of the software or where the software requires significant customization are recognized using the percentage-of-completion method over the implementation period. The Company uses the labour costs or labour hours incurred to date to measure the progress towards completion. This method relies on estimates of total expected labour costs or total expected labour hours to complete the service, which are compared to labour costs or labour hours incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Management regularly reviews underlying estimates of total expected labour costs or hours. Revisions to estimates are reflected in the statement of earnings in the period in which the facts that gave rise to the revision become known.

Revenue from systems integration and consulting services under benefits-funded arrangements is recognized only to the extent it can be predicted, with reasonable certainty, that the benefit stream will generate amounts sufficient to fund the value on which revenue recognition is based.

SOFTWARE LICENSE ARRANGEMENTS

Most of the Company's software license arrangements are accounted for as described above in "Systems integration and consulting services". In addition, the Company has software license arrangements that do not include implementation services that are essential to the functionality of the software or software that requires significant customization, but that may involve the provision of multiple elements such as integration and post-contract customer support. For these types of arrangements, revenue from software licenses is recognized upon delivery of software if persuasive evidence of an arrangement exists, collection is probable, the fee is fixed or determinable and vendor-specific objective evidence ("VSOE") of fair value of an arrangement exists to allocate the total fee to the different elements of an arrangement based on their relative VSOE of fair value. The residual method, as defined above, using VSOE of fair value can be used to allocate the arrangement consideration. VSOE of fair value is established through internal evidence of prices charged for each revenue element when that element is sold separately. Revenue from maintenance services for licenses sold and implemented is recognized ratably over the term of the contract.

2. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

WORK IN PROGRESS AND DEFERRED REVENUE

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the delivery of products or performances of services are classified as deferred revenue.

REIMBURSEMENTS

Reimbursements, including those relating to travel and other out-of-pocket expenses, and other similar third party costs, such as the cost of hardware and software re-sales, are included in revenue, and the corresponding expense is included in costs of services when the Company has assessed that the costs meet the criteria for gross revenue recognition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of unrestricted cash and short-term investments having an initial maturity of three months or less.

CAPITAL ASSETS

Capital assets are recorded at cost and are amortized over their estimated useful lives using the straight-line method.

Buildings	10 to 40 years
Leasehold improvements	Lesser of the useful life or lease term
Furniture and fixtures	3 to 10 years
Computer equipment	3 to 5 years

FUNDS HELD FOR CLIENTS AND CLIENTS' FUNDS OBLIGATIONS

In connection with the Company's payroll, tax filing and claims services, the Company collects funds for payment of payroll, taxes and claims, temporarily holds such funds until payment is due, remits the funds to the clients' employees, appropriate tax authorities or claim holders, files federal and local tax returns, and handles related regulatory correspondence and amendments. The Company presents the funds held for clients and related obligations separately.

INTANGIBLE ASSETS

CONTRACT COSTS

Contract costs are mainly incurred when acquiring or implementing long-term IT services and BPS contracts. Contract costs are classified as intangible assets. These assets are recorded at cost and amortized using the straight-line method over the term of the respective contracts. Contract costs are comprised primarily of incentives and transition costs.

Occasionally, incentives are granted to clients upon signing of outsourcing contracts. These incentives can be granted either in the form of cash payments, issuance of equity instruments or discounts awarded principally over a transition period, as negotiated in the contract. In the case of equity instruments, cost is measured at the estimated fair value at the time they are issued. For discounts, cost is measured at the value of the granted financial commitment and a corresponding amount is recorded as deferred revenue. As services are provided to the client, the amount is amortized and recorded as a reduction of revenue.

Capital assets acquired from a client in connection with outsourcing contracts are capitalized as such and amortized consistent with the amortization policies described previously. The excess of the amount paid over the fair value of capital assets acquired in connection with outsourcing contracts is considered as an incentive granted to the client, and is recorded as described in the preceding paragraph.

Transition costs consist of expenses associated with the installation of systems and processes incurred after the award of outsourcing contracts, relocation of transitioned employees and exit from client facilities. Under BPS contracts, the costs consist primarily of expenses related to activities such as the conversion of the client's applications to the Company's platforms. These incremental costs are comprised essentially of labour costs, including compensation and related fringe benefits, as well as subcontractor costs.

Pre-contract costs associated with acquiring or implementing long-term IT services and BPS contracts are expensed as incurred except where it is virtually certain that the contracts will be awarded and the costs are incremental and directly related to the acquisition of the contract. Eligible pre-contract costs are recorded at cost and amortized using the straight-line method over the expected term of the respective contracts.

2. Summary of significant accounting policies (continued)

INTANGIBLE ASSETS (CONTINUED)

OTHER INTANGIBLE ASSETS

Other intangible assets consist mainly of internal-use software, business solutions, software licenses and client relationships.

Internal-use software, business solutions and software licenses are recorded at cost. Business solutions developed internally and marketed for distribution are capitalized when they meet specific capitalization criteria related to technical, market and financial feasibility. Business solutions and software licenses acquired through a business combination are initially recorded at fair value based on the estimated net future income-producing capabilities of the software products. Client relationships are acquired through business combinations and are initially recorded at their fair value based on the present value of expected future cash flows.

The Company amortizes its other intangible assets using the straight-line method over the following estimated useful lives:

Internal-use software	2 to 7 years
Business solutions	2 to 10 years
Software licenses	3 to 8 years
Client relationships and other	2 to 10 years

IMPAIRMENT OF LONG-LIVED ASSETS

When events or changes in circumstances indicate that the carrying amount of long-lived assets, such as capital assets and intangible assets, may not be recoverable, undiscounted estimated cash flows are projected over their remaining term and compared to the carrying amount. To the extent that such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amounts of related assets, a charge is recorded to reduce the carrying amount to the projected future discounted cash flows.

OTHER LONG-TERM ASSETS

Other long-term assets consist mainly of deferred financing fees, deferred compensation plan assets, long-term maintenance agreements and forward contracts.

BUSINESS COMBINATIONS AND GOODWILL

The Company accounts for its business combinations using the purchase method of accounting. Under this method, the Company allocates the purchase price to tangible and intangible assets acquired and liabilities assumed based on estimated fair values at the date of acquisition, with the excess of the purchase price amount being allocated to goodwill. Goodwill for each reporting unit is assessed for impairment at least annually, or when an event or circumstance occurs that more likely than not reduces the fair value of a reporting unit below its carrying amount. The Company has designated September 30 as the date for the annual impairment test. An impairment charge is recorded when the goodwill carrying amount of the reporting unit exceeds its fair value.

ACCRUED INTEGRATION CHARGES

Accrued integration charges are comprised of liabilities for costs incurred in business combinations and restructuring activities, such as severance payments related to the termination of certain employees of the acquired business performing functions already available through the Company's existing structure and provisions related to leases for premises occupied by the acquired businesses that the Company plans to vacate.

EARNINGS PER SHARE

Basic earnings per share are based on the weighted average number of shares outstanding during the period. Diluted earnings per share is determined using the treasury stock method to evaluate the dilutive effect of stock options.

RESEARCH AND SOFTWARE DEVELOPMENT COSTS

Research costs are charged to earnings in the period in which they are incurred, net of related tax credits. Software development costs are charged to earnings in the year they are incurred, net of related tax credits, unless they meet specific capitalization criteria related to technical, market and financial feasibility.

2. Summary of significant accounting policies (continued)

TAX CREDITS

The Company follows the cost reduction method to account for tax credits. Under this method, tax credits related to current expenditures are recognized in the period in which the related expenditures are charged to operations, provided there is reasonable assurance of realization. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset, provided there is reasonable assurance of realization.

INCOME TAXES

Income taxes are accounted for using the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statement purposes and tax values of assets and liabilities using substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. A valuation allowance is recorded for the portion of the future income tax assets when its realization is not considered more likely than not.

TRANSLATION OF FOREIGN CURRENCIES

Revenue and expenses denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Realized and unrealized translation gains and losses are reflected in net earnings.

Self-sustaining subsidiaries, with economic activities largely independent of the Company, are accounted for using the current rate method. Under this method, assets and liabilities of subsidiaries denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the period. Resulting unrealized gains or losses are reported as net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations in the consolidated statements of comprehensive income.

The accounts of foreign subsidiaries, which are financially or operationally dependent on the Company, are accounted for using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at average rates for the period. Translation exchange gains or losses of such subsidiaries are reflected in net earnings.

STOCK-BASED COMPENSATION

Stock-based compensation cost is recorded using the fair value based method. This method consists of recording compensation cost to earnings over the vesting period of options granted. When stock options are exercised, any consideration paid by employees is credited to capital stock and the recorded fair value of the option is removed from contributed surplus and credited to capital stock.

HEDGING TRANSACTIONS

The Company uses various financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. The Company does not hold or use any derivative instruments for trading purposes.

CASH FLOW HEDGES ON SENIOR U.S. UNSECURED NOTES

Effective December 21, 2007, the Company entered into forward contracts to hedge the contractual principal repayments of the Senior U.S. unsecured notes. The purpose of the hedging transactions is to hedge the risk of variability in functional currency equivalent cash flows associated with the foreign currency debt principal repayments.

The hedges were documented as cash flow hedges and no component of the derivative's fair value are excluded from the assessment and measurement of hedge effectiveness. The hedge is considered to be highly effective as the terms of the forward contracts coincide with the terms of the repayment of the two remaining tranches of the debt. The first tranche was repaid in fiscal 2009.

2. Summary of significant accounting policies (continued)

HEDGING TRANSACTIONS (CONTINUED)

CASH FLOW HEDGES ON SENIOR U.S. UNSECURED NOTES (CONTINUED)

The forward contracts are derivative instruments and, therefore, are recorded at fair value on the balance sheet under other long-term assets and the effective portion of the change in fair value of the derivatives is recognized in other comprehensive income (loss). An amount that will offset the related translation gain or loss arising from the remeasurement of the portion of the debt that is designated is reclassified each period from other comprehensive income (loss) to earnings. The forward premiums or discounts on the forward contracts used to hedge foreign currency long-term debt are amortized as an adjustment of interest expense over the term of the forward contracts. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the forward contracts. Realized and unrealized foreign exchange gains and losses in relation to forward contracts for the year ended September 30, 2009, were not significant. The cash flows of the hedging transaction are classified in the same manner as the cash flows of the position being hedged.

HEDGE ON NET INVESTMENTS IN SELF-SUSTAINING FOREIGN SUBSIDIARIES

Effective December 1, 2008, the Company designated a debt of US$100,000,000 as the hedging instrument for a portion of the Company's net investment in self-sustaining U.S. subsidiaries. Further, effective December 17, 2008, the Company designated a debt of €12,000,000 as the hedging instrument for part of the Company's net investment in self-sustaining European subsidiaries.

Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in other comprehensive income (loss).

CASH FLOW HEDGES ON FUTURE REVENUE

During the 12 months ending September 30, 2009, the Company entered into various foreign currency forward contracts to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Indian rupee on future U.S. revenue and to hedge the variability in the foreign currency exchange rate between the Canadian dollar and the Indian rupee on future Canadian revenue. Additionally, the Company entered into fixed-floating currency swap derivatives to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Canadian dollar on future U.S. revenue. The cash flow hedges mature at various dates until 2014.

These hedges were documented as cash flow hedges and no component of the derivative instruments' fair value is excluded from the assessment and measurement of hedge effectiveness. The forward contracts are derivative instruments, and, therefore, are recorded at fair value on the balance sheet under other current assets, other long-term assets, other current liabilities or other long-term liabilities. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the forward contracts.

The effective portion of the change in fair value of the derivative instruments is recognized in other comprehensive income (loss) and the ineffective portion, if any, in the consolidated statement of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income (loss) into earnings as an adjustment to revenue when the hedged revenue is recognized. The assessment of effectiveness is based on forward rates utilizing the hypothetical derivative method. During fiscal 2009, the Company's hedging relationships were effective. The cash flows of the hedging transactions are classified in the same manner as the cash flows of the position being hedged.

2. Summary of significant accounting policies (continued)

FUTURE ACCOUNTING CHANGES

In January 2009, the CICA issued the following new Handbook sections:

a) Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations" establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), "Business Combinations". The Section applies prospectively to the Company for business combinations for which the acquisition date is on or after October 1, 2011. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of this new section on the consolidated financial statements.

b) Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), "Consolidated and Separate Financial Statements". The Sections apply to the Company's interim and annual consolidated financial statements for fiscal years beginning on October 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the impact of the adoption of these new sections on the consolidated financial statements.

Additionally, in February 2008, the Canadian Accounting Standards Board confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's first quarter under the IFRS reporting standards will be for the three-month period ending December 31, 2011.

In preparation for the conversion to IFRS, the Company has developed an IFRS changeover plan. In addition to a working team, the Company has established an IFRS Steering Committee responsible for monitoring the progress and approving recommendations from the working team. The working team meets bi-weekly, Steering Committee monthly, and quarterly updates are provided to the Audit and Risk Management Committee.

The Company has completed the diagnostic phase which involved a high-level review of the differences between current Canadian GAAP and IFRS, as well as a review of the alternatives available on adoption. The second phase of the plan has been in progress since February 2009. This phase encompasses a detailed impact assessment addressing differences between Canadian GAAP and IFRS. Deliverables stemming from this phase include documentation of the rationale supporting accounting policy choices, new disclosure requirements and authoritative literature supporting these choices. As the implications of the transition and conversion are identified in this phase, the impacts on the other key elements of the conversion plan will be assessed. These key elements include: information technology changes, education and training requirements, internal control over financial reporting, and impacts on business activities.

Notes to the Consolidated Financial Statements

Years ended September 30, 2009, 2008 and 2007
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Cash and cash equivalents

	2009	2008
	$	$
Cash	**203,160**	33,433
Cash equivalents	**140,267**	16,701
	343,427	50,134

4. Accounts receivable

	2009	2008
	$	$
Trade	**317,647**	399,397
Other[1]	**143,644**	88,166
	461,291	487,563

[1] Other accounts receivable include refundable tax credits on salaries related to the Development of E-Business, E-Commerce Place, Cité du Multimédia de Montréal, New Economy Centres, research and development and other tax credit programs. The tax credits represent approximately $124,803,000 and $54,822,000 of other accounts receivable in 2009 and 2008, respectively.
Effective April 1, 2008, the Company became eligible for the Development of E-Business refundable tax credit, which replaces certain existing Québec tax credit programs. The fiscal measure enables corporations with an establishment in the province of Québec that carry out eligible activities in the technology sector to obtain a refundable tax credit equal to 30% of eligible salaries, up to a maximum of $20,000 per year per eligible employee until December 31, 2015.
Prior to April 1, 2008, in order to be eligible for the E-Commerce Place, Cité du Multimédia de Montréal, New Economy Centres and other tax credits, the Company relocated some of its employees to designated locations. Real estate costs for these designated locations are significantly higher than they were at the previous facilities. As at September 30, 2009, the balance outstanding for financial commitments for these real estate locations was $388,722,000 ranging between one and 14 years. The refundable tax credits for these programs were calculated at rates varying between 35% to 40% on salaries paid in Québec to a maximum range of $12,500 to $15,000 per year per eligible employee.

5. Capital assets

			2009			2008
	COST	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
	$	**$**	**$**	$	$	$
Land and buildings	**21,607**	**3,920**	**17,687**	13,804	2,900	10,904
Leasehold improvements	**144,516**	**70,607**	**73,909**	142,740	63,120	79,620
Furniture and fixtures	**47,129**	**22,348**	**24,781**	40,433	18,405	22,028
Computer equipment	**190,850**	**94,809**	**96,041**	138,123	72,240	65,883
	404,102	**191,684**	**212,418**	335,100	156,665	178,435

Capital assets include assets acquired under capital leases totalling $37,680,000 ($23,426,000 in 2008), net of accumulated amortization of $17,880,000 ($9,236,000 in 2008). Amortization expense of capital assets acquired under capital leases was $13,213,000 and $4,530,000 in 2009 and 2008, respectively.

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

6. Intangible assets

			2009
	COST	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**
	$	**$**	**$**
Intangible assets			
Contract costs			
Incentives	**247,146**	**185,296**	**61,850**
Transition costs	**169,087**	**77,138**	**91,949**
	416,233	**262,434**	**153,799**
Other intangible assets			
Internal-use software	**88,128**	**59,033**	**29,095**
Business solutions	**284,341**	**160,423**	**123,918**
Software licenses	**144,861**	**108,127**	**36,734**
Client relationships and other	**341,188**	**228,959**	**112,229**
	858,518	**556,542**	**301,976**
	1,274,751	**818,976**	**455,775**

			2008 (Restated Note 2a)
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
	$	$	$
Intangible assets			
Contract costs			
Incentives	241,951	164,527	77,424
Transition costs	148,044	60,520	87,524
	389,995	225,047	164,948
Other intangible assets			
Internal-use software	84,764	47,467	37,297
Business solutions	296,682	148,324	148,358
Software licenses	134,162	94,572	39,590
Client relationships and other	348,893	199,189	149,704
	864,501	489,552	374,949
	1,254,496	714,599	539,897

All intangible assets are subject to amortization. The following table presents the aggregate amount of intangible assets subject to amortization that were acquired or internally developed during the period:

	2009	2008	2007
	$	$	$
Acquired	**22,965**	30,665	22,720
Internally developed	**44,181**	40,257	60,289
	67,146	70,922	83,009

Amortization expense of other intangible assets included in the consolidated statements of earnings is as follows:

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
Internal-use software	**12,963**	12,307	10,673
Business solutions	**33,444**	34,367	48,592
Software licenses	**16,674**	17,997	22,422
Client relationships and other	**37,748**	37,121	40,194
Amortization of other intangible assets (Note 14)	**100,829**	101,792	121,881

Amortization expense of contract costs is presented in Note 14.

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

7. Other long-term assets

	2009	2008
	$	$
Deferred financing fees	**3,643**	4,933
Deferred compensation plan assets	**13,108**	11,657
Long-term maintenance agreements	**13,735**	13,531
Forward contracts (Note 27)	**22,372**	8,758
Balance of sale receivable and other	**7,700**	6,798
Other long-term assets	**60,558**	45,677

8. Goodwill

The variations in goodwill are as follows:

				2009
	Canada	**U.S. & India**	**Europe & Asia Pacific**	**Total**
	$	**$**	**$**	**$**
Balance, beginning of year	**1,158,730**	**431,129**	**99,503**	**1,689,362**
Acquisition (Note 19a)	**209**	**–**	**–**	**209**
Purchase price adjustments (Note 19c)	**(16,059)**	**(3,865)**	**(415)**	**(20,339)**
Disposal of assets (Note 19b)	**(1,499)**	**–**	**–**	**(1,499)**
Foreign currency translation adjustment	**–**	**5,056**	**1,992**	**7,048**
Balance, end of year	**1,141,381**	**432,320**	**101,080**	**1,674,781**

				2008
	Canada	U.S. & India	Europe & Asia Pacific	Total
	$	$	$	$
Balance, beginning of year	1,159,431	390,676	96,822	1,646,929
Purchase price adjustments (Note 19d)	(701)	(9,215)	–	(9,916)
Foreign currency translation adjustment	–	49,668	2,681	52,349
Balance, end of year	1,158,730	431,129	99,503	1,689,362

9. Other long-term liabilities

	2009	2008
	$	$
Deferred compensation	**22,727**	22,068
Accrued integration and restructuring charges	**4,416**	12,145
Deferred revenue	**27,774**	13,441
Lease inducements	**13,398**	14,150
Forward contracts (Note 27)	**7,648**	–
Other	**7,971**	4,455
	83,934	66,259

Asset retirement obligations included in “other” pertain to operating leases of office buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The asset retirement obligation liability of $2,522,000 ($2,529,000 in 2008) was based on the expected cash flows of $3,579,000 ($3,465,000 in 2008) and was discounted at an interest rate of 6.83% (4.35% in 2008). The timing of the settlement of these obligations varies between one and 14 years.

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

10. Long-term debt

	2009	2008
	$	$
Senior U.S. unsecured notes, bearing a weighted average interest rate of 5.27% and repayable by payments of $93,281 in 2011 and $21,444 in 2014, less imputed interest of $664[1]	**114,061**	202,428
Unsecured committed revolving term facility bearing interest at LIBOR rate plus 0.63% or bankers' acceptance rate plus 0.63%, maturing in 2012[2]	**126,043**	157,468
Obligation bearing interest at 2.34% and repayable in blended monthly instalments maturing in October 2010	**5,879**	9,037
Balance of purchase price related to a business acquisition was recorded at a discounted value using a 5.60% interest rate and was paid during fiscal 2009	–	645
Obligations under capital leases, bearing a weighted average interest rate of 5.23% and repayable in blended monthly instalments maturing at various dates until 2014	**37,147**	21,513
	283,130	391,091
Current portion	**17,702**	100,917
	265,428	290,174

[1] As at September 30, 2009, the private placement financing with U.S. institutional investors is comprised of two tranches of Senior U.S. unsecured notes maturing in January 2011 and 2014 for a total amount of US$107,000,000. On January 29, 2009, the Company repaid the first tranche in the amount of US$85,000,000 and settled the related forward contracts taken to manage the Company's exposure to fluctuations in the foreign exchange rate resulting in a cash inflow of $18,318,000. The Senior U.S. unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 28). At September 30, 2009, the Company is in compliance with these covenants.

[2] The Company has a five-year unsecured revolving credit facility available for an amount of $1,500,000,000 that expires in August 2012. As at September 30, 2009, an amount of $126,043,000 has been drawn upon this facility. Also an amount of $14,678,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. In addition to the revolving credit facility, the Company has available demand lines of credit in the amount of $25,000,000. At September 30, 2009, no amount had been drawn upon these facilities. The revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 28). At September 30, 2009, the Company is in compliance with these covenants. The Company also has a proportionate share of a revolving demand credit facility related to the joint venture for an amount of $5,000,000 bearing interest at the Canadian prime rate. As at September 30, 2009, no amount has been drawn upon this facility.

Principal repayments on long-term debt over the forthcoming years are as follows:	
	$
2010	4,642
2011	94,088
2012	126,043
2013	–
2014	21,210
Total principal payments on long-term debt	245,983

Minimum capital lease payments are as follows:	Principal	Interest	Payment
	$	$	$
2010	13,060	1,684	14,744
2011	11,591	1,063	12,654
2012	8,061	496	8,557
2013	3,666	137	3,803
2014	769	18	787
Total minimum capital lease payments	37,147	3,398	40,545

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

11. Capital stock

Authorized, an unlimited number without par value:

First preferred shares, carrying one vote per share, ranking prior to second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends;

Second preferred shares, non-voting, ranking prior to Class A subordinate shares and Class B shares with respect to the payment of dividends;

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, convertible at any time at the option of the holder into Class A subordinate shares.

For 2009, 2008 and 2007, the Class A subordinate and the Class B shares varied as follows:

	CLASS A SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	NUMBER	CARRYING VALUE	NUMBER	CARRYING VALUE	NUMBER	CARRYING VALUE
		$		$		$
Balance, September 30, 2006	297,484,885	1,319,882	34,208,159	47,724	331,693,044	1,367,606
Repurchased and cancelled[1]	(12,484,000)	(52,203)	–	–	(12,484,000)	(52,203)
Repurchased and not cancelled[1]	–	(3,461)	–	–	–	(3,461)
Issued upon exercise of options[2]	5,544,830	57,087	–	–	5,544,830	57,087
Balance, September 30, 2007	290,545,715	1,321,305	34,208,159	47,724	324,753,874	1,369,029
Repurchased and cancelled[1]	(20,488,168)	(90,748)	–	–	(20,488,168)	(90,748)
Repurchased and not cancelled[1]	–	(847)	–	–	–	(847)
Issued upon exercise of options[2]	4,107,823	42,238	–	–	4,107,823	42,238
Balance, September 30, 2008	274,165,370	1,271,948	34,208,159	47,724	308,373,529	1,319,672
Repurchased and cancelled[1]	(9,708,292)	(44,272)	–	–	(9,708,292)	(44,272)
Issued upon exercise of options[2]	2,221,032	22,870	–	–	2,221,032	22,870
Conversion of shares[3]	600,000	837	(600,000)	(837)	–	–
Balance, September 30, 2009	**267,278,110**	**1,251,383**	**33,608,159**	**46,887**	**300,886,269**	**1,298,270**

[1] On January 27, 2009, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid to purchase up to 10% of the public float of the Company's Class A subordinate shares during the next year. The Toronto Stock Exchange ("TSX") subsequently approved the Company's request for approval. The Issuer Bid enables the Company to purchase up to 26,970,437 Class A subordinate shares (28,502,941 in 2008 and 29,091,303 in 2007) for cancellation on the open market through the TSX. The Class A subordinate shares were available for purchase under the Issuer Bid commencing February 9, 2009, until no later than February 8, 2010, or on such earlier date when the Company completes its purchases or elects to terminate the bid. During 2009, the Company repurchased 9,525,892 Class A subordinate shares (19,910,068 in 2008 and 12,339,400 in 2007) for cash consideration of $99,881,000 ($213,485,000 in 2008 and $126,420,000 in 2007). The excess of the purchase price over the carrying value of Class A subordinate shares repurchased, in the amount of $55,609,000 ($121,890,000 in 2008 and $70,756,000 in 2007), was charged to retained earnings.
As at September 30, 2008, 182,400 of the repurchased Class A subordinate shares with a carrying value of $847,000 and a purchase value of $1,817,000 were held by the Company and had been cancelled and paid subsequent to year-end (As at September 30, 2007, 760,500 of the repurchased Class A subordinate shares with a carrying value of $3,461,000 and a purchase value of $8,538,000 were held by the Company and had been cancelled subsequent to year-end. Of the $8,538,000, $4,540,000 had been paid subsequent to September 30, 2007).

[2] The carrying value of Class A subordinate shares includes $5,253,000 ($10,223,000 in 2008 and $13,904,000 in 2007) which corresponds to a reduction in contributed surplus representing the value of accumulated compensation cost associated with the options exercised during the year.

[3] During the twelve months ended September 30, 2009, a shareholder converted 600,000 Class B shares into 600,000 Class A subordinate shares.

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

12. Stock options and contributed surplus

A) STOCK OPTIONS

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, options to purchase Class A subordinate shares to certain employees, officers, directors and consultants of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the TSX on the day preceding the date of the grant. Options generally vest one to three years from the date of grant conditionally upon the achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death. As at September 30, 2009, 41,118,005 Class A subordinate shares have been reserved for issuance under the stock option plan.

The following table presents information concerning all outstanding stock options granted by the Company for the years ended September 30:

	2009		2008		2007	
	NUMBER OF OPTIONS	**WEIGHTED AVERAGE EXERCISE PRICE PER SHARE**	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
		$		$		$
Outstanding, beginning of year	**26,757,738**	**9.34**	24,499,886	8.52	29,956,711	8.57
Granted	**8,448,453**	**9.32**	7,798,388	11.39	3,960,405	7.74
Exercised	**(2,221,032)**	**7.93**	(4,107,823)	7.79	(5,544,830)	7.79
Forfeited	**(3,863,746)**	**11.16**	(1,094,052)	10.65	(3,872,400)	8.92
Expired	**(237,578)**	**14.11**	(338,661)	12.20	–	–
Outstanding, end of year	**28,883,835**	**9.16**	26,757,738	9.34	24,499,886	8.52
Exercisable, end of year	**18,087,166**	**8.75**	19,398,753	8.56	18,507,376	8.90

The following table summarizes information about outstanding stock options granted by the Company as at September 30, 2009:

	OPTIONS OUTSTANDING			**OPTIONS EXERCISABLE**	
RANGE OF EXERCISE PRICE	**NUMBER OF OPTIONS**	**WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)**	**WEIGHTED AVERAGE EXERCISE PRICE**	**NUMBER OF OPTIONS**	**WEIGHTED AVERAGE EXERCISE PRICE**
$			**$**		**$**
2.14 to 5.20	**31,028**	**1.47**	**2.56**	**31,028**	**2.56**
6.05 to 6.98	**2,942,547**	**5.18**	**6.46**	**2,942,547**	**6.46**
7.00 to 7.87	**4,710,509**	**5.54**	**7.74**	**4,710,509**	**7.74**
8.00 to 8.99	**6,758,449**	**4.18**	**8.63**	**6,758,449**	**8.63**
9.05 to 9.90	**9,081,298**	**7.51**	**9.37**	**1,044,348**	**9.79**
10.05 to 11.95	**4,303,278**	**7.93**	**11.36**	**1,543,559**	**11.32**
14.10 to 16.23	**1,041,086**	**0.06**	**15.72**	**1,041,086**	**15.72**
24.51 to 26.03	**15,640**	**0.32**	**25.97**	**15,640**	**25.97**
	28,883,835	**5.96**	**9.16**	**18,087,166**	**8.75**

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

12. Stock options and contributed surplus (continued)

The following table presents the weighted average assumptions used to determine the stock-based compensation cost recorded in cost of services, selling and administrative expenses using the Black-Scholes option pricing model for the years ended September 30:

	2009	2008	2007
Compensation cost ($)	**8,617**	5,131	13,933
Dividend yield (%)	**0.00**	0.00	0.00
Expected volatility (%)	**24.42**	23.70	29.48
Risk-free interest rate (%)	**3.05**	4.09	3.90
Expected life (years)	**5.00**	5.00	5.00
Weighted average grant date fair value ($)	**2.59**	3.37	2.60

B) CONTRIBUTED SURPLUS

The following table summarizes the contributed surplus activity since September 30, 2006:

	$
Balance, September 30, 2006	82,436
Compensation cost associated with exercised options (Note 11)	(13,904)
Compensation cost associated with stock option plan	13,933
Balance, September 30, 2007	82,465
Compensation cost associated with exercised options (Note 11)	(10,223)
Compensation cost associated with stock option plan	5,131
Balance, September 30, 2008	77,373
Compensation cost associated with exercised options (Note 11)	(5,253)
Compensation cost associated with stock option plan	8,617
Balance, September 30, 2009	**80,737**

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

13. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share from continuing operations for the years ended September 30:

	2009			2008 (Restated Note 2a)			2007 (Restated Note 2a)		
	EARNINGS FROM CONTINUING OPERATIONS	**WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]**	**EARNINGS PER SHARE FROM CONTINUING OPERATIONS**	EARNINGS FROM CONTINUING OPERATIONS	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]	EARNINGS PER SHARE FROM CONTINUING OPERATIONS	EARNINGS FROM CONTINUING OPERATIONS	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING[1]	EARNINGS PER SHARE FROM CONTINUING OPERATIONS
	$		**$**	$		$	$		$
	315,158	**306,853,077**	**1.03**	298,266	317,604,899	0.94	235,551	329,016,756	0.71
Dilutive options[2]		**3,492,164**			5,199,388			4,859,808	
		310,345,241	**1.02**	298,266	322,804,287	0.92	235,551	333,876,564	0.70

[1] The 9,525,892 Class A subordinate shares repurchased during the year (19,910,068 in 2008 and 12,339,400 in 2007) were excluded from the calculation of earnings per share as of the date of repurchase.

[2] The calculation of the dilutive effects excludes all anti-dilutive options that were either not yet exercisable or would not be exercised because their exercise price is higher than the average market value of a Class A subordinate share of the Company for each of the periods shown in the table. The number of excluded options was 13,384,651, 8,764,136 and 3,162,074 for the years ended September 30, 2009, 2008 and 2007, respectively.

14. Amortization

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
Amortization of capital assets	**61,412**	43,455	32,396
Amortization of intangible assets			
Contract costs related to transition costs	**22,377**	17,925	18,944
Other intangible assets (Note 6)	**100,829**	101,792	121,881
Impairment of other intangible assets[1]	**11,143**	–	–
	195,761	163,172	173,221
Amortization of contract costs related to incentives (presented as reduction of revenue)	**21,043**	21,682	21,946
Amortization of deferred financing fees (presented in interest on long-term debt)	**1,283**	1,266	1,360
	218,087	186,120	196,527

[1] The impairment of other intangible assets relates to certain assets that are no longer expected to provide future value.

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

15. Accumulated other comprehensive loss

	Balance, as at October 1, 2008	**Net changes during the year**	**Balance, as at September 30, 2009**
	$	**$**	**$**
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $10,464)	**(365,672)**	**6,249**	**(359,423)**
Net unrealized gains on translating long-term debt designated as a hedge of net investments in self-sustaining foreign operations (net of accumulated income tax expense of $11,623)	**45,261**	**15,739**	**61,000**
Net unrealized gains on cash flow hedges (net of accumulated income tax expense of $4,422)	**(1,013)**	**13,446**	**12,433**
	(321,424)	**35,434**	**(285,990)**

	Balance, as at October 1, 2007	Net changes during the year	Balance, as at September 30, 2008
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $7,029)	(431,872)	66,200	(365,672)
Net unrealized gains on translating long-term debt designated as a hedge of net investment in self-sustaining foreign operations (net of accumulated income tax expense of $8,748)	45,799	(538)	45,261
Net unrealized losses on cash flow hedges (net of accumulated income tax recovery of $187)	-	(1,013)	(1,013)
	(386,073)	64,649	(321,424)

	Balance, as at October 1, 2006	Net changes during the year	Balance, as at September 30, 2007
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations (net of accumulated income tax recovery of $8,390)	(315,832)	(116,040)	(431,872)
Net unrealized gains on translating long-term debt designated as a hedge of net investment in self-sustaining foreign operations (net of accumulated income tax expense of $8,748)	26,609	19,190	45,799
	(289,223)	(96,850)	(386,073)

16. Restructuring costs related to specific items

On March 29, 2006, the Company announced a restructuring plan impacting members located primarily in Montréal and Toronto, of which a significant portion was related to lower than expected BCE work volumes. Approximately 1,150 positions were eliminated. The program ended December 31, 2006. Restructuring costs related to specific items of $23,010,000 and $67,266,000 were incurred in fiscal 2007 and fiscal 2006, respectively. Of the total restructuring costs of $90,276,000, $61,986,000 (net of the BCE contribution of $10,000,000) was for severance and $28,290,000 for the consolidation and closure of facilities. The balance of the restructuring provision is $3,557,000 at September 30, 2009 ($5,147,000 at September 30, 2008). The majority of the remaining balance will be paid in fiscal 2010.

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

17. Income taxes

The income tax expense is as follows:

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
Current	**95,923**	128,972	105,138
Future	**29,300**	(22,675)	10,470
	125,223	106,297	115,608

The Company's effective income tax rate on income from continuing operations differs from the combined Federal and Provincial Canadian statutory tax rate as follows:

	2009	2008	2007
	%	%	%
Company's statutory tax rate	**30.9**	31.2	32.0
Effect of provincial and foreign tax rate differences	**2.7**	2.7	2.9
Benefit arising from investment in subsidiaries	**(2.7)**	(3.3)	(3.2)
Final determination from agreements with tax authorities and expirations of statutes of limitations	**(3.9)**	(3.7)	–
Non-deductible stock options	**0.3**	0.1	0.8
Other non-deductible items	**1.0**	0.9	1.0
Impact of corporate tax holiday	**–**	(0.2)	(1.1)
Impact on future tax assets and liabilities resulting from tax rate changes	**–**	(1.7)	0.4
Tax benefits on losses	**0.1**	0.2	0.1
Effective income tax rate	**28.4**	26.2	32.9

Future income tax assets and liabilities are as follows at September 30:

	2009	2008 (Restated Note 2a)
	$	$
Future income tax assets:		
Accrued integration charges, accounts payable and accrued liabilities	**11,316**	10,191
Tax benefits on losses carried forward	**10,171**	41,579
Capital assets, intangible assets and other long-term assets	**17,197**	10,915
Accrued compensation	**23,414**	26,077
Unrealized losses on cash flow hedges	**3,395**	–
Allowance for doubtful accounts	**3,107**	2,733
Financing and share issue costs	–	173
Other	**2,433**	2,718
	71,033	94,386
Valuation allowance	**(6,818)**	(25,473)
	64,215	68,913
Future income tax liabilities:		
Capital assets, intangible assets and other long-term assets	**161,008**	177,854
Work in progress	**22,395**	12,964
Goodwill	**25,276**	21,576
Refundable tax credits on salaries	**40,233**	20,434
Unrealized gain on cash flow hedges	**7,478**	–
Other	**4,489**	3,448
	260,879	237,350
Future income taxes, net	**(196,664)**	(167,363)

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

17. Income taxes (continued)

Future income taxes are classified as follows:	2009	2008 (Restated Note 2a)
	$	$
Current future income tax assets	**15,110**	34,031
Long-term future income tax assets	**10,173**	7,747
Current future income tax liabilities	**(50,250)**	(25,529)
Long-term future income tax liabilities	**(171,697)**	(183,612)
Future income taxes, net	**(196,664)**	(167,363)

At September 30, 2009, the Company had $26,793,000 in non-capital losses carried forward, of which $5,496,000 expire at various dates up to 2015 and $21,297,000 have no expiry dates. In addition, the Company had capital loss carry forwards of $10,236,000 having no expiry dates. The Company recognized a future tax asset of $10,171,000 on the losses carried forward and recognized a valuation allowance of $6,818,000. The decrease in the valuation allowance mainly results from the utilization of U.S. non-capital losses. The resulting net future income tax asset of $3,353,000 is the amount that is more likely than not to be realized. Should the valuation allowance be reversed, goodwill would be reduced by approximately $1,949,000.

Foreign earnings of certain of the Company's subsidiaries would be taxed only upon their repatriation to Canada. The Company has not recognized a future income tax liability for these retained earnings as management does not expect them to be repatriated. A future income tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable matter, such as the sale of the investment or through the receipt of dividends. On remittance, certain countries impose withholding taxes that, subject to certain limitations, are then available for use as tax credits against a federal or provincial income tax liability, if any.

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

18. Costs of services, selling and administrative

Tax credits netted against costs of services, selling and administrative expenses are as follows:

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
Costs of services, selling and administrative	**3,268,995**	3,193,270	3,138,024
Tax credits	**(98,589)**	(82,510)	(87,242)
	3,170,406	3,110,760	3,050,782

19. Investments in subsidiaries and joint ventures

For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

2009 TRANSACTIONS

A) ACQUISITION

During year ended September 30, 2009, the Company increased its investment of shares of Conseillers en informatique d'affaires ("CIA") to 65.78% for cash consideration of $425,000. As a result, non-controlling interest decreased by $216,000 and goodwill increased by $209,000.

B) DISPOSAL

On February 20, 2009, the Company disposed of its actuarial services business for purchase consideration of $3,780,000 less an estimated working capital adjustment. The Company received $3,565,000 on February 27, 2009. The business was previously included in the Canada segment. As a result of the final agreement, net assets disposed of included goodwill of $1,499,000. The transaction resulted in a gain of $1,494,000.

C) MODIFICATIONS TO PURCHASE PRICE ALLOCATIONS

During the year ended September 30, 2009, the Company modified the purchase price allocation and made adjustments relating to certain business acquisitions, resulting in a net decrease of integration charges and accounts payable and accrued liabilities of $849,000 and $120,000, respectively, and a net increase of future income tax liabilities of $338,000, whereas goodwill decreased by $631,000.

Additionally, future income tax assets acquired in the American Management Systems, Incorporated ("AMS") and COGNICASE Inc. ("Cognicase") business acquisitions that were not recognized as an identifiable asset at the date of acquisition were subsequently recognized, resulting in a corresponding decrease in goodwill of $19,708,000.

D) CONSIDERATION OF PURCHASE PRICE

During fiscal 2009, the Company paid a balance of purchase price of $997,000 relating to a business acquisition.

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

19. Investments in subsidiaries and joint ventures (continued)

2008 TRANSACTIONS

A) ACQUISITION

There were no acquisitions during fiscal 2008.

B) DISPOSAL

On July 19, 2008, the Company disposed of its Canadian claims adjusting and risk management services business for purchase consideration of \$38,050,000. This business was included in the former BPS segment in prior years. The Company received \$31,671,000 in August 2008. Of the remaining balance, \$879,000 was paid in fiscal 2009 and \$5,500,000 will be paid on or before August 5, 2014, bearing interest of 10% payable annually (Note 7). The net assets disposed of included goodwill of \$7,732,000, which is net of an impairment of \$4,051,000. The transaction resulted in a loss of \$965,000.

C) BALANCE OF INTEGRATION CHARGES

AMS was acquired in fiscal 2004. For AMS, the components of the integration charges related to business acquisitions are as follows:

	CONSOLIDATION AND CLOSURE OF FACILITIES	SEVERANCE	TOTAL
	$	$	$
Balance, October 1, 2007	15,226	1,395	16,621
Adjustments to initial provision[1]	(4,962)	–	(4,962)
Foreign currency translation adjustment	686	84	770
Paid during 2008	(3,676)	(95)	(3,771)
Balance, September 30, 2008[2]	7,274	1,384	8,658

[1] Have been recorded as a decrease of goodwill.

[2] Of the total balance remaining, \$4,310,000 is included in accounts payable and accrued liabilities and \$4,348,000 is included in other long-term liabilities. The majority of the remaining balance was paid in fiscal 2009.

D) MODIFICATIONS TO PURCHASE PRICE ALLOCATIONS

The Company modified the purchase price allocation and made adjustments relating to certain business acquisitions resulting in a net decrease of accrued integration charges, current portion of long-term debt, long-term debt, future income tax assets and accrued restructuring charges of \$5,801,000, \$3,287,000, \$2,685,000, \$2,145,000 and \$320,000, respectively, and a net increase of cash and non-controlling interest of \$43,000 and \$75,000, respectively, whereas goodwill decreased by \$9,916,000.

E) CONSIDERATION OF PURCHASE PRICE

During fiscal 2008, the Company paid balances of purchase price relating to certain business acquisition resulting in a net decrease of long-term debt by \$3,954,000.

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

19. Investments in subsidiaries and joint ventures (continued)

2007 TRANSACTIONS

A) ACQUISITION

The Company made the following acquisition:

- Codesic Consulting ("Codesic") – On May 3, 2007, the Company acquired all of the outstanding shares of an IT services firm in Seattle, Washington. Recognized for its depth of business and IT knowledge, Codesic assists its clients by managing strategic initiatives, integrating technology with business, and supporting critical computing environments.

The acquisition was accounted for using the purchase method. The purchase price allocation shown below was preliminary and based on the Company's management's best estimates. Of the aggregate cash consideration of $24,034,000, $15,055,000 was paid. The amount of the remaining payment is contingent on a formula set out in the agreement which will vary based on the performance of Codesic over the next two years. The Company has subsequently completed its purchase price allocations and these modifications are presented in Note 19d of 2008 Transactions and 2009 Transactions.

	CODESIC
	$
Non-cash working capital items	1,303
Capital assets	146
Client relationships and other	6,023
Goodwill[1]	16,094
Future income taxes	355
	23,921
Cash acquired	113
Net assets acquired	24,034
Consideration	
Cash	14,778
Contingent payment	8,979
Acquisition costs	277
	24,034

[1] Goodwill is deductible for tax purposes.

In connection with the acquisition completed in 2007, the Company has adopted certain plans to restructure and integrate the acquired business. Consequently, the Company established provisions related to the planned termination of certain employees of the acquired business performing functions already available through its existing structure, in the amount of $332,000.

B) MODIFICATION TO JOINT VENTURE

On April 19, 2007, the Company modified its agreement between shareholders of CIA, a provider of IT services primarily in the government and financial sectors. As a result of the modification, the Company is in a position to exercise unilateral control over CIA. Accordingly, the Company began using the consolidation method to account for its investment. At the date of the modification of the agreement, the Company owned 60.69% of the outstanding shares of CIA. Prior to April 19, 2007, the investment qualified as a joint venture and the Company used the proportionate consolidation method to account for it. Under the agreement, the Company has committed to purchase the remaining 39.31% of shares of CIA by October 1, 2011. Subsequent to April 19, 2007, the Company increased its investment of shares of CIA and at September 30, 2007 owned 64.66% of the outstanding shares. The modification of the consolidation method and the increase in the ownership percentage resulted in a net increase of net assets of $215,000 and a net decrease of cash of the same amount. As a result of the modification, the value of goodwill relating to CIA is $3,526,000. The Company noted its commitment to purchase the remaining interest in Note 26a.

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

19. Investments in subsidiaries and joint ventures (continued)

C) BALANCE OF INTEGRATION CHARGES

Cognicase was acquired in fiscal 2003. For AMS and Cognicase, the components of the integration charges related to business acquisitions are as follows:

	CONSOLIDATION AND CLOSURE OF FACILITIES	SEVERANCE	TOTAL
	$	$	$
Balance, October 1, 2006	35,010	2,287	37,297
Adjustments to initial provision[1]	(3,860)	(754)	(4,614)
Foreign currency translation adjustment	(1,517)	(17)	(1,534)
Paid during 2007	(9,577)	(121)	(9,698)
Balance, September 30, 2007[2]	20,056	1,395	21,451

[1] Have been recorded as a decrease of goodwill.

[2] Of the total balance remaining, $6,247,000 is included in accounts payable and accrued liabilities and $15,204,000 is included in other long-term liabilities. The majority of the remaining Cognicase balance was paid in fiscal 2008.

D) MODIFICATIONS TO PURCHASE PRICE ALLOCATIONS

The Company modified the purchase price allocations and made adjustments relating to certain business acquisitions resulting in a net decrease of future income tax assets, accrued integration charges, cash and non-cash working capital items of $3,021,000, $8,045,000, $130,000 and $118,000, respectively, and a net increase of client relationships of $191,000, whereas goodwill decreased by $4,967,000.

E) CONSIDERATION OF PURCHASE PRICE

During fiscal 2007, the Company paid balances of purchase price relating to certain business acquisitions resulting in a net decrease of long-term debt by $2,011,000.

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

20. Discontinued operations

In fiscal 2008, the Company classified its Canadian claims adjusting and risk management services and actuarial services businesses as discontinued operations. The Canadian claims adjusting and risk management services business was divested in July 2008 and the actuarial services business was divested in February 2009 (Note 19b of 2009 Transactions and 2008 Transactions).

The following table presents summarized financial information related to discontinued operations:

	2009	2008	2007
	$	$	$
Revenue	**2,511**	64,851	77,621
Operating expenses [1]	**1,046**	68,747	72,157
Amortization	**14**	1,624	2,619
Earnings (loss) before income taxes	**1,451**	(5,520)	2,845
Income tax expense (recovery) [2]	**143**	(386)	1,102
Earnings (loss) from discontinued operations	**1,308**	(5,134)	1,743

[1] For the year ended September 30, 2009, operating expenses from discontinued operations include a gain on disposition of $1,494,000. For the year ended September 30, 2008, it includes an impairment of goodwill of $4,051,000 and a loss on disposition of $965,000.

[2] Income tax expense (recovery) does not bear a normal relation to earnings (loss) before income taxes since the sale includes goodwill of $1,499,000 for the year ended September 30, 2009 ($7,732,000 for the year ended September 30, 2008), which has no tax basis.

The related assets and liabilities of discontinued operations are as follows:

	2009	2008
	$	$
Current assets		
Accounts receivable	–	1,304
Income tax receivable	–	39
Capital assets	–	55
Total assets held for sale	–	1,398
Current liabilities		
Accounts payable and accrued liabilities	–	295
Accrued compensation	–	41
Deferred revenue	–	321
Total liabilities held for sale	–	657

The related cash flow information of discontinued operations is as follows:

	2009	2008	2007
	$	$	$
Cash provided by (used in) operating activities	**164**	(818)	5,930
Cash used in investing activities	**(3)**	(250)	(2,302)
Total cash provided by (used in) discontinued operations	**161**	(1,068)	3,628

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

21. Joint ventures: supplementary information

The Company's proportionate share of its joint venture investees' operations included in the consolidated financial statements is as follows:

	2009	2008 (Restated Note 2a)
	$	$
BALANCE SHEETS		
Current assets	**37,608**	36,543
Non-current assets	**2,998**	1,333
Current liabilities	**14,721**	15,040
Non-current liabilities	**445**	518

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
STATEMENTS OF EARNINGS			
Revenue	**101,964**	87,887	94,111
Expenses	**88,552**	77,381	79,647
Net earnings	**13,412**	10,506	14,464

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
STATEMENTS OF CASH FLOWS			
Cash provided by (used in):			
Operating activities	**25,542**	4,879	16,327
Investing activities	**(570)**	(412)	(2,669)
Financing activities	**(12,250)**	(13,720)	(11,956)

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

22. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the years ended September 30:

	2009	2008	2007
	$	$	$
Accounts receivable	**31,749**	(13,164)	(8,441)
Work in progress	**(22,450)**	(43,785)	(5,049)
Prepaid expenses and other current assets	**8,399**	(12,692)	6,063
Accounts payable and accrued liabilities	**(39,255)**	5,762	(21,449)
Accrued compensation	**38,009**	(5,327)	24,220
Deferred revenue	**15,194**	(13,323)	39,020
Income taxes	**25,974**	(31,357)	49,886
	57,620	(113,886)	84,250

b) Non-cash operating, investing and financing activities related to continuing operations are as follows for the years ended September 30:

	2009	2008	2007
	$	$	$
Operating activities			
Accounts receivable	**(1,476)**	408	(438)
Accounts payable and accrued liabilities	**(1,817)**	(2,723)	(4,540)
Deferred revenue	**4,779**	–	–
	1,486	(2,315)	(4,978)
Investing activities			
Purchase of capital assets	**(27,040)**	(17,559)	(9,609)
Purchase of intangible assets	**(4,779)**	(13,185)	–
	(31,819)	(30,744)	(9,609)
Financing activities			
Increase in obligations under capital leases	**27,040**	17,559	9,609
Increase in obligations relating to intangible assets	**–**	13,185	–
Issuance of shares	**1,476**	(408)	438
Repurchase of Class A subordinate shares	**1,817**	2,723	4,540
	30,333	33,059	14,587

c) Interest paid and income taxes paid are as follows for the years ended September 30:

	2009	2008	2007
	$	$	$
Interest paid	**16,558**	26,847	37,925
Income taxes paid	**63,125**	139,803	37,763

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

23. Segmented information

The Company is managed through three operating segments, in addition to Corporate services, namely: Canada, U.S. & India and Europe & Asia Pacific (Note 8). The segments are based on a delivery view and the results incorporate domestic activities as well as impacts from our delivery model utilizing our centers of excellence.

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

					2009
	CANADA	**U.S. & INDIA**	**EUROPE & ASIA PACIFIC**	**CORPORATE**	**TOTAL**
	$	**$**	**$**	**$**	**$**
Revenue	**2,216,042**	**1,421,366**	**305,417**	**–**	**3,942,825**
Intersegment revenue	**(36,383)**	**(59,579)**	**(21,702)**	**–**	**(117,664)**
	2,179,659	**1,361,787**	**283,715**	**–**	**3,825,161**
Earnings (loss) from continuing operations before restructuring costs related to specific items, interest on long-term debt, interest income, other expenses, gain on sale of assets, income tax expense, and non-controlling interest, net of income taxes[1]	**320,702**	**171,965**	**18,639**	**(50,565)**	**460,741**
Total assets	**2,341,074**	**985,289**	**197,619**	**375,928**	**3,899,910**

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $116,243,000, $78,819,000, $7,247,000 and $14,495,000, respectively, for the year ended September 30, 2009. Amortization includes an impairment of $11,143,000 mainly related to other intangible assets in the U.S. & India segment.

					2008 (Restated Note 2a)
	CANADA	U.S. & INDIA	EUROPE & ASIA PACIFIC	CORPORATE	TOTAL
	$	$	$	$	$
Revenue	2,356,629	1,137,457	296,745	–	3,790,831
Intersegment revenue	(21,063)	(50,944)	(12,961)	–	(84,968)
	2,335,566	1,086,513	283,784	–	3,705,863
Earnings (loss) from continuing operations before restructuring costs related to specific items, interest on long-term debt, interest income, other expenses, gain on sale of assets, income tax expense, and non-controlling interest, net of income taxes[1]	332,827	129,401	24,692	(56,434)	430,486
Total assets	2,274,589	1,113,303	197,900	94,766	3,680,558

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $111,903,000, $54,358,000, $5,069,000 and $13,524,000, respectively, for the year ended September 30, 2008.

					2007 (Restated Note 2a)
	CANADA	U.S. & INDIA	EUROPE & ASIA PACIFIC	CORPORATE	TOTAL
	$	$	$	$	$
Revenue	2,267,116	1,165,669	278,245	–	3,711,030
Intersegment revenue	(15,790)	(50,220)	(11,075)	–	(77,085)
	2,251,326	1,115,449	267,170	–	3,633,945
Earnings (loss) from continuing operations before restructuring costs related to specific items, interest on long-term debt, interest income, other expenses, gain on sale of assets, income tax expense, and non-controlling interest, net of income taxes[1]	322,698	123,512	23,152	(62,877)	406,485
Total assets	2,069,169	1,077,300	193,544	131,848	3,471,861

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $123,162,000, $54,548,000, $5,123,000 and $12,334,000, respectively, for the year ended September 30, 2007.

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

23. Segmented information (continued)

The accounting policies of each segment are the same as those described in the summary of significant accounting policies (Note 2). Intersegment revenue is priced as if the revenue was from third parties.

GEOGRAPHIC INFORMATION:

The following table provides information for capital assets based on their location:

	2009	2008
	$	$
Capital assets		
Canada	**155,072**	135,979
U.S. & India	**53,651**	40,147
Europe & Asia Pacific	**3,695**	2,309
	212,418	178,435

The geographic revenue information based on client's location approximates the revenue presented under the operating segments.

INFORMATION ABOUT SERVICES

The following table provides revenue information based on services provided by the Company:

	2009	2008	2007
	$	$	$
Outsourcing			
IT Services	**1,817,943**	1,523,562	1,565,943
BPS	**405,516**	485,454	400,989
Systems integration and consulting	**1,601,702**	1,696,847	1,667,013
	3,825,161	3,705,863	3,633,945

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

24. Related party transactions

In the normal course of business, the Company is party to contracts with Innovapost, a joint venture, pursuant to which the Company is its preferred IT supplier. The Company exercises joint control over Innovapost's operating, financing and investing activities through its 49% ownership interest.

Transactions and resulting balances, which were measured at commercial rates (exchange amount), are presented below.

Revenue was $108,139,000, $124,461,000 and $120,010,000 for the years ending September 30, 2009, 2008 and 2007, respectively.

	2009	2008
	$	$
Accounts receivable	**10,542**	12,050
Work in progress	**5,937**	5,939
Contract costs	**8,706**	11,206
Deferred revenue	**3,351**	2,715

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

25. Employee future benefits

Generally, the Company does not offer pension plan or post-retirement benefits to its employees with the exception of the following:

- The Company has defined contribution pension plans mainly covering certain European employees. For the years ended September 30, 2009, 2008 and 2007, the plan expense was $5,053,000, $5,303,000 and $4,717,000, respectively.
- The Company maintains a 401(k) defined contribution plan covering substantially all U.S. employees. Since January 1, 2008, the Company matches employees' contributions to a maximum of US$2,500 per year. Prior to that date, the maximum was US$1,000 per year. For the years ended September 30, 2009, 2008 and 2007, the amounts of the Company's contributions were $7,557,000, $5,069,000 and $4,520,000, respectively.
- The Company maintains two non-qualified deferred compensation plans covering some of its U.S. management. One of these plans is an unfunded plan and the non-qualified deferred compensation liability totalled $3,211,000 as at September 30, 2009 ($4,066,000 at September 30, 2008). The other plan is a funded plan for which a trust was established so that the plan assets could be segregated; however, the assets are subject to the Company's general creditors in the case of bankruptcy. The assets, included in other long-term assets, composed of investments, vary with employees' contributions and changes in the value of the investments. The change in liability associated with the plan is equal to the change of the assets. The assets in the trust and the associated liabilities totalled $13,108,000 as at September 30, 2009 ($11,657,000 as at September 30, 2008).
- The Company maintains a post-employment benefits plan to cover certain former retired employees associated with the divested Canadian claims adjusting and risk management services business. The post-employment benefits liability totalled $7,201,000 as at September 30, 2009 ($7,368,000 at September 30, 2008).

26. Commitments, contingencies and guarantees

A) COMMITMENTS

At September 30, 2009, the Company is committed under the terms of operating leases with various expiration dates up to 2030, primarily for the rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately $832,113,000. Minimum lease payments due in the next five years and thereafter are as follows:

	$
2010	140,755
2011	108,399
2012	86,452
2013	71,863
2014	62,678
Thereafter	361,966

The Company entered into long-term service agreements representing a total commitment of $166,969,000. Minimum payments under these agreements due in each of the next five years and thereafter are as follows:

	$
2010	89,754
2011	38,520
2012	20,767
2013	11,870
2014	3,905
Thereafter	2,153

As of April 19, 2007, the Company became committed under the agreement between shareholders of CIA to purchase the remaining shares of CIA by October 1, 2011 (Note 19b of 2007 Transactions). As at September 30, 2009, 34.22%, of shares of CIA remain to be purchased. The purchase price of the remaining shares will be calculated by a formula as defined in the shareholders' agreement. If the Company had purchased the remainder of CIA's shares on September 30, 2009, the consideration would have been approximately $10,832,000.

26. Commitments, contingencies and guarantees (continued)

B) CONTINGENCIES

From time to time, the Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities. As at September 30, 2009, the Company is involved in claims of approximately $80,000,000 and counterclaims exceeding $10,000,000.

In addition, the Company is engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Company's operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination, or reduction in the scope, of a major government project could have a materially adverse effect on the results of operations and financial condition of the Company.

C) GUARANTEES

SALE OF ASSETS AND BUSINESS DIVESTITURES

In connection with the sale of assets and business divestitures, the Company may be required to pay counterparties for costs and losses incurred as the result of breaches in representations and warranties, intellectual property right infringement and litigation against counterparties. While some of the agreements specify a maximum potential exposure of approximately $41,903,000 in total, others do not specify a maximum amount or limited period. It is impossible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in the consolidated balance sheets relating to this type of indemnification as at September 30, 2009. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

OTHER TRANSACTIONS

In the normal course of business, the Company may provide certain clients, principally governmental entities, with bid and performance bonds. In general, the Company would only be liable for the amount of the bid bonds if the Company refuses to perform the project once the bid is awarded. The Company would also be liable for the performance bonds in the event of default in the performance of its obligations. As at September 30, 2009, the Company provided for a total of $123,996,000 of these bonds. To the best of its knowledge, the Company is in compliance with its performance obligations under all service contracts for which there is a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a materially adverse effect on the Company's consolidated results of operations or financial condition.

In addition, the Company provides a guarantee of $5,900,000 of the residual value of a leased property, accounted for as an operating lease, at the expiration of the lease term.

27. Financial instruments

FAIR VALUE

All financial assets classified as held-to-maturity or loans and receivables, as well as financial liabilities classified as other liabilities, are initially measured at their fair values and subsequently at their amortized cost using the effective interest rate method. All financial assets and liabilities classified as held for trading are measured at their fair values. Gains and losses related to periodic revaluations are recorded in net earnings.

The Company has made the following classifications:

- Cash and cash equivalents (Note 2) and deferred compensation assets and obligations (Note 25) are classified as held for trading as this reflects management's intentions.
- Accounts receivable (Note 4), work in progress, balance of sale receivable (Note 7) and funds held for clients are classified as loans and receivables.
- Accounts payable and accrued liabilities, accrued compensation, accrued integration and restructuring charges (Note 9), long-term debt , excluding obligations under capital leases (Note 10), asset retirement obligations (Note 5) and clients' funds obligations are classified as other liabilities.

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the issuance of the respective financial assets and liabilities. Transaction costs are capitalized to the cost of financial assets and liabilities classified as other than held for trading.

At September 30, 2009 and 2008, the estimated fair values of accounts receivable, work in progress, balance of sale receivable, funds held for clients, accounts payable and accrued liabilities, accrued compensation, accrued integration charges, asset retirement obligations, long-term debt, with the exception of Senior U.S. unsecured notes, and clients' funds obligations approximate their respective carrying values.

The fair value of Senior U.S. unsecured notes, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions, is $116,859,000 at September 30, 2009 ($201,618,000 at September 30, 2008) as compared to its carrying value of $114,061,000 ($202,428,000 at September 30, 2008) (Note 10).

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

27. Financial instruments (continued)

FAIR VALUE (CONTINUED)

The following table summarizes the fair value of outstanding hedging instruments:

	Recorded in	**2009** $	2008 $
Hedge on net investments in self-sustaining foreign subsidiaries			
US$100,000 debt designated as the hedging instrument to the Company's net investment in U.S. subsidiaries	Long term debt	**107,220**	–
€12,000 debt designated as the hedging instrument to the Company's net investment in European subsidiaries	Long term debt	**18,823**	–
Cash flow hedges on future revenue			
US$192,660 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar	Other current assets	**8,303**	–
	Other long-term assets	**16,148**	–
US$62,940 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee	Other current assets	**1,495**	–
	Other long-term assets	**488**	–
	Other long-term liabilities	**78**	
$110,315 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee	Accrued liabilities	**2,005**	–
	Other long-term liabilities	**7,570**	–
Cash flow hedges on Senior U.S. unsecured notes			
US$107,000 foreign currency forward contracts (US$192,000 as at September 30, 2008)	Other long-term assets	**5,736**	8,758

The Company expects that approximately $7,801,000 of the accumulated net unrealized gains on all derivative financial instruments designated as cash flow hedges at September 30, 2009, will be reclassified in net income in the next 12 months.

MARKET RISK (INTEREST RATE RISK AND CURRENCY RISK)

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk and currency risk, affect the fair values of financial assets and liabilities.

INTEREST RATE RISK

The Company is exposed to interest rate risk on a portion of its long-term debt (Note 10) and does not currently hold any financial instruments that mitigate this risk. A fluctuation of interest rates of 50 basis points will not have a significant impact given the current level of borrowings. Therefore, a sensitivity analysis of the impact of interest rate fluctuations on net earnings and comprehensive income has not been provided.

CURRENCY RISK

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company mitigates this risk principally through foreign debt and forward contracts. The Company enters, from time to time, into foreign exchange forward contracts to hedge forecasted cash flows or contractual cash flows in currencies other than the functional currency of its subsidiaries (Note 2). Hedging relationships are designated and documented at inception and quarterly effectiveness assessments are performed during the year.

The Company is mainly exposed to fluctuations in the U.S. dollar and the euro. As at September 30, 2009, the portion of the cash and cash equivalents, accounts receivable, work in progress, accounts payable and accrued liabilities and accrued compensation denominated in U.S. dollars amount to US$198,265,000, US$107,856,000, US$126,169,000, US$63,000,000 and US$58,956,000, respectively. Additionally, as at September 30, 2009, the portion of the same items denominated in euros amount to €14,292,000 €21,144,000, €6,124,000, €11,230,000 and €3,386,000, respectively.

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

27. Financial instruments (continued)

CURRENCY RISK (CONTINUED)

The following table details the Company's sensitivity to a 10% strengthening of the U.S. dollar and the euro foreign currency rates on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis presents the impact of foreign currency denominated monetary items and adjusts their translation at period end for a 10% strengthening in foreign currency rates. For a 10% weakening of the U.S. dollar and the euro against the Canadian dollar, there would be an equal and opposite impact on net earnings and comprehensive income.

		2009		2008
	U.S. dollar impact	**Euro impact**	U.S. dollar impact	Euro impact
Increase in net earnings	**11,739**	**938**	9,761	906
Increase in comprehensive income	**79,117**	**12,409**	115,157	12,422

LIQUIDITY RATE RISK

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's activities are financed through a combination of the cash flows from operations, borrowing under existing credit facilities, the issuance of debt and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

As at September 30, 2009, the Company has accounts payable and accrued liabilities and accrued compensation of $306,826,000 and $165,981,000, respectively, due within 12 months ($339,765,000 and $127,151,000, respectively, at September 30, 2008). The contractual maturity of long-term debt and the revolving credit facility is presented in Note 10, commitments in Note 26 and asset retirement obligations in Note 5. Employee future benefits are discussed in Note 25, however the nature of employee future benefit obligations does not allow for a detailed aging. The maturity dates of accrued integration charges range between two to seven years.

As at September 30, 2009, the Company is holding cash and cash equivalents of $343,427,000 ($50,134,000 at September 30, 2008). The Company also has available $1,359,279,000 in unsecured revolving credit facilities and $25,000,000 in demand lines of credit (Note 10) ($1,325,665,000 and $25,000,000, respectively, at September 30, 2008). Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

CREDIT RISK

The Company takes on exposure to credit risk, which is the risk that a client will be unable to pay amounts in full when due. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, work in progress and accounts receivable.

Cash equivalents consist mainly of highly liquid investments, such as money market deposits (Note 3). None of the cash equivalents are in asset backed commercial paper products. The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable and work in progress derived from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact accounts receivable. However, management does not believe that the Company is subject to any significant credit risk in view of the Company's large and diversified client base.

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

27. Financial instruments (continued)

CREDIT RISK (CONTINUED)

The following table sets forth details of the age of accounts receivable that are past due:

	2009	2008
Not past due	**267,784**	295,751
Past due 1-30 days	**9,183**	45,011
Past due 31-60 days	**13,086**	24,948
Past due 61-90 days	**4,979**	13,695
Past due more than 90 days	**33,737**	32,862
	328,769	412,267
Allowance for doubtful accounts	**(11,122)**	(12,870)
	317,647	399,397

The carrying amount of accounts receivable is reduced by an allowance account and the amount of the loss is recognized in the consolidated statement of earnings within costs of services, selling and administrative. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against costs of services, selling and administrative in the consolidated statement of earnings. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

28. Capital risk management

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The principal financial risks to which the Company is exposed are described below.

The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. At September 30, 2009, total managed capital was $2,901,811,000 ($2,440,567,000 at September 30, 2008). Managed capital consists of long-term debt, including the current portion (Note 10), cash and cash equivalents (Note 3) and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. When capital needs have been specified, the Company's management proposes capital transactions for the approval of the Company's Audit and Risk Management Committee and Board of Directors. The capital risk policy remains unchanged from prior periods.

The Company monitors its capital by reviewing various financial metrics, including the following:

- Debt/Capitalization
- Net Debt/Capitalization
- Debt/EBITDA

Debt represents long-term debt, including the current portion. Net debt, capitalization and EBITDA are non-GAAP measures. Net debt represents debt (including the impact of the fair value of forward contracts) less cash and cash equivalents. Capitalization is shareholders' equity plus debt. EBITDA is calculated as earnings from continuing operations before income taxes, interest expense on long-term debt and depreciation and amortization. The Company believes that the results of the current internal ratios are consistent with its capital management objectives.

The Company is subject to external covenants on its credit facilities and its Senior U.S. unsecured notes. On the credit facilities, the ratios are as follows:

- A leverage ratio, which is the ratio of total debt to EBITDA for the four most recent quarters.
- An interest and rent coverage ratio, which is the ratio of the EBITDAR for the four most recent quarters to the total interest expense and the operating rentals in the same periods. EBITDAR, a non-GAAP measure, is calculated as EBITDA plus rent expense.
- A minimum net worth requirement, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive loss, cannot be less than a specified threshold.

The ratios for the credit facilities are calculated on a consolidated basis, excluding Innovapost, which is a joint venture.

On the Senior U.S. unsecured notes, the ratios are as follows:

- A leverage ratio, which is the ratio of total debt adjusted for operating rent to EBITDAR for the four most recent quarters.
- A fixed charges coverage ratio, which is the ratio of the EBITDAR to the sum of interest expense plus operating rentals for the period for the four most recent quarters.
- A minimum net worth requirement, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive loss, cannot be less than a specified threshold.

The ratios for the Senior U.S. unsecured notes are calculated based on specific subsidiaries of the Company that represent a significant portion of the Company's consolidated operations.

The Company is in compliance with these covenants and monitors them on an ongoing basis. The ratios are also reviewed quarterly by the Company's Audit and Risk Management Committee. The Company is not subject to any other externally imposed capital requirements.

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

29. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP

The material differences between Canadian and U.S. GAAP affecting the Company's consolidated financial statements are detailed as follows:

	2009	2008 (Restated Note 2a)	2007 (Restated Note 2a)
	$	$	$
Reconciliation of net earnings:			
Net earnings – Canadian GAAP	**316,466**	293,132	237,294
Adjustments for:			
Stock-based compensation (i)	**(3,759)**	(4,127)	–
Warrants (ii)	**1,404**	(5,721)	1,404
Reversal of income tax provision (iii)	**(517)**	(7,452)	–
Other (iv)	**594**	216	549
Net earnings – U.S. GAAP	**314,188**	276,048	239,247
Basic EPS – U.S. GAAP	**1.02**	0.87	0.73
Diluted EPS – U.S. GAAP	**1.01**	0.86	0.72
Net earnings – U.S. GAAP	**314,188**	276,048	239,247
Other comprehensive income (loss)	**35,434**	64,649	(96,850)
Comprehensive income – U.S. GAAP	**349,622**	340,697	142,397
Reconciliation of shareholders' equity:			
Shareholders' equity – Canadian GAAP	**2,275,254**	1,997,001	1,815,559
Adjustments for:			
Stock-based compensation (ix)	**58,411**	58,411	58,411
Warrants (ii)	**(7,988)**	(9,392)	(3,671)
Reversal of income tax provision (iii)	**(7,969)**	(7,452)	–
Unearned compensation (v)	**(3,694)**	(3,694)	(3,694)
Integration costs (vi)	**(6,606)**	(6,606)	(6,606)
Goodwill (vii)	**28,078**	28,078	28,078
Income taxes and adjustment for change in accounting policy (viii)	**9,715**	9,715	9,715
Other (iv)	**(5,605)**	(3,859)	(4,075)
Shareholders' equity – U.S. GAAP	**2,339,596**	2,062,202	1,893,717

(i) Stock-based compensation

Beginning in fiscal 2008, the Company issued stock options with a three-year graded vesting period and a performance criteria. Under Canadian GAAP, the compensation cost for this type of option has been accounted for on a straight-line basis because the awards of graded vesting options have a similar expected life. Under U.S. GAAP, the graded vesting method must be used. The adjustment represents the compensation cost difference between using the straight-line and graded vesting method. This adjustment does not have an impact on shareholders' equity.

(ii) Warrants

Under Canadian GAAP, the fair value of warrants issued in connection with long-term outsourcing contracts is recorded as contract costs and amortized on a straight-line basis over the initial contract term. Under U.S. GAAP, the fair value of equity instruments issued was subtracted from the initial proceeds received in determining revenue. The 2009, 2008 and 2007 adjustments reflect the reversal of contract cost amortization, net of income taxes, which is included as a reduction to Canadian GAAP consolidated net earnings.

The fiscal 2008 adjustment also includes final determinations from agreements with tax authorities and expirations of statutes of limitations of prior year tax liabilities associated with the issuance of warrants that resulted in the reversal of $7,125,000 in tax liabilities during fiscal 2008. The reversal of this recovery was included as an increase to Canadian GAAP consolidated earnings.

(iii) Reversal of income tax provision

During fiscal 2009 and fiscal 2008, the Company reversed one-time income tax provisions pertaining to the determination of prior year tax liabilities after final agreement with tax authorities and the expirations of statutes of limitations relating to business acquisitions. The reversal of the provisions was included as an increase to Canadian GAAP consolidated earnings. Under U.S. GAAP, the adjustment should have been applied to the goodwill attributable to the acquisition.

29. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP (continued)

(iv) Capitalization of intangible assets

Effective October 1, 2008, the Company adopted Section 3064, "Goodwill and Intangible Assets" (Note 2a). As a result of the standard, there is new guidance relating to eligible capitalizable costs in the development of intangibles. Under U.S. GAAP, there were no changes to capitalization standards. This adjustment is one of the items included in "other" and represents the net effect of costs that were expensed or capitalized under Canadian GAAP for which the accounting treatment is different under U.S. GAAP. For the years ended September 30, 2009, 2008 and 2007, the adjustment to U.S. GAAP net earnings is a decrease of $198,000, $368,000 and $892,000, respectively. As at September 30, 2009, 2008 and 2007, the adjustment to U.S. GAAP shareholders' equity is an increase of $2,145,000, $2,341,000 and $2,709,000, respectively.

(v) Unearned compensation

Under Canadian GAAP, prior to July 1, 2001, unvested stock options granted as a result of a business combination were not recorded. The adjustment reflects the intrinsic value of unvested stock options (see (vii) below) that would have been recorded as a separate component of shareholders' equity for U.S. GAAP purposes. This unearned compensation was amortized over approximately three years, being the estimated remaining future vesting service period.

(vi) Integration costs

Under Canadian GAAP, prior to January 1, 2001, certain restructuring costs relating to the purchaser may be recognized in the purchase price allocation when accounting for business combinations, subject to certain conditions. Under U.S. GAAP, only costs relating directly to the acquired business may be considered in the purchase price allocation. This adjustment represents the charge to consolidated net earnings, net of goodwill amortization in 2001, recorded for Canadian GAAP purposes and net of income taxes.

(vii) Goodwill

The goodwill adjustment to shareholders' equity results principally from the difference in the value assigned to stock options issued to IMRglobal Corp. employees. Under Canadian GAAP, the fair value of the outstanding vested stock options is recorded as part of the purchase price allocation whereas under U.S. GAAP, the fair value of both vested and unvested outstanding stock options granted as a result of the business acquisition is recorded. See (v) above for a further discussion relating to this item.

(viii) Income taxes and adjustment for change in accounting policy

On October 1, 1999, the Company adopted the recommendations of CICA Handbook Section 3465, "Income taxes". The recommendations of Section 3465 are similar to the provisions of the Statement of Financial Accounting Standard ("SFAS") No. 109, "Accounting for Income Taxes" (now FASB ASC Topic 740, "Income Taxes"), issued by the Financial Accounting Standards Board ("FASB"). Upon the implementation of Section 3465, the Company recorded an adjustment to reflect the difference between the assigned value and the tax basis of assets acquired in a business combination, which resulted in future income tax liabilities. The Company recorded this amount through a reduction of retained earnings as part of the cumulative adjustment. Under U.S. GAAP, this amount would have been reflected as additional goodwill.

(ix) Stock-based compensation

Under Canadian GAAP, stock-based compensation cost was accounted for using the fair value based method beginning October 1, 2004. Under U.S. GAAP, SFAS No. 123 (revised 2004), "Share-Based Payment" (now FASB ASC Topic 718, "Compensation – Stock Compensation"), did not require adoption of this standard until fiscal years beginning on or after June 15, 2005. The 2005 adjustments represent the charge to consolidated net earnings recorded for Canadian GAAP purposes as no such expense was recorded or required under U.S. GAAP. Beginning October 1, 2005, there is no difference between Canadian and U.S. GAAP in connection to stock-based compensation cost.

29. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP (continued)

(x) Proportionate consolidation
The proportionate consolidation method is used to account for interests in joint ventures. Under U.S. GAAP, entities in which the Company owns a majority of the share capital would be fully consolidated, and those which are less than majority-owned, but over which the Company exercises significant influence, would be accounted for using the equity method. This would result in reclassifications in the consolidated balance sheets and statements of earnings as at September 30, 2009 and 2008, and for each of the years in the three-year period ended September 30, 2009. However, the differences in the case of majority-owned joint ventures were not considered material and have consequently not been presented (see Note 21). In accordance with practices prescribed by the U.S. Securities and Exchange Commission, the Company has elected, for the purpose of this reconciliation, to account for interests in joint ventures using the proportionate consolidation method.

(xi) Recent accounting changes
On September 30, 2009, the Company adopted changes issued by the FASB related to the authoritative hierarchy of GAAP. These changes establish the FASB Accounting Standards Codification TM (“Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. These changes and the Codification itself do not change GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the Company’s consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”) (now FASB ASC Topic 820, “Fair Value Measurements and Disclosures”), effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Company adopted SFAS 157 effective October 1, 2008, without significant effect on the Company’s consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, “Fair Value Option for Financial Assets and Liabilities Including an Amendment of FASB Statement No. 115” (“SFAS 159”) (now included in FASB ASC Topic 825 “Financial Instruments”), effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The Company adopted SFAS 159 effective October 1, 2008, without significant effect on the Company’s consolidated financial statements.

(xii) Future accounting changes
In October 2009, the FASB issued Accounting Standards Update No. 2009-13, “Multiple-Deliverable Revenue Arrangements”, an amendment to FASB ASC topic 605, “Revenue Recognition”, and Update No. 2009-14, “Certain Revenue Arrangements That Include Software Elements”, an amendment to FASB ASC subtopic 985-605, “Software — Revenue Recognition”, (the “Updates”). The Updates provide guidance on arrangements that include software elements, including tangible products that have software components that are essential to the functionality of the tangible product and will no longer be within the scope of the software revenue recognition guidance, and software-enabled products that will now be subject to other relevant revenue recognition guidance. The Updates provide authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The Updates also include new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. The Updates must be adopted in the same period using the same transition method and are effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is also permitted; however, early adoption during an interim period requires retrospective application from the beginning of the fiscal year. The Company is currently evaluating the impact of the adoption of the Updates on the consolidated financial statements.

Consolidated Financial Statements of

CGI GROUP INC.

For the three months ended December 31, 2008 and 2007
(unaudited)

CGI GROUP INC.

Consolidated Statements of Earnings

For the three months ended December 31

(in thousands of Canadian dollars, except share data) (unaudited)

	2008	2007
	$	$
Revenue	**1,000,372**	895,427
Operating expenses		
Costs of services, selling and administrative	**837,077**	750,595
Amortization (Note 7)	**45,483**	39,761
Interest on long-term debt	**6,702**	7,327
Other income	**(770)**	(1,635)
Interest and other expenses	**2,505**	325
Foreign exchange loss (gain)	**3,784**	(420)
	894,781	795,953
Earnings from continuing operations before income taxes and non-controlling interest	**105,591**	99,474
Income tax expense	**25,739**	27,376
Non-controlling interest, net of income taxes	**355**	154
Earnings from continuing operations	**79,497**	71,944
Earnings from discontinued operations, net of income taxes	**85**	644
Net earnings	**79,582**	72,588
Basic and diluted earnings per share from continuing and discontinued operations (Note 5c)	**0.26**	0.22

Consolidated Statements of Comprehensive Income

For the three months ended December 31

(in thousands of Canadian dollars) (unaudited)

	2008	2007
	$	$
Net earnings	**79,582**	72,588
Net unrealized gains (losses) on translating financial statements of self-sustaining foreign operations, net of income tax recovery ($3,160 in 2008 and $193 in 2007)	**135,657**	(7,665)
Net unrealized gains (losses) on translating long-term debt designated as hedges of net investments in self-sustaining foreign operations, net of income tax expense ($269 in 2008 and nil in 2007)	**1,473**	(538)
Net unrealized losses on cash flow hedges, net of income tax recovery ($1,008 in 2008 and $85 in 2007)	**(1,830)**	(196)
Other comprehensive income (loss) (Note 8)	**135,300**	(8,399)
Comprehensive income	**214,882**	64,189

CGI GROUP INC.
Consolidated Statements of Retained Earnings
For the three months ended December 31
(in thousands of Canadian dollars) (unaudited)

	2008	2007
	$	$
Retained earnings, beginning of period	**923,721**	752,847
Net earnings	**79,582**	72,588
Excess of purchase price over carrying value of Class A subordinate shares acquired	**-**	(9,362)
Retained earnings, end of period	**1,003,303**	816,073

CGI GROUP INC.
Consolidated Balance Sheets
(in thousands of Canadian dollars) (unaudited)

	As at December 31, 2008	As at September 30, 2008
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 2)	**216,034**	50,134
Accounts receivable	**524,987**	487,563
Work in progress	**259,563**	228,510
Prepaid expenses and other current assets	**115,060**	82,992
Income taxes	**9,316**	4,189
Future income taxes	**26,981**	34,031
Assets held for sale	**758**	1,398
	1,152,699	888,817
Capital assets	**187,508**	178,435
Intangibles and other long-term assets (Note 3)	**610,129**	588,989
Future income taxes	**7,984**	7,747
Goodwill	**1,762,236**	1,689,362
Total assets before funds held for clients	**3,720,556**	3,353,350
Funds held for clients	**268,573**	330,623
	3,989,129	3,683,973
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**378,315**	339,765
Accrued compensation	**108,415**	127,151
Deferred revenue	**157,799**	133,688
Income taxes	**40,429**	79,260
Future income taxes	**23,728**	25,529
Current portion of long-term debt	**116,496**	100,917
Liabilities held for sale	**180**	657
	825,362	806,967
Future income taxes	**197,557**	184,686
Long-term debt	**397,886**	290,174
Non-controlling interest	**6,170**	5,922
Other long-term liabilities	**75,298**	66,259
Total liabilities before clients' funds obligations	**1,502,273**	1,354,008
Clients' funds obligations	**268,573**	330,623
	1,770,846	1,684,631
Shareholders' equity		
Retained earnings	**1,003,303**	923,721
Accumulated other comprehensive loss (Note 8)	**(186,124)**	(321,424)
	817,179	602,297
Capital stock (Note 5a)	**1,321,661**	1,319,672
Contributed surplus	**79,443**	77,373
	2,218,283	1,999,342
	3,989,129	3,683,973

CGI GROUP INC.

Consolidated Statements of Cash Flows

For the three months ended December 31

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

	2008	2007
	$	$
Operating activities		
Earnings from continuing operations	**79,497**	71,944
Adjustments for:		
Amortization (Note 7)	**50,985**	46,250
Future income taxes	**14,182**	(11,801)
Foreign exchange loss (gain)	**3,134**	(146)
Stock-based compensation (Note 5b)	**2,611**	1,873
Non-controlling interest, net of income tax	**355**	154
Net change in non-cash working capital items	**(71,544)**	12,763
Cash provided by continuing operating activities	**79,220**	121,037
Investing activities		
Business acquisitions (net of cash acquired)	**(190)**	-
Proceeds from sale of assets and businesses (net of cash disposed)	**1,651**	-
Purchase of capital assets	**(15,715)**	(15,002)
Additions to intangibles and other long-term assets	**(11,954)**	(16,074)
Decrease in other long-term assets	**727**	235
Cash used in continuing investing activities	**(25,481)**	(30,841)
Financing activities		
Use of credit facilities (Note 4)	**144,694**	-
Repayment of credit facilities	**(50,408)**	(54,632)
Repayment of long-term debt	**(2,333)**	(2,021)
Repurchase of Class A subordinate shares (Note 5a)	**(1,817)**	(18,445)
Issuance of shares (net of share issue costs)	**1,310**	6,395
Cash provided by (used in) continuing financing activities	**91,446**	(68,703)
Effect of foreign exchange rate changes on cash and cash equivalents from continuing operations	**20,535**	(2,486)
Net increase in cash and cash equivalents from continuing operations	**165,720**	19,007
Net cash and cash equivalents provided by (used in) discontinued operations	**180**	(763)
Cash and cash equivalents, beginning of period	**50,134**	88,879
Cash and cash equivalents, end of period (Note 2)	**216,034**	107,123
Interest paid	**1,888**	3,925
Income taxes paid	**46,357**	55,354

Non-cash transactions

During the three months ended December 31, 2008 and December 31, 2007, capital assets and other long-term assets were acquired at an aggregate cost of $1,188,000 and $20,584,000, respectively, which were financed by long-term debt.

1. Summary of significant accounting policies

The interim consolidated financial statements for the three months ended December 31, 2008 and 2007 are unaudited and include all adjustments that management of CGI Group Inc. (the "Company") considers necessary for a fair presentation of the financial position, results of operations and cash flows.

The disclosures provided in these interim financial statements do not conform in all respects with the requirements of Canadian generally accepted accounting principles ("GAAP") for annual consolidated financial statements; therefore, the interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2008. These interim consolidated financial statements have been prepared using the same accounting policies and methods of their application as the annual consolidated financial statements for the year ended September 30, 2008, except for new accounting policies adopted effective October 1, 2008.

Certain comparative figures have been reclassified to conform to the current period's presentation.

Change in accounting policies

The Canadian Institute of Chartered Accountants ("CICA") issued the following new Handbook Sections, which were effective for interim periods beginning on or after October 1, 2008:

i) Section 3064, "Goodwill and Intangible Assets", replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Financial Reporting Standards ("IFRS"). Section 1000, "Financial Statement Concepts", was also amended to provide consistency with this new standard. The Company has assessed that the impact of this standard is not significant. However, as a result of the adoption of the standard, contract costs are now included in intangibles and other long-term assets. Additionally, the new required disclosures have been included in Note 3, Intangibles and other long-term assets.

ii) Section 1400, "General Standards of Financial Statement Presentation", includes requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section did not have an impact on the Company's consolidated financial statements.

1. Summary of significant accounting policies (continued)

Future accounting policies

In January 2009, the CICA issued the following new Handbook sections:

i) Section 1582, “Business Combinations”, which replaces Section 1581, “Business Combinations”. The Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), “Business Combinations”. The Section applies prospectively to business combinations for which the acquisition date is on or after October 1, 2011. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of this new Section on the consolidated financial statements.

ii) Section 1601, “Consolidated Financial Statements” and Section 1601, “Non-Controlling Interests”, which together replace Section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), “Consolidated and Separate Financial Statements”. The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on October 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company is currently evaluating the impact of the adoption of these new Sections on the consolidated financial statements.

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

2. Cash and cash equivalents

	As at December 31, 2008	As at September 30, 2008
	$	$
Cash	**97,585**	33,433
Cash equivalents	**118,449**	16,701
	216,034	50,134

3. Intangibles and other long-term assets

	As at December 31, 2008			As at September 30, 2008		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
	$	**$**	**$**	$	$	$
Intangibles						
Contract costs						
Incentives	**244,591**	**171,036**	**73,555**	241,951	164,527	77,424
Transition costs	**159,018**	**69,016**	**90,002**	152,793	63,306	89,487
	403,609	**240,052**	**163,557**	394,744	227,833	166,911
Other intangibles						
Internal-use software	**87,360**	**51,047**	**36,313**	84,764	47,467	37,297
Business solutions	**332,018**	**169,029**	**162,989**	300,024	150,214	149,810
Software licenses	**136,391**	**99,049**	**37,342**	134,162	94,572	39,590
Customer relationships and other	**376,571**	**223,231**	**153,340**	348,893	199,189	149,704
	932,340	**542,356**	**389,984**	867,843	491,442	376,401
Total intangibles	**1,335,949**	**782,408**	**553,541**	1,262,587	719,275	543,312
Other long-term assets						
Deferred financing fees			**4,612**			4,933
Deferred compensation plan			**11,979**			11,657
Long-term maintenance agreements			**13,284**			13,531
Forward contracts (Note 11)			**20,013**			8,758
Balance of sale receivable and other			**6,700**			6,798
Total other long-term assets			**56,588**			45,677
Total intangibles and other long-term assets			**610,129**			588,989

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

3. Intangibles and other long-term assets (continued)

The following table presents the aggregate amount of intangibles subject to amortization that were acquired or internally developed during the period:

	Three months ended December 31	
	2008	2007
	$	$
Acquired	**2,930**	21,837
Internally developed	**8,678**	10,023
Total intangible assets acquired and developed	**11,608**	31,860

There are no intangible assets not subject to amortization.

4. Credit facilities

The Company has available a five-year unsecured revolving credit facility for an amount of $1,500,000,000 maturing in August 2012. As at December 31, 2008, an amount of $268,131,000 has been drawn upon this facility. Of this amount, US$100,000,000 was drawn on December 1, 2008 as the hedging instrument for a part of the Company’s net investment in self-sustaining U.S. subsidiaries and €12,000,000 was drawn on December 17, 2008 as the hedging instrument for a part of the Company’s net investment in self-sustaining European subsidiaries (Note 11).

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

5. Capital stock, stock options and earnings per share

a) Capital stock

	Class A subordinate shares		Class B shares			Total
	Number	**Carrying value**	**Number**	**Carrying value**	**Number**	**Carrying value**
		$		**$**		**$**
Balance, as at October 1, 2008	274,165,370	1,271,948	34,208,159	47,724	308,373,529	1,319,672
Repurchased and cancelled(1)	(182,400)	-	-	-	(182,400)	-
Repurchased and not cancelled(1)	-	-	-	-	-	-
Issued upon exercise of options(2)	184,501	1,989	-	-	184,501	1,989
Balance, as at December 31, 2008	**274,167,471**	**1,273,937**	**34,208,159**	**47,724**	**308,375,630**	**1,321,661**

(1) On February 5, 2008, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid and the purchase of up to 28,502,941 Class A subordinate shares. During the three months ended December 31, 2008, the Company did not repurchase any shares. As of September 30, 2008, 182,400 of repurchased Class A subordinate shares with a carrying value of $847,000 and a purchase value of $1,817,000 were held by the Company and had been paid and were cancelled during the three months ended December 31, 2008.

(2) The carrying value of Class A subordinate shares includes $541,000 ($10,223,000 for the year ended September 30, 2008) which corresponds to a reduction in contributed surplus representing the value of accumulated compensation cost associated with the options exercised since inception.

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

5. Capital stock, stock options and earnings per share (continued)

b) Stock options

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, options to purchase Class A subordinate shares to certain employees, officers, directors and consultants of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the Toronto Stock Exchange on the day preceding the date of the grant. Options generally vest one to three years from the date of grant conditionally upon the achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death.

The following table presents the weighted average assumptions used to determine the stock-based compensation expense recorded in cost of services, selling and administrative expenses using the Black-Scholes option pricing model:

	Three months ended December 31	
	2008	2007
Compensation expense ($)	**2,611**	1,873
Dividend yield (%)	**0.00**	0.00
Expected volatility (%)	**24.41**	23.70
Risk-free interest rate (%)	**3.06**	4.10
Expected life (years)	**5.00**	5.00
Weighted average grant date fair values ($)	**2.59**	3.37

The following table presents information concerning all outstanding stock options granted by the Company:

Outstanding, as at October 1, 2008	**26,757,738**
Granted	**8,405,483**
Exercised	**(184,501)**
Forfeited	**(3,213,860)**
Expired	**(139,435)**
Outstanding, as at December 31, 2008	**31,625,425**

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

5. Capital stock, stock options and earnings per share (continued)

c) Earnings per share from continuing operations

The following table sets forth the computation of basic and diluted earnings per share from continuing operations:

	Three months ended December 31					
			2008			2007
	Earnings from continuing operations	**Weighted average number of shares outstanding [1]**	**Earnings per share from continuing operations**	Earnings from continuing operations	Weighted average number of shares outstanding[1]	Earnings per share from continuing operations
	$		**$**	$		$
Basic	**79,497**	**308,274,151**	**0.26**	71,944	323,926,784	0.22
Dilutive options [2]		**2,380,363**			5,858,217	
Diluted	**79,497**	**310,654,514**	**0.26**	71,944	329,785,001	0.22

(1) For the three months ended December 31, 2008, no shares were excluded from the calculation of earnings per share. During the three months ended December 31, 2007, 1,404,300 Class A subordinate shares were repurchased and were excluded from the calculation of earnings per share as of the date of repurchase.

(2) The calculation of the dilutive effects excludes all anti-dilutive options that would not be exercised because their exercise price is higher than the average market value of a Class A subordinate share of the Company for each of the periods shown in the table. The number of excluded options was 15,141,677 and 9,318,499 for the three months ended December 31, 2008 and 2007, respectively.

6. Investments in subsidiaries and joint ventures

Modifications to purchase price allocations

During the three months ended December 31, 2008, a future income tax asset acquired in a business combination that was not recognized as an identifiable asset at the date of acquisition was subsequently recognized, resulting in a corresponding decrease in goodwill of $4,127,000.

As of April 19, 2007, the Company was committed under an agreement between shareholders of Conseillers en informatique d'affaires ("CIA") to purchase the remaining 39.31% of shares of CIA by October 1, 2011. During the three months ended December 31, 2008, the Company purchased additional shares for cash consideration of $190,000. As at December 31, 2008, 34.73% of shares of CIA remain to be purchased. As a result of the purchase of additional shares, non-controlling interest decreased by $107,000 and goodwill increased by $83,000.

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

7. Amortization

	Three months ended December 31	
	2008	2007
	$	$
Amortization of capital assets	**13,817**	9,440
Amortization of intangible assets		
Contract costs related to transition costs	**4,912**	4,910
Other intangible assets	**26,754**	25,411
	31,666	30,321
	45,483	39,761
Amortization of contract costs related to incentives (presented as reduction of revenue)	**5,181**	6,145
Amortization of other long-term assets (presented in interest on long-term debt)	**321**	344
	50,985	46,250

8. Accumulated other comprehensive loss

	Balance, as at October 1, 2008	**Net changes incurred during the 3 months**	**Balance, as at December 31, 2008**
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations, net of income tax recovery of $3,160	**(365,672)**	**135,657**	**(230,015)**
Net unrealized gains on translating long-term debt designated as hedges of net investments in self-sustaining foreign operations, net of income tax expense of $269	**45,261**	**1,473**	**46,734**
Net unrealized losses on cash flow hedges, net of income tax recovery of $1,008	**(1,013)**	**(1,830)**	**(2,843)**
	(321,424)	**135,300**	**(186,124)**

	Balance, as at October 1, 2007	Net changes incurred during the 3 months	Balance, as at December 31, 2007
	$	$	$
Net unrealized losses on translating financial statements of self-sustaining foreign operations, net of income tax recovery of $193	(431,872)	(7,665)	(439,537)
Net unrealized gains on translating long-term debt designated as a hedge of net investment in self-sustaining foreign operations, net of income tax expense of nil	45,799	(538)	45,261
Net unrealized losses on cash flow hedges, net of income tax recovery of $85	-	(196)	(196)
	(386,073)	(8,399)	(394,472)

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

9. Segmented information

The Company is managed through three operating segments, in addition to Corporate services, namely: Canada, U.S. & India and Europe & Asia Pacific. The segments are based on a delivery view and the results incorporate domestic activities as well as impacts from our delivery model utilizing our centers of excellence.

The following presents information on the Company's operations based on its management structure:

As at and for the three months ended December 31, 2008	**Canada**	**U.S. & India**	**Europe & Asia Pacific**	**Corporate**	**Total**
	$	**$**		**$**	**$**
Revenue	**593,371**	**350,496**	**75,455**	**-**	**1,019,322**
Intersegment sales and transfers	**(9,114)**	**(8,800)**	**(1,036)**	**-**	**(18,950)**
	584,257	**341,696**	**74,419**	**-**	**1,000,372**
Earnings (loss) before interest on long-term debt, other income, interest and other expenses, non-controlling interest, net of income taxes, earnings from discontinued operations, net of income taxes and income tax expense[1]	**76,907**	**48,789**	**4,298**	**(15,966)**	**114,028**
Total assets	**2,271,981**	**1,180,314**	**225,197**	**311,637**	**3,989,129**

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $29,218,000, $16,179,000, $1,434,000 and $3,833,000, respectively.

As at and for the three months ended December 31, 2007	Canada	U.S. & India	Europe & Asia Pacific	Corporate	Total
	$	**$**		**$**	**$**
Revenue	590,317	255,095	66,099	-	911,511
Intersegment sales and transfers	(6,641)	(8,102)	(1,341)	-	(16,084)
	583,676	246,993	64,758	-	895,427
Earnings (loss) before interest on long-term debt, other income, interest and other expenses, non-controlling interest, net of income taxes, earnings from discontinued operations, net of income taxes and income tax expense [1]	89,335	24,217	4,415	(12,476)	105,491
Total assets	1,885,306	1,332,995	208,889	211,555	3,638,745

[1] Amortization included in Canada, U.S. & India, Europe & Asia Pacific and Corporate is $27,886,000, $13,277,000, $1,194,000 and $3,549,000, respectively.

The accounting policies of each segment are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are priced as if the sales or transfers were made to third parties.

10. Guarantees

In the normal course of business, the Company may provide certain clients, principally governmental entities, with bid and performance bonds. In general, the Company would only be liable for the amount of the bid bonds if the Company refuses to perform the project once the bid is awarded. The Company would also be liable for the performance bonds in the event of default in the performance of its obligations. As at December 31, 2008, the Company provided for a total of $164,464,000 of these bonds. The Company believes it is in compliance with its performance obligations under all service contracts for which there is a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a materially adverse effect on the Company's consolidated results of operations or financial condition.

As of December 19, 2008, the Company has been released from bank guarantees related to tax indemnities for an amount of $3,326,000 following a final assessment with tax authorities.

11. Financial instruments and hedging

The Company uses various financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. The Company does not hold or use any derivative instruments for trading purposes. During the three months ended December 31, 2008, the Company entered into new financial instruments.

Hedge on net investment in self-sustaining foreign subsidiaries
Effective December 1, 2008, the Company designated a debt of US$100,000,000 as the hedging instrument for a portion of the Company's net investment in self-sustaining U.S. subsidiaries. Further, effective December 17, 2008, the Company designated a debt of €12,000,000 as the hedging instrument for part of the Company's net investment in self-sustaining European subsidiaries.

Foreign exchange translation gains or losses on the net investment are recorded in the Consolidated Statement of Comprehensive Income. The effective portion of gains or losses on instruments hedging the net investment are also recorded in the Consolidated Statement of Comprehensive Income.

Cash flow hedges
Effective December 17, 2008, the Company entered into foreign currency forward contracts to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Indian rupee on future U.S. revenue for a period of 9 months.

Additionally, effective December 17, 2008, the Company entered into fixed-floating currency swap derivatives to hedge the variability in the foreign currency exchange rate between the U.S. dollar and the Canadian dollar on future U.S. revenue for a period of 45 months.

The hedges were documented as cash flow hedges and no component of the derivative instruments' fair value is excluded from the assessment and measurement of hedge effectiveness.

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

11. Financial instruments and hedging (continued)

Cash flow hedges (continued)
The forward contracts are derivative instruments, and, therefore, are recorded at fair value on the balance sheet. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine fair values of the forward contracts.

The effective portion of the change in fair value of the derivative instruments is recognized in other comprehensive income and the ineffective portion, if any, in the consolidated statement of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income into earnings as an adjustment to revenue when the hedged revenue is recognized. The assessment of effectiveness is based on forward rates utilizing the hypothetical derivative method. During the three months ended December 31, 2008, there was no ineffectiveness recorded in the consolidated statement of earnings.

The following table summarizes the outstanding hedges:

	Recorded in	**As at December 31, 2008**	As at September 30, 2008
		$	$
Hedges on net investments in self-sustaining foreign subsidiaries			
US$100.0 million debt designated as the hedging instrument on the Company's net investment in U.S. subsidiaries	Long-term debt	**122,460**	-
€12.0 million debt designated as the hedging instrument on the Company's net investment in European subsidiaries	Long-term debt	**20,455**	-
Cash flow hedges on future revenue			
US$168.2 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Canadian dollar	Accrued liabilities	**653**	-
	Other long-term liabilities	**2,020**	-
US$19.5 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the U.S. dollar and the Indian rupee	Accrued liabilities	**1,101**	-
Cash flow hedges on Senior U.S. unsecured notes			
US$192.0 million foreign currency forward contracts	Other current assets	**18,885**	-
	Other long-term assets	**20,013**	8,758

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

12. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP

The material differences between Canadian and U.S. GAAP affecting the Company's consolidated financial statements are detailed in the table below. The Company's most recent annual financial statements describe the circumstances which gave rise to the material differences between Canadian and U.S. GAAP applicable as at September 30, 2008.

	Three months ended December 31	
	2008	2007
Reconciliation of net earnings:	**$**	$
Net earnings - Canadian GAAP	**79,582**	72,588
Adjustments for:		
Stock-based compensation	**(1,415)**	-
Warrants	**351**	351
Capitalization of intangible assets[1]	**325**	-
Other	**205**	202
Net earnings – U.S. GAAP	**79,048**	73,141
Basic earnings per share – U.S. GAAP	**0.26**	0.23
Diluted earnings per share – U.S. GAAP	**0.25**	0.22
Net earnings – U.S. GAAP	**79,048**	73,141
Other comprehensive income	**135,300**	(8,399)
Comprehensive income – U.S. GAAP	**214,348**	64,742

	As at December 31, 2008	As at September 30, 2008
	$	$
Reconciliation of shareholders' equity:		
Shareholders' equity - Canadian GAAP	**2,218,283**	1,999,342
Adjustments for:		
Stock-based compensation	**58,411**	58,411
Warrants	**(9,041)**	(9,392)
Reversal of income tax provision	**(7,452)**	(7,452)
Unearned compensation	**(3,694)**	(3,694)
Integration costs	**(6,606)**	(6,606)
Goodwill	**28,078**	28,078
Income taxes and adjustment for change in accounting policy	**9,715**	9,715
Capitalization of intangible assets[1]	**325**	-
Other	**(5,995)**	(6,200)
Shareholders' equity – U.S. GAAP	**2,282,024**	2,062,202

[1] *Capitalization of intangible assets*
Effective October 1, 2008, the Company adopted Section 3064, "Goodwill and Intangible Assets" (Note 1). As a result of the standard, there is new guidance relating to eligible capitalizable costs in the development of intangibles. Under U.S. GAAP, there were no changes to capitalization standards. This adjustment represents the additional costs that were expensed under Canadian GAAP that could be capitalized under U.S. GAAP, net of amortization and income taxes.

12. Reconciliation of results reported in accordance with Canadian GAAP to U.S. GAAP (continued)

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Company adopted SFAS 157 effective October 1, 2008 without significant effect on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "Fair Value Option for Financial Assets and Liabilities Including an Amendment of FASB Statement No. 115" ("SFAS 159"), effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The Company adopted SFAS 159 effective October 1, 2008 without significant effect on the Company's consolidated financial statements.