EXPERIENCE THE COMMITMENT®

Business and IT consulting
Systems integration
IT managed services
Business process services

2013 ANNUAL REVIEW

At CGI, we understand it's not only what we deliver that makes us a partner and expert of choice—it's also how we deliver. Our business model is designed to listen to the needs of our clients and adapt our services and solutions to meet their unique needs and drive their success.

We combine local accountability and responsiveness with global capabilities and expertise to achieve clients' business results.

Project delivery
95%
on time and within budget

68,000
professionals

400
offices

9/10
client satisfaction score

40
countries

5th
largest independent IT and business process services company

Our approach

Local accountability

We live and work near our clients to provide a high level of responsiveness. Your local CGI team speaks your language, understands your business environment, and collaborates to meet your goals and advance your business.

Committed experts

CGI's professionals have extensive industry, business and technology expertise to help you move forward. In addition, a majority of our professionals are company owners, providing an added level of commitment to your success.

Global reach

Our local presence is complemented by an expansive global delivery network that ensures you have access to the best-fit resources to meet your needs 24/7.

Comprehensive quality processes

CGI's investment in quality frameworks and rigorous client satisfaction assessments provides for a consistent track record of on-time, on-budget project delivery.

Tangible innovation

Our full-offering strategy is complemented by a broad portfolio of IP solutions that enable clients to optimize business operations and drive growth. Through a creative problem-solving approach, CGI helps clients leverage their current investments while taking advantage of new ideas and proven technologies.

“Experience has taught us that clients, employees and shareholders want to be associated with the best—the best partner, the best employer and the best investment.”

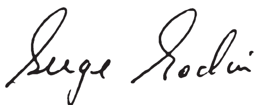
2013 has been a transformational year for us as a company in pursuing our objective of becoming a world champion. Experience has taught us that clients, employees and shareholders want to be associated with the best—the best partner, the best employer and the best investment. The acquisition of Logica provided CGI with the global platform needed to better meet our clients' business needs anywhere, anytime and to further the career opportunities of our professionals. With greater scale and strength in our operations, shareholders are investing in a solid, recurring and growing platform of profitable revenue, offering superior returns for the long term.

During this year, we transformed the former Logica operations to align with the CGI operating model. We are now working as one team, bound by the CGI Constitution and operating with consistency within the frameworks of the CGI Management Foundation. We are focused on the same set of strategic goals and apply the same processes and quality standards across our global operations, while measuring success with the same metrics.

We also are aligned in addressing the needs and opportunities of our clients. Through more than 550 in-person client interviews and 5,000 signed quality assessments, we discussed their top priorities and the strategies and offerings we are delivering in response. In the pages that follow, we offer a snapshot of these discussions, which we are calling our Annual Review. We hope you read this review and learn more about the clients we serve and the work we have done to transform their organizations for long-term success.

Since 1976, we have committed ourselves to being a partner, expert, employer and investment of choice. The fundamentals of CGI are strong, and we are confident in our ongoing ability to meet the objectives of our stakeholders and to continue to build a world champion—the best in the business.

Thank you for your confidence.



Serge Godin
Founder and
Executive Chairman of the Board

Michael E. Roach
President and
Chief Executive Officer

Satisfying clients is our business

Over nearly four decades, we have developed specialized industry expertise that helps us understand our clients' unique market and business challenges and opportunities, and deliver tailor-made solutions designed to achieve clients' goals.

For every industry in which our clients operate, we offer dedicated experts, specific solutions and services, and deep experience to maximize our clients' return on investment. With CGI, clients gain a partner with the insight and experience needed to apply leading business strategies and the effective use of technology to achieve business outcomes.

Turn the page to discover how we help our clients succeed.

Financial Services

16,000: Number of CGI experts across five continents helping retail and wholesale banking, capital markets and insurance clients reduce costs while driving competitive advantage.

Experience the commitment

"The Payments Council's industry-wide mobile payments service has the potential to revolutionise payments in the UK and CGI has been involved from the outset helping take the project from concept to reality. This exciting new service will make it possible for consumers to send and receive secure payments straight from their account using just a mobile phone number, without the need for account numbers, sort codes or wallet accounts. This is a massive collaborative project which involves CGI working closely with payment schemes and participating payment service providers."

Gary Hocking
Chief Operating Officer and Deputy Chief Executive
Payments Council
London, United Kingdom

Case in point:
Bringing mobile payments to the UK

The Payments Council, which is responsible for ensuring that payment services work for all users across the UK, is launching a mobile payments service in the spring of 2014. This service will make mobile payments possible for everyone in the UK by enabling secure payments directly to or from an account without the need to disclose the sort code and account number, but by simply using a mobile phone number as a proxy. While there are existing ways to pay using a mobile device, the collaborative Payments Council project marks the first service with the potential to link up every bank account in the country with a mobile number.

LocalTapiola Group in Finland was looking for a trusted partner to provide IT services in a more efficient and flexible way. It chose to form a joint venture with CGI based on our technology excellence, deep industry expertise and global reach.

Harri Lauslahti
Group Director
and Member
of the Board

LocalTapiola Group
Espoo, Finland

> "As we approach the first anniversary of our cooperation, we are on target with our plan and the business is really beginning to see the benefits come through."

Our financial services clients include…

- 25 of the top 30 banks in the world
- 20 of the top 25 banks in the Americas
- 7 of the top 10 global insurers
- 160+ insurance carriers and brokers globally

As part of our annual planning process, our clients have shared top priorities…

1. Ensure operational excellence to drive efficiencies and cost savings
2. Improve mobility and the end-user experience to increase customer loyalty and account growth
3. Transform business and IT to create competitive advantage and differentiation in the digital world

What we're doing in response…

The results we're delivering…

CGI's anti-money laundering software filters transactions for 94% of the total value of currencies traded globally and enables the transfer of more than $5 trillion per day

Our financial software processes 28% of the world's foreign exchange payments

CGI Collections360 is a leading global platform that processes more than $1 trillion outstanding collections on a daily basis for the world's top organizations

Our insurance core rating engine, Ratabase, is installed in more than 85 P&C and life insurers globally

More than $1 billion in fraud has been avoided through the use of CGI systems

Our trade finance platform, CGI Trade360, supports global trade finance services in 40 countries and more than 70 locations

cgi.com/financial-services

Health

25: Number of years CGI has provided solutions and services to improve health business and clinical outcomes.

Experience the commitment

"For HUS, CGI is an important partner, with broad expertise that we can rely on. This partnership is based on a long-term commitment. Our partnership is mutually beneficial. A long-term market presence is one of our key requirements."

Mikko Rotonen
Chief Information Officer

Hospital District of Helsinki and Uusimaa (HUS)
Helsinki and Uusimaa, Finland

"The GTA West DIR project has been one of the best that UHN has had the privilege to lead. An excellent example of team work, executive sponsorship and a high functioning governance approach with our partners."

Lydia Lee
Chief Information Officer

University Health Network (UHN)
Toronto, Canada

Case in point:
CGI implements integrated workflow solution that results in increased patient satisfaction

CGI helped Greater Toronto Area West Diagnostic Imaging Repository (GTA West DIR) implement an integrated workflow for medical imaging assets for all authorized clinicians, a best-in-class solution for more than 10,000 users. This initiative was the final step toward enabling the sharing of medical images among Ontario's hospitals, a $50 million program orchestrated by the University Health Network on behalf of the GTA West DIR consortium of hospitals. The project, which began in 2010 and was completed in the summer of 2013, supports 3 million annual diagnostic imaging examinations, has connected 20 hospital corporations covering a population of 3 million people, and interfaces with 52 client systems. Benefits for patients include fewer repeat imaging procedures, meaning less radiological exposure and an overall increase in patient satisfaction. GTA West DIR benefits from decreased patient transfers, a smoother referrals process and reduced waiting times.

The results we're delivering…

6.6 billion health records managed using CGI's Sovera ECM solutions

$15 billion+ in incentive payments for electronic health record adoption enabled by a CGI-developed provider registration system

Support for over 200 critical health applications for Canadian provincial ministries

More than 50 million Americans served by Medicare.gov, made more accessible and customer centric with the help of CGI

$1.1 billion recovered in improper medical and pharmacy payments for federal, state and commercial payers

Securely manage electronic medical records for millions of citizens

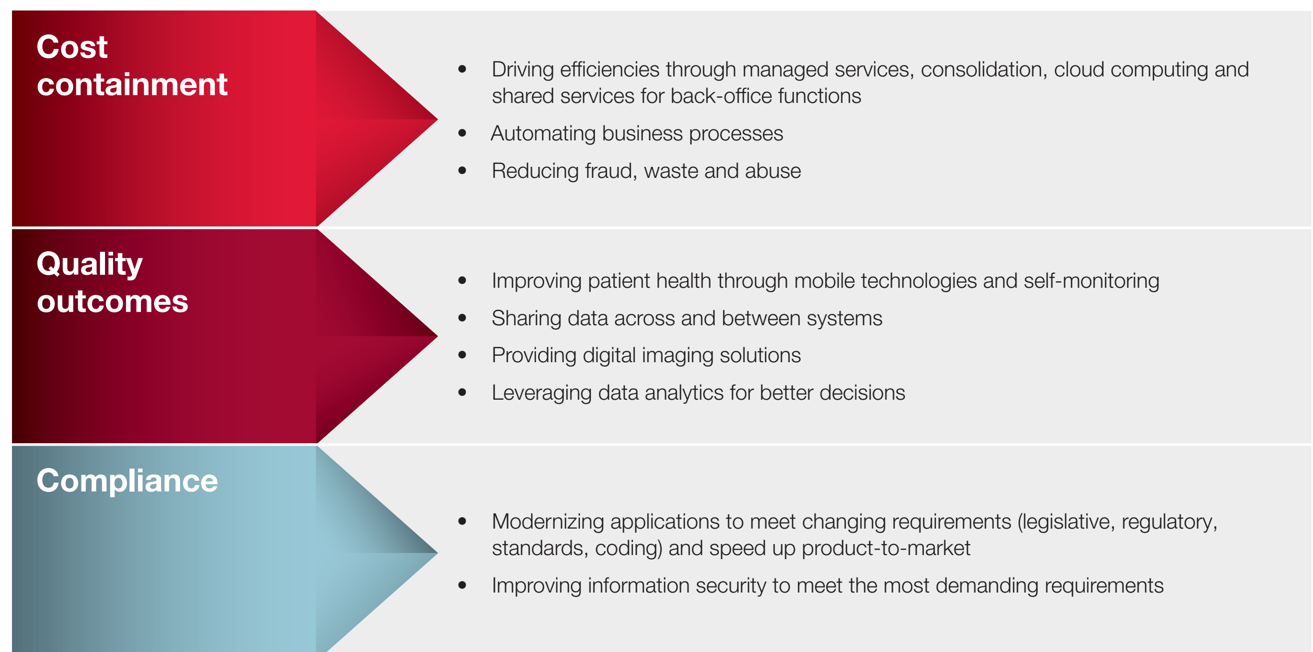
Our health clients include…

- More than 1,000 health facilities, including 230+ hospitals and 525 pharmacies
- Government health agencies in Australia, Canada and the U.S., and in numerous countries across Europe
- Public and private sector health payers
- The world's leading pharmaceutical and life sciences firms

As part of our annual planning process, our clients have shared top priorities…

1. Contain rising costs due to such factors as aging populations while driving greater efficiencies
2. Improve the quality of care, which is increasingly important as the patient's role as a consumer rises, along with technology expectations for enabling new models of care
3. Respond to changing mandates such as legislative and regulatory reforms and growing consolidation across the industry

What we're doing in response…



Cost containment

- Driving efficiencies through managed services, consolidation, cloud computing and shared services for back-office functions
- Automating business processes
- Reducing fraud, waste and abuse

Quality outcomes

- Improving patient health through mobile technologies and self-monitoring
- Sharing data across and between systems
- Providing digital imaging solutions
- Leveraging data analytics for better decisions

Compliance

- Modernizing applications to meet changing requirements (legislative, regulatory, standards, coding) and speed up product-to-market
- Improving information security to meet the most demanding requirements

Government

2,000: Number of government clients in 15 countries that are improving public services and increasing efficiency through successful transformation programs.

Case in point:
Modernizing the State of California's tax administration to generate increased revenue

Partnering with CGI, the State of California is improving tax administration through the Enterprise Data-to-Revenue (EDR) project. CGI's innovative solution supports the State's fundamental process changes by modernizing legacy systems with a service oriented architecture, improving data capture and validation, and processing individual and business taxes through a single technology architecture. The solution also makes all data accessible to legacy systems and users through an enterprise data warehouse and provides a comprehensive view of the taxpayer through a secure, online Taxpayer Folder.

In fiscal 2013, EDR project successes included redesigning correspondence processes, improving existing model treatments, and increasing the capture of tax submittals information while speeding up processing. As of September 30, 2013, CGI's benefits-funded solution has helped the State generate $498 million in increased revenue — more than double the original projection for this point — with total revenue increases projected to be $2.8 billion by 2016-17.

Experience the commitment

"The collaboration between the library and CGI members has resulted in many inspirational moments and the creation of this innovative, world-class, digitalization solution."

Tomáš Bőhm
General Director
Czech National Library, Prague, Czech Republic

The results we're delivering…

Protection against 43 million cyber attacks per day on military and intelligence networks and infrastructures

More than $700 billion in financials are managed using CGI systems for federal, state and local governments

Provided the Crown Prosecution Service of England and Wales with the technology to prosecute more than 15 million defendants over the past 10 years

Systems that produce weather satellite images and data for Europe, Africa, East Asia, Australasia and the Pacific and the Indian Oceans, covering a population of over 3 billion people

Support for the production of all 13 million U.S. passports issued each year

Community policing system in the Netherlands, with more than one million people participating nationwide

Our government clients include…

- More than 100 U.S. federal agencies and nearly 200 state and local governments
- More than 95 Canadian federal organizations and most provincial governments and territories
- Governments in Australia, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the UK
- Space, defense and intelligence clients worldwide

As part of our annual planning process, our clients have shared top priorities…

1. Address budget pressures and generate revenues to balance costs with increasing demands
2. Improve cybersecurity by understanding best practices and future threats
3. Increase citizen engagement by ensuring information is available at the right time and delivered in the right way

What we're doing in response…

Budget pressures

- Benefits-based investment funding models
- Innovations to drive IT cost savings (e.g., managed services, cloud computing, shared service centers)
- Revenue recovery through anti-fraud and collection initiatives

Cybersecurity

- Solutions to assess, monitor and protect against internal and external threats
- Proven success in maximizing cybersecurity investments
- Expertise on local security and data privacy requirements supported by a world-class innovation lab and three accredited security certification facilities

Citizen engagement

- Citizen-centric services using multiple channels to improve the citizen experience
- Increased transparency and accountability through open government initiatives
- Security expertise to ensure the protection of citizens' data

cgi.com/government

Communications

Over 1 billion: Number of wireless call detail records we manage every day for leading communications service providers through network mediation systems.

Experience the commitment

"Our customers, whether they are in northern communities or urban centres, rely on us for high-quality products and services. Bell Aliant requires a proven technology partner that understands telecommunications—and the needs of our customers. CGI gets it and, as a result, we receive high-quality services at a fair price."

Chuck Hartlen
Senior Vice President, Customer Experience
Bell Aliant
Halifax, Canada

"The service desk function CGI has been providing to us for the last four years has improved our end-users' satisfaction and reduced the average amount of calls. Our mutual strategy is to continue to improve the level of service to provide the highest level of satisfaction to our end-users in the coming years."

Lars Hylén
Vice President, WorkPlace Services
TeliaSonera
Stockholm, Sweden

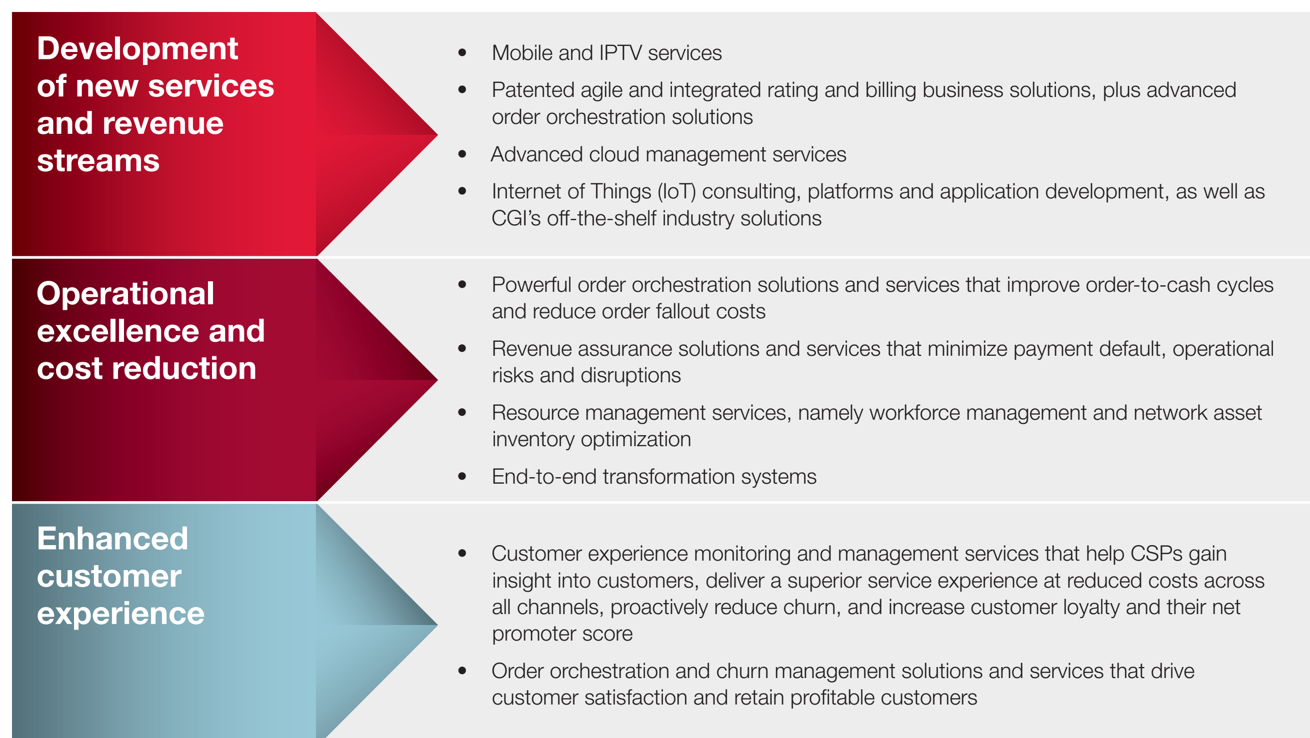
Our communications clients include…

- 6 of the largest global communications service providers
- Hundreds of leading communications service providers across North America, Europe and Asia Pacific

As part of our annual planning process, our clients have shared top priorities…

1. Development of new services and revenue streams to drive future growth and revenue
2. Operational excellence and cost reduction to improve margins while enabling OSS/BSS transformation
3. Enhanced customer experience to drive competitive differentiation and customer loyalty

What we're doing in response…



Development of new services and revenue streams

- Mobile and IPTV services
- Patented agile and integrated rating and billing business solutions, plus advanced order orchestration solutions
- Advanced cloud management services
- Internet of Things (IoT) consulting, platforms and application development, as well as CGI's off-the-shelf industry solutions

Operational excellence and cost reduction

- Powerful order orchestration solutions and services that improve order-to-cash cycles and reduce order fallout costs
- Revenue assurance solutions and services that minimize payment default, operational risks and disruptions
- Resource management services, namely workforce management and network asset inventory optimization
- End-to-end transformation systems

Enhanced customer experience

- Customer experience monitoring and management services that help CSPs gain insight into customers, deliver a superior service experience at reduced costs across all channels, proactively reduce churn, and increase customer loyalty and their net promoter score
- Order orchestration and churn management solutions and services that drive customer satisfaction and retain profitable customers

The results we're delivering…

Supported the billing, order orchestration, revenue assurance or customer care transformation of six of the largest communications service providers

Delivered and support two Internet of Things (IoT) connectivity platforms for major IoT providers

Enabled clients' transformation through industry-leading on-time, on-budget project delivery, leveraging nearly four decades of extensive telecom experience worldwide

Supported major CSPs with convergent rating, billing and order orchestration services, both with our partners' solutions and CGI's convergent rating, billing and order orchestration solution, Tapestry

cgi.com/communications

Utilities

6,000: Number of CGI utility experts across five continents who are helping clients build customer-centric business models and achieve operational excellence through advanced technologies, including smart meters and grids, cloud computing, big data and social media.

The results we're delivering...

Designed and built 11 of the 17 central energy market infrastructures in the world today

Appointed as Data Services Provider for the rollout of 53 million smart gas and electricity meters in the UK

Delivery of asset, workforce and outage management systems for 60 top utilities in North America

Development and delivery of CGI's Renewables Management System that manages and controls more than 5,500 turbines at nearly 300 wind farms across 3 continents

Collaborated on smart grid projects, including InovGrid in Portugal and Low Carbon London in the UK

Innovative Smart Data Services for smart metering deployed by a majority of electricity suppliers in the UK

Experience the commitment

"The smooth introduction of the new Central Collection Registry (C-AR in Dutch) is an example of how industry-wide cooperation between EDSN, CGI and the energy market leads to the successful execution of an extremely complex program. The role of CGI as a technical service provider and manufacturer of the C-AR was very important."

Arthur van Wylick
Director
Energy Data Services Netherlands (EDSN)
Baarn, Netherlands

Case in point:
CGI part of a pilot project to improve energy management

CGI is part of a pilot program in the Netherlands designed to help residents better understand and monitor their energy consumption. CGI built an Energy Management System (CEMS) that provides residents with energy consumption information, enabling them to determine the most optimal use of some household appliances. The CEMS also aligns local energy usage with grid capacity and will provide valuable insight on the future evolution of smart grid applications. CGI is collaborating with grid operator Enexis, the SWZ Housing Foundation, energy supplier DONG Energy, the Technical University of Eindhoven and Flexicontrol, an electrical systems provider, in implementing the pilot.

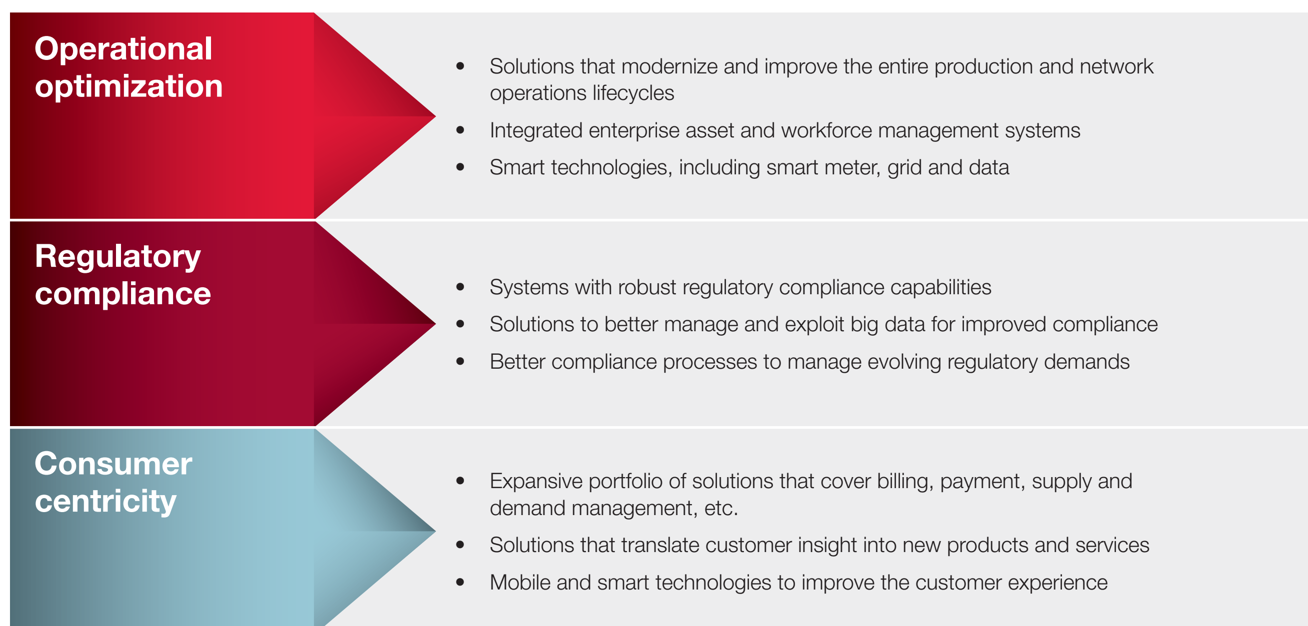
Our utilities clients include...

- Hundreds of major utilities worldwide, including electricity, gas and water clients across the Americas, Europe and Asia Pacific
- 8 of the 10 largest utilities in North America
- 8 of the 10 largest utilities in Europe

As part of our annual planning process, our clients have shared top priorities...

1. Operational optimization to cut costs, improve compliance and increase security
2. Regulatory compliance to keep up with increasing and fast-changing regulations
3. Consumer centricity to improve the customer experience and satisfaction levels

What we're doing in response...



Oil and Gas

$90 billion: Value of fuel card transactions processed by CGI each year, making us the global leader in retail fuel card services.

The results we're delivering…

Applications support for more than 1,000 upstream exploration and production applications for global oil companies

Provider for a leading solution that tracks 95% of personnel movements in the North Sea for the majority of oil companies

Outsourced production accounting and trust management services

Global IT service desk supporting more than 26,000 users at a global oil company

Global leader of fuel card business process services

Cloud service provider for 40 upstream operators, managing joint venture production data for more than 700 joint ventures

Experience the commitment

Using the agile methodology, CGI collaborated with a joint venture formed by four clients to develop a built-to-last production accounting (PA) system for the industry.

> "A business-driven and cooperative approach — a joint venture partnership. The end result is a system truly designed by PAs, for PAs."

Darren Anderson
Senior Manager, Operations Accounting
Devon Canada Corporation
Calgary, Canada

Case in point:
Mobilizing production volume data capture for the oil industry

As part of a new exploration-to-revenue solution suite, CGI launched in 2013 a mobile production volume data capture solution called Exploration2Revenue Mobile Data Capture (X2R.MDC). Using the latest mobile technology, the solution improves the quality of captured data while driving efficiencies and savings. It also reduces travel time and costs for field operators in Canada.

CGI built the underlying production accounting system for X2R. MDC as part of a joint venture formed with experts from client firms Devon, Encana, Husky and Talisman. It's now the leading production management system in the Canadian oil industry. Additional solutions will be launched in 2014 as we continue to build and expand our exploration-to-revenue suite.

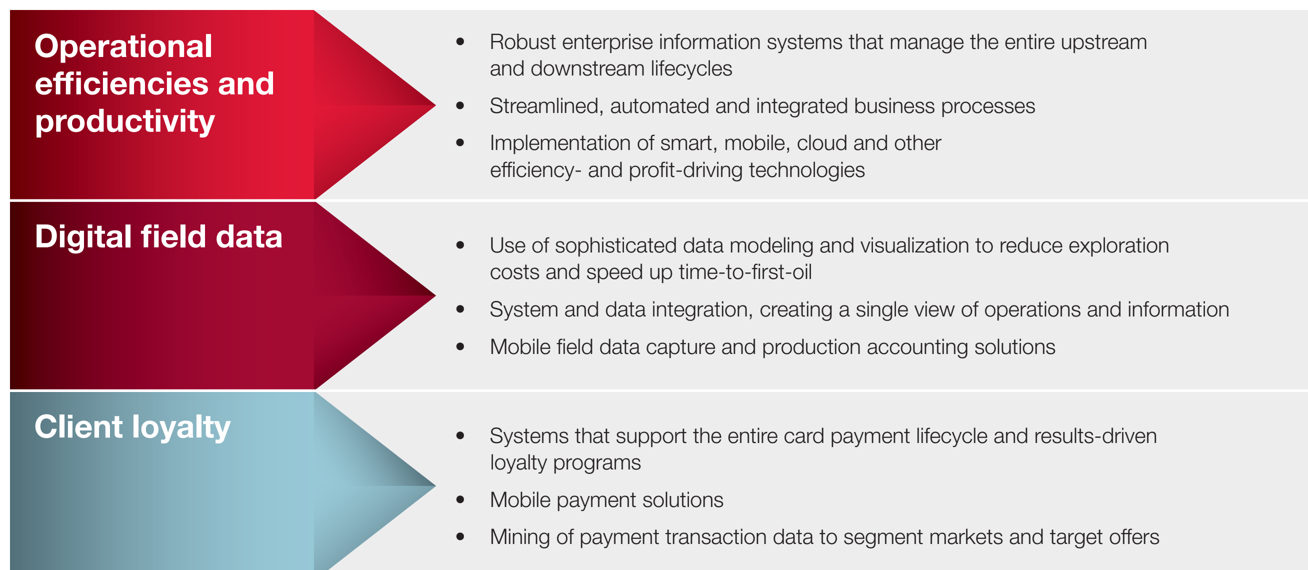
Our oil and gas clients include…

- 3 of the 6 largest oil and gas companies in the world
- Leading upstream and downstream companies worldwide, including across North America and Europe

As part of our annual planning process, our clients have shared top priorities…

1. Speed up time-to-first oil and improve operational efficiencies and productivity in production, distribution and retail
2. Manage increasing volumes of digital field data to better analyze and leverage data to improve decision making
3. Increase client loyalty through differentiation and enhanced customer value

What we're doing in response…



Manufacturing

7,000: Number of CGI professionals specialized in manufacturing that are teaming up with 2,800 supply chain experts to build long-term partnerships with our manufacturing clients across the globe.

Experience the commitment

"Ability to adapt to client context, for industry leaders, means you don't wait for a request. Entrepreneurship is key. CGI's entrepreneurship is a key success factor."

Réal Deslauriers
Vice-president, Information Systems
Bombardier Recreational Products Inc.
Montréal, Canada

"CGI is the global partner of MICHELIN, as part of a multi-year application development and maintenance contract covering business applications in supply chain and logistics, marketing and sales, and enterprise performance management. We deliver our services via a blend of onshore, nearshore and offshore delivery options, with several hundred FTEs worldwide, in a co-management framework. This innovative, best-in-class governance model provides the highest level of collaboration and intimacy, promoting entrepreneurship and enabling long-lasting, value-driven partnership to thrive."

Agnès Mauffrey
Global CIO
MICHELIN
Clermont-Ferrand, France

The results we're delivering…

25+ year partnership with Rio Tinto, one of the largest mining and metals companies in the world

Strong track record with Airbus for successful delivery of an extensive range of complex business-critical solutions across France, Germany, the UK and India

Management of an applications portfolio, supporting more than 100,000 users across the globe

Manufacturing IT service delivery and blueprint development for various business groups and plants at Royal DSM, a global company in material sciences and life sciences, to enable cohesive and efficient manufacturing operations for plants spanning from Chile to China

Optimization of the supply chain for leading manufacturers around the world using our Supply Chain Acceleration framework with repeatable approaches, platforms and solutions

600 manufacturing execution systems (MES) evaluated over the last 14 years in CGI's annual MES Product Survey, which covers trends and best practices; thought leadership and guidance for clients' MES strategies and procurement

Our manufacturing clients include…

- Top global aerospace and automotive firms
- Largest mining and metal companies in the world
- Market leaders and innovators across multiple industries such as chemicals, pulp and paper, high-tech and electronics

As part of our annual planning process, our clients have shared top priorities…

1. Supply chain optimization to increase efficiencies and cost savings
2. Product and service innovation to drive differentiation and customer loyalty
3. Business process transformation to improve agility and speed-to-market

What we're doing in response…

Supply chain optimization

- Solutions to collect, share and effectively use data to optimize operations on a near real-time basis
- Manufacturing IT strategies and blueprints to drive process improvements and cost reduction
- Integrated production processes and the automation and modernization of manufacturing execution systems
- Real-time business information integration across traditional silos

Product and service innovation

- Ecosystems and collaborative design platforms across the extended enterprise and external networks
- Enterprise solutions for product lifecycle management
- New product launch and marketing services
- Solutions for robust data analytics, covering a large volume of data derived from processes, products and business systems

Business process transformation

- Demand-driven enterprise with a technology-enabled (e.g., mobile, RFID, cloud), dynamic and collaborative value chain
- Process improvement, standardization and automation
- Application portfolio rationalization, modernization and managed services to reduce total cost of delivery

cgi.com/manufacturing

Transportation

30: Number of airlines worldwide using CGI's Pro Logistica web-based, enterprise-wide mobile retail solution to provide flexible mobile retailing functionality for managing on-board sales and stock movement.

Experience the commitment

Kees Bronner
Manager of IT Train Service Systems
ProRail
Utrecht, Netherlands

"ProRail appreciates the good relationship we have with all our suppliers, including CGI. We are confident that CGI will contribute in a significant way to a timely and safe railway, thanks to its expertise and knowledge of traffic control systems. We are looking forward to expanding our long-term relationship with CGI."

Our transport clients include…

- 8 of the world's leading airlines and airports, including Air France, KLM, Lufthansa, Amsterdam Schiphol Airport, Denver International Airport and London Heathrow Airport
- Numerous rail organizations across the globe, including SNCF (France), NS & ProRail (Netherlands), Deutsche Bahn (Germany), Queensland Rail (Australia), SJ (Sweden) and others
- Government transportation agencies and transit authorities and regulators such as Finnish Transport Agency, Transport for Greater Manchester, Rijkswaterstaat, Transport Canada and Trafikverket

As part of our annual planning process, our clients have shared top priorities…

1. Profitable growth and cost cutting to address increasing regulation, new competition and reduced financial support from government
2. Enhanced end-user experience to meet increasing and fast-changing customer demands
3. New products and services to differentiate and to retain and attract more customers

What we're doing in response…

- Streamlined enterprise asset and transportation management
- Improved regulatory compliance and enhanced physical and cybersecurity
- Supply chain optimization and IT modernization to increase agility and speed-to-market

- Implementation of advanced mobile, smart, big data and other new technologies to better understand and target new services to passengers
- New product and business development consulting
- Use of real-time data through improved business intelligence and data analytics to optimize operations and provide greater service to passengers

- Advanced CRM and quotation-to-cash (billing) services
- Mobile solutions that increase customer engagement
- Solutions that improve and manage journey planning, passenger information, online booking, self-service check-in, customs and more

The results we're delivering…

Provide a comprehensive technology and business platform in use by 10 airports in Portugal to optimize airport operations management and drive performance and profitability

Leading a work package within the 34 partner consortium called MOBiNET, which aims to simplify the Europe-wide deployment of connected transport services

Development of the Helsinki Journey Planner, a multimodal planner that is the second most valued Internet brand in Finland

Develop and manage mission-critical traffic control systems for ProRail, which manages the Dutch railway

cgi.com/transportation

Post and Logistics

25 million: Number of Nordic residents, plus 2 million companies, who receive 11 million letters, 400,000 parcels and 11,000 pallets of goods delivered by PostNord every business day supported by CGI's services. CGI delivers a full suite of post and logistics services and solutions that help clients across the globe keep pace with an ever-changing business landscape and increasing competition.

The results we're delivering...

Delivery of an innovative business intelligence approach with state-of-the-art technologies and a CO_2 optimized infrastructure in partnership with the Deutsche Bahn Group

Testing services for Hamburg Süd; successfully managed the transition in three months and now transforming to a results-based approach

Deployment of a CGI solution and a custom application at Finnish Post, which are used in 500 sales outlets by 1,500 users across Finland

E-business integration for several DHL divisions, providing a single entry point and centralized service delivery for internal and external integration between the IT systems of DHL and more than 2,000 externally connected business partners, which resulted in over 700,000 messages per day

Our post and logistics clients include…

- Major postal organizations such as Deutsche Post, DHL, Itella, PostNord and others
- Large organizations, such as Livingston International
- Major companies in the logistics industry, such as Maersk Line, Hamburg Süd and DB Schenker

As part of our annual planning process, our clients have shared top priorities…

1. Addressing increased competition for market share through privatization, deregulation and consolidation
2. Managing increasing fuel costs and sustainability imperatives, such as mandated reductions in greenhouse gases
3. Adapting to shifting demands and the provision of new services as letters significantly decline and parcels are on the increase

What we're doing in response…

Increased market share

- Develop innovative business models related to existing market or new services, reusing the existing labor force
- Deliver new products and business development consulting services
- Modernize critical IT systems to stay competitive

Sustainability

- Produce transport management systems that optimize fuel use and reduce CO_2 emissions
- Deliver high-performance and efficient scheduling and delivery systems
- Improve operational efficiencies within the supply chain

Data analytics

- Provide innovative big data and business intelligence solutions to create a single customer view
- Deliver real-time and accurate data across the supply chain to drive operational excellence and enhance the customer experience
- Increase the use of mobile solutions for new innovative services

Experience the commitment

Dominic Marx
Head of the Business Intelligence Competence Center
DB Schenker Rail
Mainz, Germany

"With the objective and thoughtful support of CGI consultants, the Business Intelligence Competence Center of DB Schenker Rail reached the next step of professionalization and performance improvement."

cgi.com/postal-services

Retail and Consumer Services

25%: Cost reduction for one of the world's largest retail companies thanks to CGI's global application management, e-commerce and mobile solutions.

Experience the commitment

"Someone who gets our business; someone who cares about our success; someone who wants to be part of our team."

Eben Miller
CIO
General Pants Group
Sydney, Australia

The results we're delivering…

Implemented a new e-commerce platform for Surfstitch, Australia's #1 online surf and fashion store, resulting in 200% revenue growth and the highest trafficked site in Australia

Supported 9,000 employees across 900 offices for Countrywide, one of Europe's largest property services groups, in such areas as desktop virtualization, VoIP and client-focused business strategy

Case in point:
Innovative click and collect solution helps Auchan Group lead the industry in multi-channel customer experience

The Auchan Group, creator of Drive, a click and collect solution for grocers, operates over 200 Drives across its banners of Auchan and Chronodrive. CGI accompanied the Auchan Group in the implementation and continued maintenance of this innovative cross-channel solution within its stores and e-commerce sites. With over 1 million customers and two-thirds of the French market, the Auchan Group continues to dominate the click and collect space. The Drive model is now well positioned for expansion internationally, as it enables retailers to implement click and collect quickly and cost-effectively—a key element in the customer experience strategy. CGI, in partnership with Meti, is the preferred integrator of click and collect solutions at a global level.

Our retail and consumer services clients include…

- Leading clients across multiple segments, including apparel, home décor, beauty, healthcare, food, brewing and drinks, jewelry, luxury goods, leisure goods, household products and many others
- Large consumer services companies in the media, entertainment, travel, publishing, hotel, construction and technology segments
- Wholesale distributors, particularly in the electrical and automotive segments

As part of our annual planning process, our clients have shared top priorities…

1. Improve the customer experience to drive differentiation and customer loyalty across all channels
2. Leverage new digital channels driven by consumer demand and new interactive technologies
3. Improve cost management through supply chain optimization, improved processes and new technology

What we're doing in response…

Looking forward with our clients

As part of our annual planning process, we held more than 550 in-person client interviews this year to listen to their top priorities. During these conversations, clients shared the following set of common areas where they need to harness new ideas and proven business and technology strategies. Here's a look at what we're doing in response.

Digital

Making informed decisions and managing the opportunities and risks associated with inserting digital into organizational ecosystems

Mobility

Securely developing and executing mobile strategies, platforms and applications, and managing the ongoing operation and evolution of mobile environments

Customer experience

Becoming a customer-centric organization that effectively captures, interprets and acts upon customer insight to drive satisfaction through differentiated services across all channels

BI / Big data

Combining structured and unstructured data, such as documents and social media, to drive new insights and improved ability to manage such areas as fraud, public safety and healthcare

Cybersecurity

Managing complex information security needs — from audit and compliance requirements, to policy and architecture — with a business-focused approach

New products and services

Developing competitive business strategies and technology solutions to introduce new products and services to market in a faster, more agile and cost-effective manner

Analytics

Turning data into actionable business information utilizing predictive models and insights that improve the quality of relationships that drive business value

Cloud services

Navigating the transition, integration and ongoing management of cloud solutions to meet the most demanding commercial and government requirements

Supply chain

Harnessing the latest technology with an end-to-end approach that integrates R&D, purchasing, logistics, production and warranty to reduce total delivery cost and respond to an increasingly demanding clientele

Read more about what we're doing in these areas in the previous pages. Let's also continue the conversation. Contact us at info@cgi.com to learn what we're doing to help our clients succeed.

The CGI Constitution

While most companies have a vision and mission, CGI goes a step beyond. We have a company dream, which emphasizes the enjoyment and ownership principles essential to our success. The CGI dream, together with our mission, vision and values, make up the CGI Constitution. With frameworks and programs founded upon this Constitution, CGI's professionals have the opportunity to participate in the life and development of their company, which, in turn, results in client loyalty and shareholder growth.

Our dream

To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.

Our vision

To be a global world class information technology and business process services leader helping our clients succeed.

Our mission

To help our clients succeed through outstanding quality, competence and objectivity, providing thought leadership and delivering the best services and solutions to fully satisfy client objectives in information technology, business processes and management. In all we do, we foster a culture of partnership, intrapreneurship, teamwork and integrity, building a global world class information technology and business process services company.

Our values

PARTNERSHIP AND QUALITY

For us, partnership and quality are both a philosophy and a way of life. We constantly deepen our understanding of our clients' business and we develop and follow the best management practices. We entrench these approaches into client relationship and service delivery frameworks in order to foster long term and strong partnerships with our clients. We listen to our clients and we are committed to their total satisfaction in everything we do.

OBJECTIVITY AND INTEGRITY

We exercise the highest degree of independent thinking in selecting the products, services and solutions we recommend to clients. In doing so, we adhere to the highest values of quality, objectivity and integrity. We do not accept any remuneration from suppliers. We always act honestly and ethically. We never seek to gain undue advantages and we avoid conflicts of interest, whether real or perceived.

INTRAPRENEURSHIP AND SHARING

Our collective success is based on our competence, commitment and enthusiasm. We promote a culture of innovation and initiative where we are empowered with a sense of ownership in supporting clients, thus ensuring our profitable growth. Through teamwork, sharing our know-how and expertise across our global operations, we bring the best of CGI to our clients. As members, we share in the value we create through equity ownership and profit participation.

RESPECT

In all we do, we are respectful of our fellow members, clients, business partners and competitors. As a global company, we recognize the richness that diversity brings to the company and welcome this diversity while embracing the overall CGI business culture.

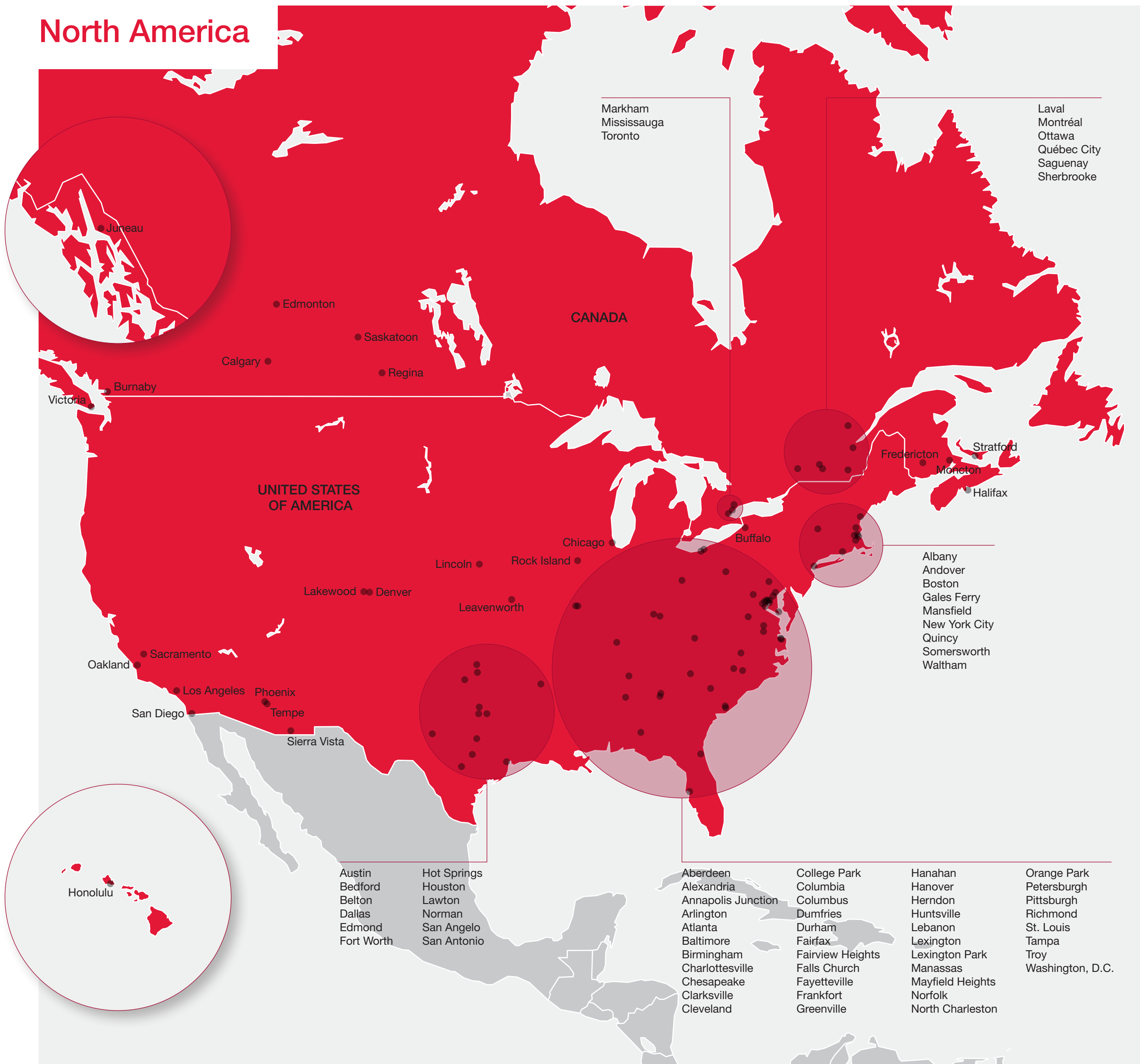
FINANCIAL STRENGTH

We strive to deliver strong, consistent financial performance which sustains long term growth and benefits both members and shareholders. Financial strength enables us to continuously invest in our members' capabilities, our services and our business solutions to the benefit of our clients. To this end, we manage our business to generate industry superior returns.

CORPORATE SOCIAL RESPONSIBILITY

Our business model is designed to ensure that we are close to our clients and communities. As members, we embrace our social responsibilities and contribute to the continuous development of the communities in which we live and work.

A strong local presence in 400 communities around the world



Europe, Middle East and Africa

FINLAND
Kiruna
Gällivare
Pajala
Boden
Luleå
Tornio
Oulu
SWEDEN
Skellefteå
Umeå
Örnsköldsvik
Östersund
Härnösand
Sundsvall
Kuopio
Joensuu
Vaasa
Jyväskylä
NORWAY
Söderhamn
Pori
Mikkeli
Lappeenranta
Hamar
Bergen
Oslo
Gävle
Borlänge
Gardermoen
Haugesund
Stavanger
Tønsberg
Västerås
Stockholm
Tallinn
ESTONIA
Tartu

Espoo
Helsinki
Hämeenlinna
Kouvola
Lahti
Riihimäki
Tampere
Turku

Arnhem
Eindhoven
Groningen
Hoofddorp
Rotterdam

Aberdeen
UNITED KINGDOM
Glasgow
Edinburgh
Newcastle
Aalborg
Herning
Aarhus
DENMARK
Ballerup
Kolding
Malmö

Arboga
Bromölla
Eskilstuna
Gothenburg
Helsingborg
Jönköping
Kalmar
Karlskrona
Karlstad
Kristianstad
Linköping
Mariestad
Norrköping
Örebro
Oskarshamn
Skara
Växjö

IRELAND
Dublin
NETHERLANDS
Hamburg
Bremen
Hanover
Berlin
POLAND
Warsaw

Basingstoke
Birmingham
Brentwood
Bridgend
Bristol
Colchester
Gloucester
Leatherhead
London
Manchester
Milton Keynes
Reading
Shipley
St Albans

BELGIUM
Brussels
Lille
GERMANY
Erfurt
CZECH REPUBLIC
LUXEMBOURG
Amiens
Brno
Prague
Krakow
Plzen
Paris
Rennes
Leinfelden-Echterdingen
SLOVAKIA
Brest
Le Mans
Strasbourg
Munich
Bratislava
Nantes
Niort
Orléans
Clermont Ferrand
Lyon
SWITZERLAND
Limoges
Grenoble
Bordeaux
FRANCE
Milan
Montpellier
Nice
ITALY
Pau
Toulouse
Aix en Provence

Bertrange
Darmstadt
Düsseldorf
Hennef
Heerlen
Karlsruhe
Mannheim
Sulzbach

Baden
Basel
Geneva

SPAIN
Porto
PORTUGAL
Madrid
Toledo

Lisbon
Sacavém
Sintra

Málaga
Rabat
Casablanca
MOROCCO

Cairo
EGYPT
SAUDI ARABIA
Riyadh
Dubai
UNITED ARAB EMIRATES

South America

Caracas
COLOMBIA
VENEZUELA
Bogotá
PERU
Lima
BRAZIL
São Paulo
Mogi das Cruzes
ARGENTINA
Buenos Aires
CHILE
Santiago

Asia Pacific

INDIA
Mumbai
Hyderabad
Bangalore
Chennai
Manila
PHILIPPINES
MALAYSIA
Kuala Lumpur
SINGAPORE
Singapore
AUSTRALIA
Brisbane
Sydney
Canberra
Melbourne
Hobart

CGI's leadership team

CGI's management team includes seasoned experts within the IT services industry who develop strategies to satisfy the needs of our three stakeholders — clients, members and shareholders — and work to ensure all stakeholders' success.

Corporate services

Serge Godin
Founder and Executive Chairman of the Board

Michael E. Roach
President and Chief Executive Officer

R. David Anderson
Executive VP and Chief Financial Officer

Jame Cofran
Senior VP and Chief Marketing Officer

Benoit Dubé
Executive VP and Chief Legal Officer

Julie Godin
Executive VP, Human Resources and Strategic Planning

Global operations

UNITED STATES

George Schindler
President

Pete Ihrig
U.S. Enterprise Markets

Mark Boyajian
Mid-Atlantic

Dave Delgado
U.S. West

Robert Farrell
Global Infrastructure Services

Dave Henderson
U.S. Central & South

Christopher James
Business Solutions & Onshore Delivery

Gregg Mossburg
U.S. Northeast

Dr. James Peake
President, CGI Federal

Toni Townes-Whitley
Chief Operating Officer & Civilian Agency Programs

Cheryl Campbell
Health & Compliance Programs

Barbara Fast
Army & Defense Intelligence Programs

Tim Hurlebaus
National Security & Defense Programs

Tom Kirk
Government Secure Solutions

CANADA

Claude Marcoux
Chief Operating Officer

Réjean Bernard
Global Infrastructure Services

Shawn Derby
Western Canada

Michael Godin
National Capital Region

Roy Hudson
Communication Services Business

Alain Bouchard
Québec City

Marie MacDonald
Greater Toronto

Jay MacIsaac
Atlantic Canada

Guy Vigeant
Greater Montreal

CENTRAL & EASTERN EUROPE

Serge Dubrana
President

Ron de Mos
Netherlands

Dariusz Gorzen
Poland

Torsten Strass
Germany & Switzerland

Stefan Szabó
Czech Republic & Slovakia

Hans Vets
Belgium

Lorne Gorber
Senior VP, Global Communications and Investor Relations

Doug McCuaig
Executive VP, Global Client Transformations Services

Eva Maglis
Executive VP, Global Chief Information Officer

Luc Pinard
Executive VP, Corporate Performance

Daniel Rocheleau
Executive VP and Chief Business Engineering Officer

Claude Séguin
Senior VP, Corporate Development and Strategic Investments

FRANCE

Jean-Michel Baticle
President

Philippe Bouron
Business Consulting

Aïda Collette-Sène
Financial Services

Sassan Mohseni
Energy & Utilities / Telecommunications / Media

Stéphane Jaubert
CPG Retail and North

Pierre-Dominique Martin
Public Sector / HR / Transportation

David Kirchhoffer
Manufacturing

Fabien Debû
Grand Est

Gilles Le Franc
Grand Ouest

Michel Malhomme
Production Centers

Mohamed Lakhlifi
Morocco

UNITED KINGDOM

Timothy Gregory
President

Steve Thorn
Central Government

Mike Whitchurch
Commercial

Kevin Cunningham
Commercial Enterprise Markets

Tara McGeehan
Energy & Utilities

Melba Foggo
Financial Services & Business Consulting

David Fitzpatrick
Global Infrastructure Services

Jeremy Springall
Oil & Gas

Paula Sussex
Public Sector

Steve Smart
Space & Defence

NORDICS, SOUTHERN EUROPE & SOUTH AMERICA

João Baptista
President

Olav Sandbakken
Norway

José Carlos Gonçalves
Southern Europe

Björn Ivroth
Sweden

Edson Leite
South America

Heikki Nikku
Finland & Estonia

Martin Petersen
Denmark

ASIA PACIFIC & MIDDLE EAST

Colin Holgate
President

S. Chandramouli
India

Mark Aston
South East Asia

Alberto Jorge-Ferreira
Middle East

Scott Ayer
Australia

Founded in 1976, CGI is a global IT and business process services provider delivering high-quality business consulting, systems integration and managed services. With 68,000 professionals in 40 countries, CGI has an industry-leading track record of delivering 95% of its projects on-time and on-budget, aligning our teams with clients' business strategies to achieve top-to-bottom line results.

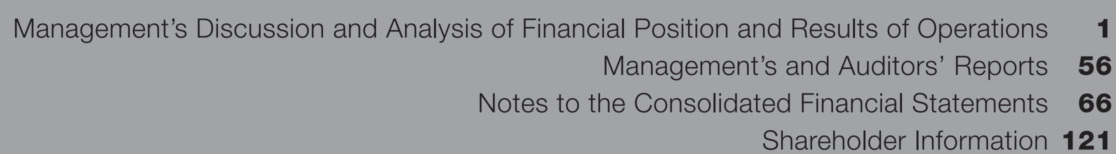
cgi.com

Experience the Commitment, CGI Collections360, CGI Trade360, Exploration2Revenue, Pro Logistica, Ratabase, Sovera and Tapestry are trademarks or registered trademarks of CGI Group Inc. or its related companies.

CGI

Experience the commitment®

FISCAL 2013 RESULTS



Management's Discussion and Analysis of Financial Position and Results of Operations **1**

Management's and Auditors' Reports **56**

Notes to the Consolidated Financial Statements **66**

Shareholder Information **121**

Management's Discussion and Analysis of Financial Position and Results of Operations

November 14, 2013

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations ("MD&A") is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee, which is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

Throughout this document, CGI Group Inc. is referred to as "CGI", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This document should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2013 and 2012. CGI's accounting policies are in accordance with International Financials Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All dollar amounts are in Canadian dollars unless otherwise indicated.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information to be important in making an investment decision.

Forward-Looking Statements

All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of that term in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified members; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified in the MD&A, in CGI's Annual Report on Form 40-F filed with the U.S. Securities and Exchange Commission (filed on EDGAR at www.sec.gov), the Company's Annual Information Form filed with the Canadian securities authorities (filed on SEDAR at www.sedar.com), as well as assumptions regarding the foregoing. The words "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan," and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information. You will find more information about the risks that could cause our actual results to differ significantly from our current expectations in Section 10 – Risk Environment.

Non-GAAP Measures

The reader should note that the Company reports its financial results in accordance with IFRS. However, in this MD&A, certain non-GAAP financial measures are used:

1. Earnings before acquisition-related and integration costs, finance costs, finance income, other income, share of profit on joint venture, and income tax expense ("adjusted EBIT");
2. Constant currency growth;
3. Days sales outstanding ("DSO");
4. Return on invested capital ("ROIC");
5. Return on equity ("ROE");
6. Net debt; and
7. Net debt to capitalization ratio.

Management believes that these non-GAAP measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional measures of its performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

A reconciliation of adjusted EBIT to its closest IFRS measure can be found on page 21. Definitions of constant currency growth, DSO, ROIC, ROE, net debt and net debt to capitalization are provided on page 9. A reconciliation of net debt to its closest IFRS measure and a discussion of DSO, ROIC, ROE and net debt to capitalization can be found on page 30.

Change in Reporting Segments

At the beginning of fiscal 2013, we revised our management reporting structure to reflect our new operating segments established following the acquisition of Logica plc ("Logica") on August 20, 2012. This included the modification of our basis of reporting such that the revenue and profitability of our Global Infrastructure Services ("GIS") activities were reallocated to each geographic segment. The Company is now managed through the following seven operating segments, namely: Canada; United States of America ("U.S."); Nordics, Southern Europe and South America ("NSESA"); Central and Eastern Europe (including the Netherlands, Germany, and Belgium) ("CEE"); United Kingdom ("U.K."); Asia Pacific (including Australia, India, the Philippines and the Middle East); and France (including Luxembourg and Morocco). This MD&A reflects the current segmentation and therefore the segmented results for the year and three months ended September 30, 2012 were retrospectively revised. Please refer to Note 27 of our audited consolidated financial statements for additional information on our segments.

MD&A Objectives and Contents

- Provide a narrative explanation of the audited consolidated financial statements through the eyes of management;
- Provide the context within which the audited consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Company's business; and
- Provide information to assist the reader in ascertaining the likelihood that past performance is indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

Section	Contents	Pages
1. Corporate Overview	This includes a description of our business and how we generate revenue as well as the markets in which we operate.	
	1.1. About CGI	5
	1.2. Vision and Strategy	6
	1.3. Competitive Environment	6
2. Highlights and Key Performance Measures	A summary of key achievements during the year and past three years' key performance measures, and CGI's share performance.	
	2.1. Fiscal 2013 Highlights	8
	2.2. Key Performance Measures Defined	9
	2.3. Selected Yearly Information & Key Performance Measures	10
	2.4. Stock Performance	11
3. Financial Review	A discussion of year-over-year changes to operating results for the years ended September 30, 2013 and 2012, describing the factors affecting revenue and adjusted EBIT on a consolidated and reportable segment basis, and also by describing the factors affecting changes in the major expense categories. Also discussed are bookings broken down by geography, by vertical market, by contract type and by service type.	
	3.1. Bookings and Book-to-Bill Ratio	13
	3.2. Foreign Exchange	14
	3.3. Revenue Distribution	15
	3.4. Revenue Variation and Revenue by Segment	16
	3.5. Operating Expenses	18
	3.6. Adjusted EBIT by Segment	19
	3.7. Earnings before Income Taxes	21
	3.8. Net Earnings and Earnings Per Share ("EPS")	22

Section	Contents	Pages
4. Liquidity	This includes a discussion of changes in cash flows from operating, investing and financing activities. This section also describes the Company's available capital resources, financial instruments, and off-balance sheet financing and guarantees. Measures of liquidity (days sales outstanding) and capital structure (return on equity, net debt to capitalization, and return on invested capital) are analyzed on a year-over-year basis.	
	4.1. Consolidated Statements of Cash Flows	24
	4.2. Capital Resources	27
	4.3. Contractual Obligations	28
	4.4. Financial Instruments and Hedging Transactions	28
	4.5. Selected Measures of Liquidity and Capital Resources	30
	4.6. Off-Balance Sheet Financing and Guarantees	30
	4.7. Capability to Deliver Results	31
5. Fourth Quarter Results	A discussion of year-over-year changes to operating results for the three months ended September 30, 2013 and 2012, describing the factors affecting revenue and earnings on a consolidated and reportable segment basis.	
	5.1 Revenue Variation and Revenue by Segment	32
	5.2 Adjusted EBIT by Segment	35
	5.3 Net Earnings and Earnings Per Share	37
6. Eight Quarter Summary	A summary of the past eight quarters' key performance measures and a discussion of the factors that could impact our quarterly results.	39
7. Changes in Accounting Standards	A summary of future accounting standards to be adopted.	40
8. Critical Accounting Estimates	A discussion of the estimates and judgements made in the preparation of the consolidated financial statements.	41
9. Integrity of Disclosure	A discussion of the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.	46
10. Risk Environment	A discussion of the risks affecting our business activities and what may be the impact if these risks are realized.	
	10.1 Risks and Uncertainties	46
	10.2 Legal Proceedings	54

1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montreal, Canada, CGI is the fifth largest independent information technology and business process services firm in the world. CGI has approximately 68,000 employees, whom we refer to as members, worldwide. The Company's client-proximity model provides for CGI services and solutions to be delivered in a number of ways and considering a number of factors: onsite at clients' premises; or from any combination of onsite, near-shore and/or offshore delivery centers. We also have a number of leading business solutions that support long-term client relationships. Our services are broken down as:

- Consulting – CGI provides a full range of IT and management consulting services, including business transformation, IT strategic planning, business process engineering and systems architecture.
- Systems integration – CGI integrates and customizes leading technologies and software applications to create IT systems that respond to clients' strategic needs.
- Management of IT and business functions ("outsourcing") – Clients delegate entire or partial responsibility for their IT or business functions to CGI to achieve significant savings and access the best suited technology, while retaining control over strategic IT and business functions. As part of such agreements, we implement our quality processes and practices to improve the efficiency of the clients' operations. We also integrate clients' operations into our technology network. Finally, we may take on specialized professionals from our clients, enabling our clients to focus on key operations. Services provided as part of an outsourcing contract may include development and integration of new projects and applications; applications maintenance and support; technology infrastructure management (enterprise and end-user computing and network services); transaction and business processing such as payroll, claims processing, and document management services. Outsourcing contracts typically have terms from five to ten years.

CGI offers its end-to-end services to a focused set of industry vertical markets where we have developed extensive and deep subject matter expertise. This allows us to fully understand our clients' business realities and to have the knowledge and solutions needed to advance their business goals. Our targeted vertical markets include the following:

- Financial services – Helping financial institutions, including most major banks and top insurers, to reduce costs, increase efficiency and improve customer service.
- Government – Supporting over 2,000 government organizations in reducing costs and improving the efficiency, quality and accountability of public service organizations, all while increasing citizen engagement.
- Health – Helping more than 1,000 healthcare facilities, hospitals and departments of health implement solutions for better care, better business and better outcomes.
- Telecommunications and utilities – Helping six of the top ten largest global telecommunications providers and eight of the top ten largest European utilities deliver new revenue streams and improve productivity and service.
- Manufacturing, retail and distribution ("MRD") – Enabling business transformation for more than 2,000 clients by improving efficiency and loyalty, lowering costs and boosting sustainable growth.

CGI has a wide range of proprietary business solutions which help shape opportunities and drive value for our clients and shareholders. Examples of these include Enterprise Resource Planning solutions, energy management, credit and debt collections, tax management, claims auditing and fraud detection.

We take great pride in delivering high quality services to our clients. To do so consistently, we have implemented and continue to maintain the International Organization for Standardization ("ISO") quality program. By designing and implementing rigorous service delivery and quality standards, followed by monitoring and measurement, we are better

able to satisfy our clients' needs. As a measure of the scope of our ISO program, all of the legacy CGI's business units continue to be certified and the work on harmonizing Logica's processes to apply for the same certification is in progress.

1.2. VISION AND STRATEGY

At CGI, we derive our business vision from our dream which is to create an environment in which we enjoy working together and, as owners, contribute to building a Company we can be proud of. That dream led to CGI's vision of being a global world-class IT and BPS leader, helping its clients succeed.

Our focus on profitable growth has centered on building critical mass in key client geographies, gaining a deep knowledge of clients' business sectors and developing specialized practices and innovative solutions.

With the IT industry rapidly maturing, and as globalization and consolidation increased, we focused on executing our "build and buy" growth strategy, expanding both through organic growth ("build") and through acquisitions ("buy") a strategy that we follow to this day.

CGI remains committed to the fundamentals that help all of CGI's stakeholders succeed, and the fulfillment of CGI's strategic objective of doubling the size of the Company.

In 2010, CGI acquired Stanley, Inc. The acquisition nearly doubled the size of CGI's U.S. operations. In addition, the combination of talent and capabilities created further opportunity for growth in the key U.S. federal market.

Two years later, we made our largest acquisition to date, merging with the Anglo-Dutch business and technology services Company Logica. The acquisition more than doubled the number of CGI members globally and offered greater presence, service capabilities and expertise for our clients across the Americas, Europe and Asia. With this acquisition, we became the world's fifth largest independent IT and business process services Company.

Today, with a presence in 40 countries, strong expertise in all of our target markets and a complete range of IT services, CGI is able to meet our clients' business needs anywhere, anytime. While remaining true to our Constitution, CGI continues to adapt to best respond to changes in the IT market, the local and global business climate of clients, and to our professionals' and shareholders' expectations.

1.3. COMPETITIVE ENVIRONMENT

As a global provider of end-to-end information technology and business process services, CGI operates in a highly competitive and rapidly evolving global industry. Our competition comprises a variety of global players, from niche companies providing specialized services to other end-to-end service providers, mainly in the U.S., Europe and India, all of whom are competing to deliver some or all of the services we provide.

Recent mergers and acquisition activity has resulted in CGI being positioned as one of the few remaining IT services firms that operates independently of any hardware or software vendor. This independence allows CGI to deliver the best-suited technology available to our clients.

CGI offers its end-to-end services to a select set of targeted vertical markets in which we have deep business and technical expertise covering 94% of global IT spend. To compete effectively, CGI focuses on high-end systems integration, consulting and outsourcing where vertical market industry knowledge and expertise are required.

Our business model is designed to listen to the needs of our clients and adapt our offerings to provide the best solutions to meet each client's unique needs. Our client approach focuses on:

- **Local accountability:** We live and work near our clients to provide a high level of responsiveness. We speak our clients' language, understand their business environment, and collaborate with them to meet their goals and advance their business.

- **Global capabilities:** Our local presence is backed by an expansive global delivery network that ensures our clients have access to the best-fit 24/7 resources.

- **Quality processes:** Our investment in quality frameworks and rigorous client satisfaction assessments provides for a consistent track record of on-time, on-budget delivery to minimize the uncertainty and risk of projects, enabling our clients to focus on their business objectives.

- **Committed experts:** Our professionals have vast industry, business and technology expertise to help our clients. In addition, a majority of our professionals are Company owners, providing an added level of commitment to our clients' success.

- **Practical innovation:** We provide a full set of business consulting, systems integration and outsourcing services that are complemented by a strong set of IP offerings to offer creative business strategies to our clients.

CGI's business operations are executed based on the same Management Foundation, ensuring consistency and cohesion across the world.

There are many factors involved in winning and retaining IT and BPS contracts, including the following: total cost of services; ability to deliver; track record; vertical market expertise; investment in business solutions; local presence; global delivery capability; and the strength of client relationships. CGI compares favourably with its competition with respect to all of these factors.

In summary, CGI's competitive value proposition encompasses the following: end-to-end IT and BPS capability; expertise and proprietary business solutions in our targeted vertical markets covering the majority of global IT spending; a unique global delivery model, which includes industry leading delivery capabilities; a disciplined Management Foundation; and our focus on client satisfaction which is supported by our client proximity business model.

2. Highlights and Key Performance Measures

2.1. FISCAL 2013 HIGHLIGHTS

Fiscal 2013 marks the first full year of results from Logica's businesses. Operational highlights for the year include:

- Revenue of $10.1 billion, up 111.3%;
- Bookings of $10.3 billion, up 99.0%;
- Backlog of $18.7 billion, up more than $1 billion;
- Adjusted EBIT of $1,075.6 million, up 96.7%;
- Adjusted EBIT margin of 10.7%;
- Net earnings of $727.7 million, or diluted EPS of $2.30, excluding acquisition-related and integration costs and net unfavorable tax adjustments;
- Net earnings of $455.8 million, or diluted EPS of $1.44 on a GAAP basis, including acquisition-related and integration costs and net unfavorable tax adjustments;
- Cash provided by operating activities of $671.3 million, or $2.12 per diluted share;
- Net debt reduced by $365.4 million and repurchased 723,100 shares during the year; and
- Return on invested capital of 11.8%.

2.1.1. Acquisition of Logica plc

On August 20, 2012, CGI completed its acquisition of Logica for 105 pence ($1.63) per ordinary share which is equivalent to a total purchase price of $2.7 billion plus the assumption of Logica's net debt of $0.9 billion. Subsequent to August 20, 2012, our results incorporated the operations of Logica.

As announced in Q2 2013, the Company decided to stretch its integration goals increasing the annual savings target from $300 million to $375 million per year to drive additional long-term savings and EPS accretion. The one-time cost to accomplish the expanded plan had been increased from $400 million to $525 million; and the Company expects to complete the program by the end of fiscal 2014, a year earlier than planned.

Of the announced integration costs of $525.0 million, $109.7 million was expensed in fiscal 2012 while $338.4 million was expensed in the current year for a total of $448.2 million since the beginning of the program. The total future cash disbursements of approximately $213 million will cover the remaining transformation of the business processes as well as the rental payments for sites closed under the program and are comprised of a year-end provision of approximately $136 million and another $76.8 million required to complete the program.

For the first full year of results following the transaction, the Company exceeded its accretion target. As noted on page 23 the Company realized an EPS before acquisition-related and integration costs and other adjustments of $2.30 per diluted share compared to $1.50 for the previous year.

2.2. KEY PERFORMANCE MEASURES DEFINED

We use a combination of financial measures, ratios, and non-GAAP measures to assess our Company's performance. The table below summarizes our most relevant key performance measures. The calculated results and the discussion of each indicator follow in the subsequent sections.

Profitability	• Adjusted EBIT – is a measure of earnings before items not directly related to the cost of operations, such as financing costs, acquisition-related and integration costs and income taxes (see definition on page 2). Management believes this best reflects the profitability of our operations. • Diluted earnings per share – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised.
Liquidity	• Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our corporate strategy. • Days sales outstanding – is the average number of days to convert our trade receivables and work in progress into cash. Management tracks this metric closely to ensure timely collection, healthy liquidity, and is committed to a DSO target of 45 days.
Growth	• Constant currency growth – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. We believe that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. • Backlog – represents management's best estimate of revenue to be realized in the future based on the terms of respective client agreements in effect at a point in time. • Book-to-bill ratio – is a measure of the proportion of the value of our contract wins to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time. Management remains committed to maintaining a target ratio greater than 100% over a 12-month period. Management believes that the longer period is a more effective measure as the size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.
Capital Structure	• Net debt and net debt to capitalization ratio – is a measure of our level of financial leverage net of our cash and cash equivalents, short-term investments and marketable long-term investments. Management uses the net debt to capitalization metric to monitor the proportion of debt versus capital used to finance our operations and it provides insight into our financial strength. • Return on equity – is a measure of the rate of return on the ownership interest of our shareholders. Management looks at ROE to measure its efficiency at generating profits for the Company's shareholders and how well the Company uses the invested funds to generate earnings growth. • Return on invested capital – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments. Management examines this ratio to assess how well it is using its money to generate returns.

2.3. SELECTED YEARLY INFORMATION & KEY PERFORMANCE MEASURES

CGI completed its acquisition of Logica on August 20, 2012, six weeks prior to the end of fiscal 2012. The significant year-over-year changes for fiscal 2011 through fiscal 2013 are primarily attributable to this acquisition. The Company is currently executing its integration plan and expects the margins to improve further as additional cost synergies are realized.

As at and for the years ended September 30,	2013	2012	2011	Change 2013 / 2012	Change 2012 / 2011
In millions of CAD unless otherwise noted					
Growth					
Backlog [1]	**18,677**	17,647	13,398	**1,030**	4,249
Bookings	**10,310**	5,180	4,875	**5,130**	305
Book-to-bill ratio	**102.2%**	108.5%	115.4%	**(6.3%)**	(6.9%)
Revenue	**10,084.6**	4,772.5	4,223.9	**5,312.2**	548.5
Year-over-year growth [2]	**111.3%**	13.0%	15.8%	**98.3%**	(2.8%)
Constant currency growth [2]	**110.1%**	12.1%	18.9%	**98.0%**	(6.8%)
Profitability					
Adjusted EBIT [3]	**1,075.6**	546.7	536.3	**528.9**	10.4
Adjusted EBIT margin	***10.7%***	*11.5%*	*12.7%*	***(0.8%)***	*(1.2%)*
Net earnings	**455.8**	131.5	438.1	**324.3**	(306.6)
Net earnings margin	***4.5%***	*2.8%*	*10.4%*	***1.7%***	*(7.6%)*
Basic EPS (in dollars)	**1.48**	0.50	1.65	**0.98**	(1.15)
Diluted EPS (in dollars)	**1.44**	0.48	1.59	**0.96**	(1.11)
Liquidity					
Cash provided by operating activities	**671.3**	613.3	570.0	**58.0**	43.3
As a % of revenue	***6.7%***	*12.9%*	*13.5%*	***(6.2%)***	*(0.6%)*
Days sales outstanding [4, 10]	**49**	74	53	**(25)**	21
Capital structure					
Net debt [5]	**2,739.9**	3,105.3	919.0	**(365.4)**	2,186.3
Net debt to capitalization ratio [6, 10]	**39.6%**	46.5%	27.4%	**(6.9%)**	19.1%
Return on equity [7]	**12.3%**	5.0%	19.6%	***7.3%***	(14.6%)
Return on invested capital [8]	**11.8%**	11.4%	13.7%	**0.4%**	(2.3%)
Balance sheet					
Cash and cash equivalents, bank overdraft and short-term investments	**106.3**	127.6	70.8	**(21.3)**	56.7
Total assets [10]	**10,879.3**	10,690.2	4,657.4	**189.0**	6,032.9
Long-term financial liabilities [9, 10]	**3,186.2**	4,097.4	238.2	**(911.2)**	3,859.2

1 Backlog includes new contract wins, extensions and renewals ("bookings"), partially offset by the backlog consumed during the year as a result of client work performed and adjustments related to the volume, cancellation and/or the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change.

2 Constant currency growth is adjusted to remove the impact of foreign currency exchange rate fluctuations. Please refer to page 16 for details. The reader should note that both the year-over-year and constant currency growth rates for fiscal 2011 have not been restated as fiscal 2010 numbers under IFRS are not available.

3 Adjusted EBIT is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 21.

4 Days sales outstanding are obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts assumed through the Logica acquisition.

5 Net debt represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments. It is a non-GAAP measure for which we provide the reconciliation to its closest IFRS measure on page 30.

6 The net debt to capitalization ratio represents the proportion of debt net of cash and cash equivalents, short-term and marketable long-term investments (“net debt”) over the sum of shareholders' equity and debt.

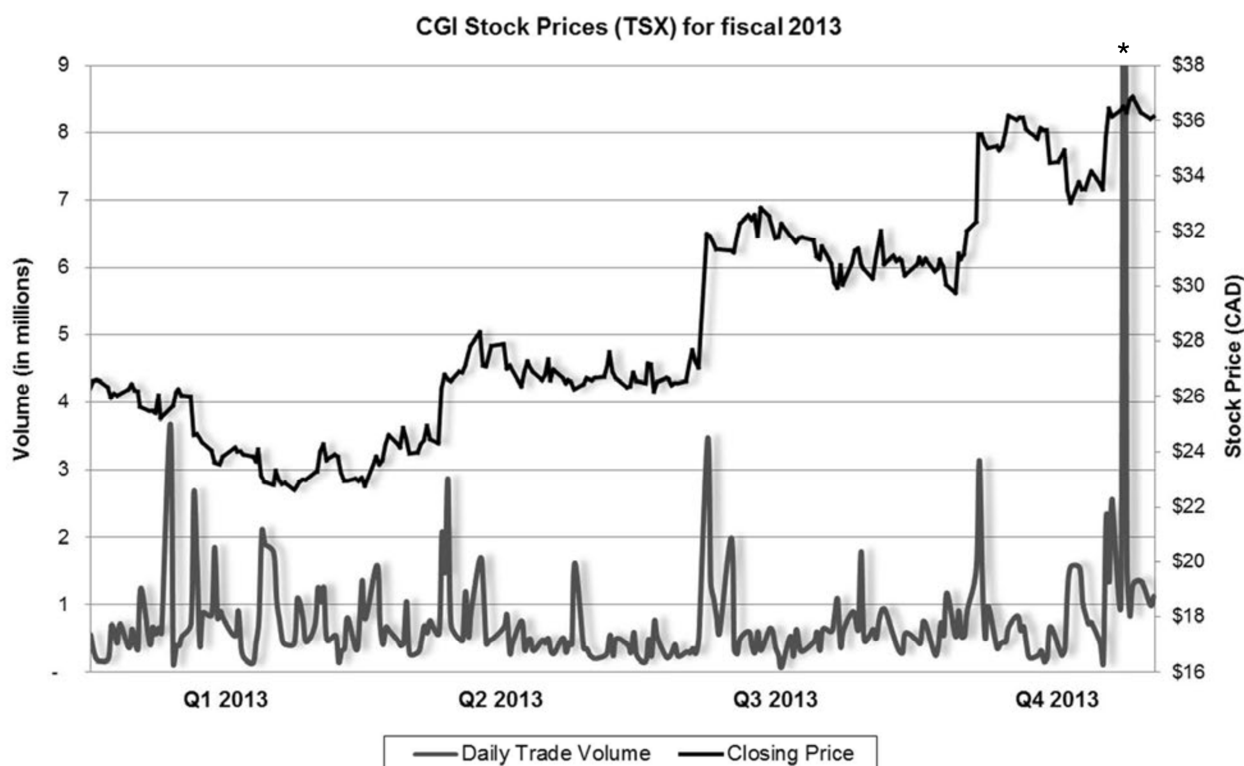
7 The return on equity ratio is calculated as the proportion of earnings for the last 12 months over the last four quarters' average equity.

8 The return on invested capital ratio represents the proportion of the after-tax adjusted EBIT for the last 12 months, over the last four quarters' average invested capital, which is defined as the sum of equity and debt, less cash and cash equivalents, short-term and marketable long-term investments.

9 Long-term financial liabilities include the long-term portion of debt, long-term provisions, retirement benefits obligations and other long-term liabilities.

10 The reader should note that the figures for fiscal 2012 were restated to reflect the preliminary purchase price allocation adjustments made to the opening balance sheet of Logica.

2.4. STOCK PERFORMANCE



* On September 20, 2013, 17.7 million CGI shares were traded on the TSX. The higher volume is likely related to CGI's recent inclusion in the S&P/TSX 60 Index.

2.4.1. Fiscal 2013 Trading Summary

CGI's shares are listed on the Toronto Stock Exchange (“TSX”) (stock quote – GIB.A) and the New York Stock Exchange (“NYSE”) (stock quote – GIB) and are included in the S&P/TSX Composite Index, the S&P/TSX 60 Index, the S&P/TSX Capped Information Technology and Midcap Indices, and the Dow Jones Sustainability Index.

TSX	(CDN$)	**NYSE**	(US$)
Open:	26.36	Open:	26.92
High:	37.82	High:	36.72
Low:	22.33	Low:	22.51
Close:	36.15	Close:	35.10
CDN average daily trading volumes*:	1,179,354	U.S. average daily trading volumes:	170,085

*Includes the average daily volumes of both the TSX and alternative trading systems.

2.4.2. Share Repurchase Program

On January 30, 2013, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of the Normal Course Issuer Bid ("NCIB") to purchase up to 10% of the public float of the Company's Class A subordinate shares as of the close of business on January 25, 2013. The NCIB enables CGI to purchase, on the open market, up to 20,685,976 Class A subordinate shares for cancellation. The Class A subordinate shares may be purchased under the NCIB commencing February 11, 2013 and ending on the earlier of February 10, 2014, or the date on which the Company has either acquired the maximum number of Class A subordinate shares allowable under the NCIB, or elects to terminate the NCIB.

During fiscal 2013, the Company repurchased 723,100 of its Class A subordinate shares for $22.9 million at an average price of $31.63 under the current and previous NCIB. As at September 30, 2013, the Company may purchase up to an additional 20.0 million shares under the current NCIB.

2.4.3. Capital Stock and Options Outstanding (as at November 8, 2013)

277,469,091 Class A subordinate shares

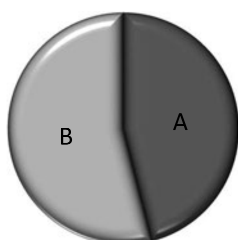
33,272,767 Class B shares

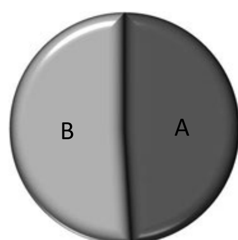
19,846,975 options to purchase Class A subordinate shares

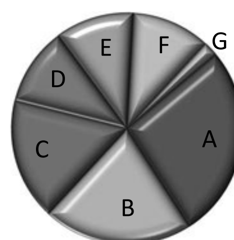
3. Financial Review

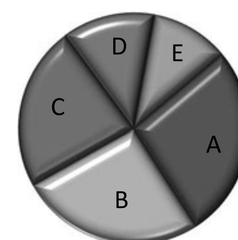
3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the year were $10.3 billion, representing a book-to-bill ratio of 102.2%. The breakdown of the $10.3 billion in bookings signed during the year is as follow:









Contract Type

A. New business 46%

B. Extensions and renewals 54%

Service Type

A. Management of IT and business functions (outsourcing) 49%

B. Systems integration and consulting 51%

Segment

A. USA............................... 27%

B. NSESA.......................... 21%

C. Canada 17%

D. France........................... 11%

E. U.K. 11%

F. CEE.............................. 11%

G. Asia Pacific 2%

Vertical Markets

A. Manufacturing, retail & distribution 27%

B. Government 26%

C. Financial services 23%

D. Telecommunications & utilities 13%

E. Health.............................. 11%

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

3.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. We report all dollar amounts in Canadian dollars. Accordingly, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates as prescribed by IFRS.

Closing foreign exchange rates

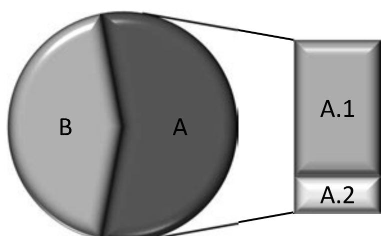
As at September 30,	2013	2012	Change
U.S. dollar	**1.0285**	0.9837	**4.6%**
Euro	**1.3920**	1.2646	**10.1%**
Indian rupee	**0.0164**	0.0186	**(11.8%)**
British pound	**1.6639**	1.5869	**4.9%**
Swedish krona	**0.1604**	0.1498	**7.1%**
Australian dollar	**0.9607**	1.0219	**(6.0%)**

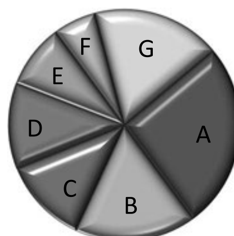
Average foreign exchange rates

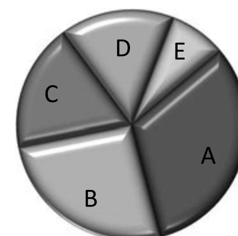
For the years ended September 30,	2013	2012	Change
U.S. dollar	**1.0155**	1.0074	**0.8%**
Euro	**1.3326**	1.3077	**1.9%**
Indian rupee	**0.0180**	0.0192	**(6.3%)**
British pound	**1.5846**	1.5878	**(0.2%)**
Swedish krona	**0.1551**	0.1482	**4.7%**
Australian dollar	**1.0105**	1.0368	**(2.5%)**

3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the year:







Service Type

A. Management of IT and business functions (outsourcing) 56%
   1. IT services 44%
   2. Business process services 12%

B. Systems integration and consulting 44%

Client Geography

A. U.S. 26%
B. Canada. 17%
C. France 12%
D. U.K 12%
E. Sweden 9%
F. Finland. 6%
G. Rest of the world 18%

Vertical Markets

A. Government 32%
B. Manufacturing, retail & distribution 26%
C. Financial services 18%
D. Telecommunications & utilities 16%
E. Health 8%

3.3.1. Client Concentration

IFRS guidance on Segment Disclosures defines a single customer as a group of entities that are known to the reporting enterprise to be under common control. The Company considers the federal, regional or local governments each to be a single customer. Our work for the U.S. federal government including its various agencies represented 13.8% of our revenue for fiscal 2013 as compared to 28.0% in fiscal 2012.

3.4. REVENUE VARIATION AND REVENUE BY SEGMENT

Our seven segments are based on our geographic delivery model: U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between fiscal 2013 and 2012. The fiscal 2012 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's foreign exchange rates. Since our presence in the segments NSESA, France, U.K., CEE, and Asia Pacific was not significant until the Logica acquisition which was completed on August 20, 2012, management believes that calculating the foreign exchange impact by applying the exchange rate differential to the CGI fiscal 2012 revenue amounts is more representative for these segments.

For the years ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
Total CGI revenue	**10,084,624**	4,772,454	**111.3%**
Variation prior to foreign currency impact	**110.1%**		
Foreign currency impact	**1.2%**		
Variation over previous period	**111.3%**		
U.S.			
Revenue prior to foreign currency impact	**2,489,115**	2,120,382	**17.4%**
Foreign currency impact	**23,415**		
U.S. revenue	**2,512,530**	2,120,382	**18.5%**
NSESA			
Revenue prior to foreign currency impact	**1,992,779**	216,366	**821.0%**
Foreign currency impact	**17,914**		
NSESA revenue	**2,010,693**	216,366	**829.3%**
Canada			
Revenue prior to foreign currency impact	**1,685,021**	1,737,529	**(3.0%)**
Foreign currency impact	**702**		
Canada revenue	**1,685,723**	1,737,529	**(3.0%)**
France			
Revenue prior to foreign currency impact	**1,260,810**	157,328	**701.4%**
Foreign currency impact	**12,794**		
France revenue	**1,273,604**	157,328	**709.5%**
U.K.			
Revenue prior to foreign currency impact	**1,154,178**	171,548	**572.8%**
Foreign currency impact	**4,342**		
U.K. revenue	**1,158,520**	171,548	**575.3%**
CEE			
Revenue prior to foreign currency impact	**992,206**	191,596	**417.9%**
Foreign currency impact	**11,744**		
CEE revenue	**1,003,950**	191,596	**424.0%**

For the years ended September 30,	2013	2012	Change
Asia Pacific			
Revenue prior to foreign currency impact	**451,736**	177,705	**154.2%**
Foreign currency impact	**(12,132)**		
Asia Pacific revenue	**439,604**	177,705	**147.4%**

We ended fiscal 2013 with revenue of $10,084.6 million, an increase of $5,312.2 million or 111.3% over fiscal 2012. On a constant currency basis, revenue increased by 110.1%, while foreign currency rate fluctuations favourably impacted our revenue by $58.8 million or 1.2%. Year-over-year, our MRD vertical market grew the most at 292%, followed by our telecommunications & utilities vertical at 134% and healthcare at 84%.

The significant revenue growth year-over-year, was due to the impact of the Logica acquisition, and to a lesser extent from the continued growth in our U.S. operations, which posted a constant currency growth of 17.4%. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Revenue from these five segments represented $5,886.4 million or 58.4% of total CGI revenue for the year.

3.4.1. U.S.

Revenue in our U.S. segment was $2,512.5 million in fiscal 2013, an increase of $392.1 million or 18.5% compared to fiscal 2012. On a constant currency basis, growth was 17.4% year-over-year. The increase in revenue reflects the high levels of bookings from 2012 and 2013 now coming on stream and the ramp up of existing engagements, primarily in the government and health vertical markets, and to a lesser extent the addition of Logica's U.S. business. For the current year, U.S.'s top two vertical markets were government and health, which together accounted for approximately 80% of its revenue.

3.4.2. NSESA

Revenue from our NSESA segment was $2,010.7 million in fiscal 2013, an increase of $1,794.3 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in Sweden, Finland, Denmark, Norway, Portugal, Spain and Brazil, while CGI had operations in Spain and Portugal. For fiscal 2013, revenue coming from Sweden and Finland accounted for 72% of this segment. For the current year, NSESA's top two vertical markets were MRD and government, which together accounted for approximately 61% of its revenue.

3.4.3. Canada

Revenue in our Canada segment for fiscal 2013 was $1,685.7 million, a decrease of $51.8 million or 3.0% compared to fiscal 2012. The revenue change was due to lower SI&C work volumes due to the completion of projects, and a cautionary spending pattern deferring the start-up of new projects and to a lesser extent from the expiration of a document management services contract in the financial services vertical. For the current year, Canada's top two vertical markets were financial services and MRD, which together accounted for approximately 58% of its revenue.

3.4.4. France

Revenue from our France segment was $1,273.6 million in fiscal 2013, an increase of $1,116.3 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica. For the current year, France's top two vertical markets were MRD and financial services, which together accounted for approximately 67% of its revenue.

3.4.5. U.K.

Revenue from our U.K. segment was $1,158.5 million in fiscal 2013, an increase of $987.0 million compared to 2012. The increase in revenue was due to the acquisition of Logica. For the current year, U.K.'s top two vertical markets were government and MRD, which together accounted for approximately 71% of its revenue.

3.4.6. CEE

Revenue from our CEE segment was $1,004.0 million in fiscal 2013, an increase of $812.4 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in the Netherlands, Germany, Belgium, Czech Republic and Poland, while CGI had operations in Germany and Poland. For fiscal 2013, revenue coming from the Netherlands and Germany accounted for 86% of this segment. For the current year, CEE's top two vertical markets were MRD and government, which together accounted for approximately 58% of its revenue.

3.4.7. Asia Pacific

Revenue from our Asia Pacific segment was $439.6 million in fiscal 2013, an increase of $261.9 million compared to fiscal 2012. The increase in revenue was due to the acquisition of Logica, which expanded our customer base in Australia, increased our delivery capacity in India, added delivery capacity in the Philippines, as well as added business from Malaysia and the Middle East. For the current year, Asia Pacific's top two vertical markets were telecommunications & utilities and MRD, which together accounted for approximately 74% of its revenue.

3.5. OPERATING EXPENSES

For the years ended September 30,	2013	% of Revenue	2012	% of Revenue	Change $	Change %
In thousands of CAD except for percentages						
Costs of services, selling and administrative	**9,012,310**	**89.4%**	4,226,859	88.6%	**4,785,451**	**113.2%**
Foreign exchange gain	**(3,316)**	**(0.0%)**	(1,134)	(0.0%)	**2,182**	**192.4%**

3.5.1. Costs of Services, Selling and Administrative

Costs of services, selling and administrative expenses amounted to $9,012.3 million in fiscal 2013, an increase of $4,785.5 million from $4,226.9 million in fiscal 2012. The translation of the results of our foreign operations from their local currencies to the Canadian dollar unfavourably impacted costs by $56.1 million, substantially offsetting the favourable translation impact of $58.8 million on revenue. The increase in cost of services, selling and administrative expenses was mainly due to the incremental costs of operating the recently acquired business of Logica. As a percentage of revenue, costs of services, selling and administrative also increased from 88.6% in fiscal 2012 to 89.4% in fiscal 2013. The increase was primarily due to the blending of Logica's operations, which have a higher cost base, with CGI's operations. As a percentage of revenue, costs of services, selling and administrative expenses have sequentially decreased from 88.6% in Q3 2013 to 87.4% in Q4 2013. This improvement is mainly the result of business synergies achieved from the ongoing integration of Logica.

The majority of our costs are denominated in currencies other than the Canadian dollar. The risk of foreign exchange fluctuation impacting the results is substantially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency. In particular cases where the costs related to specific contracts are denominated in a different currency than the functional currency of its subsidiaries, the Company enters into foreign exchange forward contracts to hedge cash flows.

3.5.2. Foreign Exchange Gain

This line item includes the realized and unrealized foreign exchange impact on our earnings. The Company, in addition to its natural hedges, has a strategy in place to manage its exposure, to the extent possible, to exchange rate fluctuations through the effective use of derivatives.

3.6. ADJUSTED EBIT BY SEGMENT

For the years ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
U.S.	**283,690**	233,764	**21.4%**
As a percentage of U.S. revenue	***11.3%***	*11.0%*	
NSESA	**139,418**	(9,370)	**1,587.9%**
As a percentage of NSESA revenue	***6.9%***	*(4.3%)*	
Canada	**320,306**	302,552	**5.9%**
As a percentage of Canada revenue	***19.0%***	*17.4%*	
France	**109,760**	(9,168)	**1,297.2%**
As a percentage of France revenue	***8.6%***	*(5.8%)*	
U.K.	**102,820**	(2,297)	**4,576,3%**
As a percentage of U.K. revenue	***8.9%***	*(1.3%)*	
CEE	**67,341**	(834)	**8,174.5%**
As a percentage of CEE revenue	***6.7%***	*(0.4%)*	
Asia Pacific	**52,295**	32,082	**63.0%**
As a percentage of Asia Pacific revenue	***11.9%***	*18.1%*	
Adjusted EBIT	**1,075,630**	546,729	**96.7%**
Adjusted EBIT margin	***10.7%***	*11.5%*	

Adjusted EBIT for the year was $1,075.6 million, an increase of $528.9 million or 96.7% from the previous year, while the margin decreased from 11.5% to 10.7% over the same period. The significant growth in adjusted EBIT was due to the acquisition of Logica. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Adjusted EBIT for the year from these five segments was $471.6 million or an adjusted EBIT margin of 8.0%, up from $10.4 million or 1.1% from fiscal 2012. We are continuing to execute our integration plan to implement CGI's business model to increase the margins in these segments in the future periods.

Our Canada and U.S. segments contributed $604.0 million in fiscal 2013 compared to $536.3 million in fiscal 2012, or a margin of 14.4% which improved compared to the 13.9% margin last year.

3.6.1. U.S.

Adjusted EBIT in the U.S. segment was $283.7 million for fiscal 2013, an increase of 21.4% or $49.9 million year-over-year, while the margin increased from 11.0% to 11.3%. The increase in adjusted EBIT and margin came primarily from the strong revenue growth in this segment, from the continuous diligent management of overheads and from additional licence sales.

3.6.2. NSESA

Adjusted EBIT in the NSESA segment was $139.4 million for fiscal 2013, an increase of $148.8 million year-over-year, while the margin increased from (4.3%) to 6.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.3. Canada

Adjusted EBIT in the Canada segment was $320.3 million for fiscal 2013, an increase of $17.8 million year-over-year, while the margin increased from 17.4% to 19.0%. The improvement in margin reflects the focus on the management of resource utilization as well as cost reductions from additional real estate optimization.

3.6.4. France

Adjusted EBIT in the France segment was $109.8 million for fiscal 2013, an increase of $118.9 million year-over-year, while the margin increased from (5.8%) to 8.6%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.5. U.K.

The U.K. segment adjusted EBIT was $102.8 million for fiscal 2013, an increase of $105.1 million year-over-year, while the margin increased from (1.3%) to 8.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.6. CEE

The CEE segment adjusted EBIT was $67.3 million for fiscal 2013, an increase of $68.2 million year-over-year, while the margin increased from (0.4%) to 6.7%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.6.7. Asia Pacific

The Asia Pacific segment adjusted EBIT was $52.3 million for fiscal 2013, an increase of $20.2 million year-over-year, while the margin decreased from 18.1% to 11.9%. This increase in adjusted EBIT was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation while the decrease in margin was mainly due to the combination of the Indian Logica operations with the higher margin legacy CGI Indian delivery centers. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

3.7. EARNINGS BEFORE INCOME TAXES

The following table provides, for the periods indicated, a reconciliation between our adjusted EBIT and earnings before income taxes, which is reported in accordance with IFRS.

For the years ended September 30,	2013	% of Revenue	2012	% of Revenue
In thousands of CAD except for percentages				
Adjusted EBIT	**1,075,630**	**10.7%**	546,729	11.5%
Minus the following items:				
Acquisition-related and integration costs	**338,439**	**3.4%**	254,973	5.3%
Finance costs	**113,931**	**1.1%**	42,099	0.9%
Finance income	**(4,362)**	**(0.0%)**	(5,318)	(0.1%)
Other income	**—**	**—**	(3,955)	(0.1%)
Share profit on joint venture	**—**	**—**	(3,996)	(0.1%)
Earnings before income taxes	**627,622**	**6.2%**	262,926	5.5%

3.7.1. Acquisition-Related and Integration Costs

For the year ended September 30, 2013 the Company incurred $338.4 million of integration costs. These costs pertain to the transformation of Logica's operations to the CGI operating model.

The $255.0 million incurred in fiscal 2012 was comprised of $109.7 million of integration costs, $108.9 million of financing costs and $36.4 million of acquisition-related costs.

3.7.2. Finance Costs

The year-over-year increase in finance costs was mainly related to the incremental interest expense from the debt used to finance the Logica acquisition.

3.7.3. Finance Income

Finance income includes interest and other investment income related to cash balances, investments, and tax assessments.

3.7.4. Other Income

During fiscal 2012, the Company sold its 49% interest in Innovapost Inc. ("Innovapost"). A gain of $3.0 million was recognized in the first quarter of fiscal 2012.

3.7.5. Share of Profit on Joint Venture

During fiscal 2012, the Company sold its 49% interest in Innovapost. An amount of $4.0 million related to CGI's share of profit on the joint venture with Innovapost was recorded in the first quarter of fiscal 2012.

3.8. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the years ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
Earnings before income taxes	**627,622**	262,926	**138.7%**
Income tax expense	**171,802**	131,397	**30.8%**
Effective tax rate	***27.4%***	*50.0%*	
Net earnings	**455,820**	131,529	**246.6%**
Net earnings margin	***4.5%***	*2.8%*	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	**307,900,034**	263,431,660	**16.9%**
Class A subordinate shares and Class B shares (diluted)	**316,974,179**	273,644,002	**15.8%**
Earnings per share (in dollars)			
Basic EPS	**1.48**	0.50	**196.0%**
Diluted EPS	**1.44**	0.48	**200.0%**

3.8.1. Income Tax Expense

For fiscal 2013, income tax expense was $171.8 million, an increase of $40.4 million compared to $131.4 million in fiscal 2012, while our effective income tax rate decreased from 50.0% to 27.4%. The increase in the income tax expense was mainly due to higher earnings before income taxes and net unfavorable tax adjustments. The adjustments are comprised of a $18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future rate reduction in the U.K., from taxes paid on the repatriation of funds from the legacy Logica Indian operations of $7.6 million partly offset by a favorable adjustment of $14.9 million in the U.S. resulting from the expiration of a statute of limitation period. The decrease in income tax rate was due to certain 2012 non-deductible transaction costs and integration expenses incurred on which the tax benefit was not recognized in fiscal 2012, partially offset by the above-mentioned adjustments.

The table on page 23 shows the year-over-year comparison of the tax rate with the net unfavorable tax adjustments and the impacts of acquisition-related and integration costs removed.

Based on the enacted rates at the end of fiscal 2013 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 24% to 26% in subsequent periods.

3.8.2. Weighted Average Number of Shares

CGI's basic and diluted weighted average number of shares for fiscal 2013 increased compared to fiscal 2012 due to the issuance of 46.7 million Class A subordinate shares to Caisse de Dépôt et Placement du Québec ("CDPQ") to finance the acquisition of Logica. During the year, 723,100 shares were repurchased, while 3,765,982 options were exercised.

3.8.3. Net Earnings and Earnings per Share Excluding Certain Items

Below is a table showing the year-over-year comparison excluding the items related to the acquisition of Logica, as well as the 2013 tax adjustments:

For the years ended September 30,	2013	2012 [1]	Change
In thousands of CAD except for percentages			
Earnings before income taxes	**627,622**	262,926	**138.7%**
Add back:			
Acquisition-related and integration costs [2]	**338,439**	254,973	**32.7%**
Logica loss [3]	**—**	18,314	**(100.0%)**
Interest rate impact [4]	**—**	19,010	**(100.0%)**
Earnings before income taxes prior to adjustments	**966,061**	555,223	**74.0%**
Margin	***9.6%***	*13.2%*	
Income tax expense	**171,802**	131,397	**30.8%**
Add back:			
Income tax recovery on the Logica loss	**—**	1,098	**(100.0%)**
Tax deduction on acquisition-related and integration costs, and interest rate impact	**77,707**	21,396	**263.2%**
Remove:			
Tax adjustments [5]	**(11,113)**	—	**—**
Income tax expense prior to adjustments	**238,396**	153,891	**54.9%**
Effective tax rate prior to adjustments	***24.7%***	*27.7%*	
Net earnings prior to adjustments	**727,665**	401,332	**81.3%**
Net earnings margin	***7.2%***	*9.5%*	
Weighted average number of shares [6]			
Class A subordinate shares and Class B shares (basic)	**307,900,034**	258,199,439	**19.2%**
Class A subordinate shares and Class B shares (diluted)	**316,974,179**	268,411,780	**18.1%**
Earnings per share prior to adjustments (in dollars)			
Basic EPS	**2.36**	1.55	**52.3%**
Diluted EPS	**2.30**	1.50	**53.3%**

1 The 2012 adjustments were maintained as reported last year as management considers that it gives a better view of CGI's results prior to the Logica acquisition.

2 Costs related to the acquisition and integration of Logica.

3 Logica's results for the six-week period ended September 30, 2012, excluding acquisition-related and integration costs.

4 The interest rate impact removes the incremental interest expense related to the debt drawn for the acquisition of Logica and the difference in the interest rate between our variable rate credit facility and the fixed interest rate on the long-term notes.

5 The unfavorable tax adjustments are comprised of an $18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future tax rate reduction in the U.K., from taxes paid on the repatriation of funds from the legacy Logica Indian operations of $7.6 million, partially offset by a favorable adjustment of $14.9 million in the U.S. resulting from the expiration of statute of limitation period.

6 The weighted average number of shares for 2012 was re-calculated without the issuance of the 46.7 million Class A shares to the CDPQ as management considers that it gives a better view of CGI's EPS prior to adjustments related to the Logica acquisition.

4. Liquidity

4.1. CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of our cash flow from operations, borrowing under our existing credit facilities, the issuance of long-term debt, and the issuance of equity. One of our primary financial goals is to maintain an optimal level of liquidity through the active management of our assets and liabilities as well as our cash flows.

As at September 30, 2013, cash and cash equivalents were $106.2 million. The following table provides a summary of the generation and utilization of cash for the year ended September 30, 2013 and 2012.

For the years ended September 30,	2013	2012	Change
In thousands of CAD			
Cash provided by operating activities	**671,257**	613,262	**57,995**
Cash used in investing activities	**(233,855)**	(2,849,034)	**2,615,179**
Cash (used in) provided by financing activities	**(445,971)**	2,285,480	**(2,731,451)**
Effect of foreign exchange rate changes on cash and cash equivalents	**1,665**	2,722	**(1,057)**
Net (decrease) increase in cash and cash equivalents	**(6,904)**	52,430	**(59,334)**

4.1.1. Cash Provided by Operating Activities

Cash provided by operating activities was $671.3 million for fiscal 2013 compared to $613.3 million for fiscal 2012. The following table provides a summary of the generation and utilization of cash from operating activities.

For the years ended September 30,	2013	2012	Change
In thousands of CAD			
Net earnings	**455,820**	131,529	**324,291**
Amortization and depreciation	**435,944**	231,398	**204,546**
Other adjustments [1]	**61,049**	67,027	**(5,978)**
Dividend received from joint venture	**—**	7,350	**(7,350)**
Net change in non-cash working capital items:			
Accounts receivable, work in progress and deferred revenue	**(52,830)**	(30,461)	**(22,369)**
Accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions	**(240,311)**	237,712	**(478,023)**
Other [2]	**11,585**	(31,293)	**42,878**
Net change in non-cash working capital items	**(281,556)**	175,958	**(457,514)**
Cash provided by operating activities	**671,257**	613,262	**57,995**

1 Comprised of deferred incomes taxes, foreign exchange (gain) loss, share-based payment costs, gain on sale of investment in joint venture, share of profit on joint venture and loss on repayment of debt assumed in business acquisition.

2 Comprised of prepaid expenses and other assets and income taxes.

The increase in net earnings was due to the acquisition of Logica and from the benefits of implementing the CGI management foundation while the amortization and depreciation increase was primarily related to the incremental amortization expense of the acquired Logica operations.

The $52.8 million decrease from the previous year in the accounts receivable, work in progress and deferred revenue was mainly the results of an increase in the tax credits receivable along with a slight increase in our DSO to 49 days, as a result of the timing of milestone payments. We remain committed to our 45 day target for DSO.

The $240.3 million decrease from fiscal 2012 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions was due to the utilization of approximately $80.0 million of the estimated losses on revenue-generating contracts which originated from the acquisition, a net decrease of $42 million in acquisition-related and integration accruals, and payments in connection with the settlement of inherited claims for $31.3 million. To a lesser extent, the decrease in accounts payable and accrued liabilities came from the transition and transformation of our business practices related to the acquired Logica operations in areas such as the reduction of subcontractors and the implementation of spend management practices.

The $30.5 million decrease from fiscal 2011 to fiscal 2012 in the accounts receivable, work in progress and deferred revenue was mainly attributable to the inclusion of six weeks of Logica's operations into CGI's operations.

The $237.7 million increase from fiscal 2011 to fiscal 2012 in accounts payable and accrued liabilities, accrued compensation, other long-term liabilities and provisions is primarily attributable to the $255.0 million of acquisition-related and integration accruals and provisions.

Cash provided by operating activities represented 6.7% of revenue in fiscal 2013 compared to 12.9% of revenue for fiscal 2012. The decrease was mainly due to the above-mentioned items. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations. Excluding the approximate $306 million in payments of integration-related costs in respect of the CGI integration program and the approximate payments of $27 million of acquisition-related costs, the cash provided by operating activities for fiscal 2013 would have been over a $1.0 billion, representing 10.0% of revenue compared to approximately $654 million or 13.7% of revenue for fiscal 2012.

4.1.2. Cash Used in Investing Activities

In fiscal 2013, $233.9 million was used in investing activities while $2,849.0 million was used in fiscal 2012. The following table provides a summary of the generation and utilization of cash from investing activities.

For the years ended September 30,	2013	2012	Change
In thousands of CAD			
Business acquisitions (including bank overdraft assumed)	**(5,140)**	(2,734,795)	**2,729,655**
Proceeds from sale of business and investment in joint venture	**—**	30,583	**(30,583)**
Purchase of property, plant and equipment	**(141,965)**	(64,555)	**(77,410)**
Additions to intangible assets	**(71,447)**	(43,658)	**(27,789)**
Additions to contract costs	**(31,207)**	(25,325)	**(5,882)**
Additions to other long-term assets	**—**	(2,208)	**2,208**
Net change in short-term investments, purchase of long-term investments and proceeds from sale of long-term investments	**7,727**	(6,179)	**13,906**
Other investing activities [1]	**8,177**	(2,897)	**11,074**
Cash used in investing activities	**(233,855)**	(2,849,034)	**2,615,179**

[1] Comprised of payment received from long-term receivable and purchase of call options related to business acquisition.

For 2013, the year-over-year combined increase of $111.1 million for the purchase of property, plant and equipment, and the additions of intangible assets and contract costs was due to support the acquired Logica operations. We added and updated the functionality of our business solutions, and various internal software applications as well as licenses for our expanded operations.

In fiscal 2012, $2,734.8 million was used for the acquisition of Logica while the $30.6 million received from the sale of investment in joint venture was largely related to the disposal of our 49% interest in Innovapost settled in Q2 2012.

4.1.3. Cash Used in Financing Activities

During the year, $446.0 million was used in financing activities while $2,285.5 million was provided in fiscal 2012. The following table provides a summary of the generation and utilization of cash from financing activities.

For the years ended September 30,	2013	2012	Change
In thousands of CAD			
Net change in credit facilities	**(467,027)**	(158,618)	**(308,409)**
Net change in long-term debt	**12,276**	2,353,964	**(2,341,688)**
Repayment of debt assumed in business acquisition	**—**	(841,183)	**841,183**
Purchase of Class A subordinate shares held in trust	**(7,663)**	(14,252)	**6,589**
Sale of Class A subordinate shares held in trust	**—**	1,171	**(1,171)**
Repurchase of Class A subordinate shares	**(22,869)**	(102,845)	**79,976**
Issuance of Class A subordinate shares, net of transaction costs	**39,312**	1,047,243	**(1,007,931)**
Cash (used in) provided by financing activities	**(445,971)**	2,285,480	**(2,731,451)**

During the current year, $467.0 million was used for the reimbursement of the credit facilities drawn to finance the acquisition of Logica and the Company increased its outstanding long-term debt by $12.3 milion. CGI repurchased 0.7 million Class A subordinate shares for $22.9 million on the open market under the previous and current NCIB while $7.7 million was used to purchase CGI shares under the Performance Share Unit ("PSU") Plan which is part of the compensation package of various executive officers. Finally, we received $39.3 million in proceeds from the exercise of stock options.

In fiscal 2012, a term loan of $2,354.0 million was drawn while $1,000.0 million of CGI Class A subordinate shares were issued for the acquisition of Logica. The Company also made net repayments of $891.4 million related to the debt assumed for the Logica acquisition and reimbursed a net amount of $158.6 million on its credit facilities. CGI also repurchased 5.4 million of its Class A subordinate shares for $102.8 million on the open market under the previous and current NCIB. An amount of $14.3 million was also used to purchase CGI shares under the PSU Plan which is part of the compensation package of various executive officers. Finally, we received $47.2 million in proceeds from the exercise of stock options.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

The effect of foreign exchange rate changes on cash and cash equivalents was negligible for both the 2013 and 2012 fiscal year. These amounts had no effect on net earnings as they were recorded in other comprehensive income.

4.2. CAPITAL RESOURCES

In thousands of CAD	Total commitment	Available at September 30, 2013	Outstanding at September 30, 2013
Cash and cash equivalents	—	106,199	—
Short-term investments	—	69	—
Long-term marketable investments	—	20,333	—
Unsecured committed revolving facilities [1]	**1,500,000**	1,210,630	289,370
Total	**1,500,000**	1,337,231	289,370

[1] Consists of drawn portion of $254.8 million and Letters of Credit for $34.6 million outstanding on September 30, 2013.

Our cash position and bank lines are sufficient to support our growth strategy. At September 30, 2013, cash and cash equivalents, short-term and long-term marketable investments represented $126.6 million.

Cash equivalents typically include term deposits, all with maturities of 90 days or less. Short-term investments include fixed deposits with initial maturities ranging from 91 days to 1 year. Long-term marketable investments include corporate and government bonds with maturities ranging from one to five years, rated “A” or higher.

The amount of capital available was $1,337.2 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. At September 30, 2013, CGI was in compliance with these covenants.

Total debt decreased by $381.8 million to $2,866.6 million at September 30, 2013, compared to $3,248.4 million at September 30, 2012. The variation was mainly due to the net reimbursement of $467.0 million under the credit facilities, partially offset by an unrealized loss of $78.0 million on foreign exchange translation.

On October 31, 2013, the $1,500.0 million unsecured revolving credit facility was extended by one year to December 2017 and can be further extended annually. This agreement was accepted by all the lenders except one having a commitment of $50.0 million which will expire at the original maturity date. All other terms and conditions including interest rates and banking covenants remain unchanged.

The Company expects that cash generated from the combined operations will permit deleveraging over the next three years and that funds generated will be adequate to meet our business needs in the foreseeable future while maintaining adequate levels of liquidity.

4.3. CONTRACTUAL OBLIGATIONS

We are committed under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements. For the year ended September 30, 2013, the Company decreased its commitments by $322.0 million mainly due to the reimbursement of the long-term debt taken on to acquire Logica.

Commitment type *(In thousands of CAD)*	**Total**	**Less than 1 year**	**2nd and 3rd years**	**4th and 5th years**	**After 5 years**
Long-term debt	**2,820,695**	511,949	1,540,509	362,049	406,188
Estimated interests on long-term debt	**300,947**	88,299	123,136	41,466	48,046
Finance lease obligations	**67,928**	22,224	35,813	9,494	397
Estimated interests on capital lease obligations	**3,272**	1,646	1,435	187	4
Operating leases					
Rental of office space	**1,486,568**	290,585	480,563	373,107	342,313
Computer equipment	**80,660**	43,946	32,155	4,376	183
Automobiles	**85,221**	42,008	32,626	5,163	5,424
Long-term service agreements and other	**63,856**	30,867	29,493	3,496	—
Total contractual obligations	**4,909,147**	**1,031,524**	**2,275,730**	**799,338**	**802,555**

Our required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes. Our contributions to benefit plans are estimated at $21.0 million for fiscal 2014 as described in note 16 to the financial statements.

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to manage our exposure to fluctuations of foreign currency exchange rates and interest rates. We do not hold or use any derivative instruments for trading purposes. 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 the consolidated statement of comprehensive income. Any realized or unrealized gains or losses on instruments covering the U.S. denominated debt are also recognized in the audited consolidated statement of comprehensive income.

We have the following outstanding hedging instruments:

Hedges on net investments in foreign operations

- US$552.0 million debt designated as the hedging instrument of the Company's net investment in U.S. operations;
- €85.0 million debt designated as a hedging instrument of the Company's net investment in European operations;
- $1,153.7 million cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations.

Cash flow hedges on future revenue

- US$56.8 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;

- US$94.4 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;
- $142.5 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee;
- €31.0 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Swedish Krona;
- €17.0 million foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Moroccan Dirham.

Cash flow hedges on unsecured committed term loan credit facility

- $1,234.4 million interest rate swaps floating-to-fixed.

Fair value hedges on Senior U.S. unsecured notes

- US$250.0 million interest rate swaps fixed-to-floating.

Derivatives not designated as hedges

The Company does not have any derivatives not designated as hedges as at September 30th, 2013.

The effective portion of the change in the fair value of the derivative instruments is recognized in other comprehensive income and the ineffective portion, if any, in net earnings. During the year ended September 30, 2013, the Company's hedging relationships were effective.

We expect that approximately $5.7 million of the accumulated net unrealized losses on all derivative financial instruments designated as cash flow hedges at September 30, 2013 will be reclassified in the consolidated statements of earnings in the next 12 months.

4.5. SELECTED MEASURES OF LIQUIDITY AND CAPITAL RESOURCES

As at September 30,	2013	2012
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	**2,739,949**	3,105,313
Add back:		
Cash and cash equivalents	**106,199**	113,103
Short-term investments	**69**	14,459
Long-term investments	**20,333**	15,533
Long-term debt including the current portion	**2,866,550**	**3,248,408**
Net debt to capitalization ratio	**39.6%**	46.5%
Return on equity	**12.3%**	5.0%
Return on invested capital	**11.8%**	11.4%
Days sales outstanding (in days)	**49**	74

We use the net debt to capitalization ratio as an indication of our financial leverage in order to pursue any large outsourcing contracts, expand global delivery centres, or make acquisitions. On August 20, 2012, we acquired Logica using a combination of debt and stock, causing our net debt to capitalization ratio to increase significantly. The net debt to capitalization ratio decreased compared to fiscal 2012 due to the net repayments made on the outstanding long-term debt.

Return on equity is a measure of the return we are generating for our shareholders. ROE increased from 5.0% in fiscal 2012 to 12.3% at the end of fiscal 2013. The increase was mainly due to the higher net earnings over the last four quarters as the benefits of the integration of Logica with CGI were being realized.

ROIC is a measure of the Company's efficiency in allocating the capital under our control to profitable investments. The return on invested capital was 11.8% as at September 30, 2013, compared to 11.4% a year ago. The improvement in the ROIC was mainly the result of our higher after-tax adjusted EBIT for the last twelve months compared to last year as the benefits of the integration of Logica with CGI were being realized.

DSO decreased from 74 days as at September 30, 2012 to 49 days at the end of fiscal 2013. In calculating the DSO, we subtract the deferred revenue balance from trade accounts receivable and work in progress; for that reason, the timing of payments received from outsourcing clients in advance of the work to be performed and the timing of payments related to project milestones can affect the DSO fluctuations. The DSO decrease was mainly due to the fact that at the end of fiscal 2012 the full value of Logica's trade receivables, work in progress, and deferred revenue were included in the calculation while only six weeks of revenue from the acquisition were included which resulted in an increased DSO. Improvements in the billing and collections activities of the newly acquired business units also contributed to the decrease in the DSO. We remain committed to manage our DSO within our 45-day target.

4.6. OFF-BALANCE SHEET FINANCING AND GUARANTEES

CGI engages in the practice of off-balance sheet financing in the normal course of operations for a variety of transactions such as operating leases for office space, computer equipment and vehicles. In accordance with IFRS, neither the lease liability nor the underlying asset is carried on the balance sheet as the terms of the leases do not meet the criteria for capitalization. From time to time, we also enter into agreements to provide financial or performance assurances to third parties on the sale of assets, business divestitures, guarantees and U.S. Government contracts.

In connection with sales of assets and business divestitures, we 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 totalling $9.7 million, 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. 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.

We are also 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 our 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 a reduction in the scope of a major government project could have a material adverse effect on our results of operations and financial condition.

In the normal course of business, we may provide certain clients, principally governmental entities, with bid and performance bonds. In general, we would only be liable for the amount of the bid bonds if we refuse to perform the project once the bid is awarded. We would also be liable for the performance bonds in the event of default in the performance of our obligations. As at September 30, 2013, we had committed for a total of $53.9 million for these bonds. To the best of our knowledge, we complied with our performance obligations under all service contracts for which there was a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a material adverse effect on our consolidated results of operations or financial condition.

In addition, we provided a guarantee of $5.9 million on the residual value of leased equipment, accounted for as an operating lease, at the expiration of the lease term. The Company also has letters of credit for a total of $83.8 million in addition to the letters of credit covered by the unsecured committed revolving facility as described in section 4.2 of the present document. These guarantees are required in some of the Company's contracts with customers.

4.7. CAPABILITY TO DELIVER RESULTS

Sufficient capital resources and liquidity are required for supporting ongoing business operations and to execute our build and buy growth strategy. The Company has sufficient capital resources coming from the cash generated from operations, credit facilities, long-term debt agreements and invested capital from shareholders. Our principal uses of cash are for procuring new large outsourcing and managed services contracts; investing in our business solutions; pursuing accretive acquisitions; buying back CGI shares and paying down debt. Funds were also used to expand our global delivery network as more and more of our clients demand lower cost alternatives. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in fiscal 2014.

Strong and experienced leadership is essential to successfully implement our corporate strategy. CGI has a strong leadership team with members who are highly knowledgeable and have gained a significant amount of experience within the IT industry via various career paths and leadership roles. CGI fosters leadership development to ensure a continuous flow of knowledge and strength is maintained throughout the organization. As part of our succession planning in key positions, we established the Leadership Institute, our own corporate university, to develop leadership, technical and managerial skills inspired by CGI's roots and traditions.

As a Company built on human capital, our professionals and their knowledge are critical to delivering quality service to our clients. Our human resources program provides competitive compensation and benefits, a favourable working environment, and our training and career development programs combine to allow us to attract and retain the best talent. Employee satisfaction is monitored regularly through a Company-wide survey and issues are addressed immediately. Among the countries in which we currently offer the program, approximately 74% of our members were also owners of CGI through our Share Purchase Plan. We continue to deploy this Plan across our newly acquired business units. The Share Purchase Plan, along with the Profit Participation Program, allows members to share in the success of the Company and aligns member objectives with our strategic goals.

In addition to our capital resources and the talent of our human capital, CGI has established a Management Foundation encompassing governance policies, sophisticated management frameworks and an organizational model for its business unit and corporate processes. This foundation, along with our appropriate internal systems, helps in providing for a

consistent high standard of quality service to our clients. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and Capability Maturity Model Integration quality programs.

5. Fourth Quarter Results

The Company operates globally and is exposed to changes in foreign currency rates. We report all dollar amounts in Canadian dollars. Accordingly, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates as prescribed by IFRS.

Average foreign exchange rates

For the three months ended September 30,	2013	2012	Change
U.S. dollar	**1.0385**	0.9948	**4.4%**
Euro	**1.3762**	1.2452	**10.5%**
Indian rupee	**0.0167**	0.0181	**(7.7%)**
British pound	**1.6117**	1.5727	**2.5%**
Swedish krona	**0.1586**	0.1476	**7.5%**
Australian dollar	**0.9517**	1.0337	**(7.9%)**

5.1. REVENUE VARIATION AND REVENUE BY SEGMENT

Our seven segments are based on our geographic delivery model: U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between the Q4 2013 and Q4 2012 periods. The Q4 2012 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's foreign exchange rates. Since our presence in the segments NSESA, France, U.K., CEE, and Asia Pacific was not significant until the Logica acquisition which was completed on August 20, 2012, management believes that calculating the foreign exchange impact by applying the exchange rate differential to the CGI Q4 2012 revenue amounts is more representative for these segments.

For the three months ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
Total CGI revenue	**2,458,207**	1,609,661	**52.7%**
Variation prior to foreign currency impact	**48.2%**		
Foreign currency impact	**4.5%**		
Variation over previous period	**52.7%**		
U.S.			
Revenue prior to foreign currency impact	**649,901**	559,891	**16.1%**
Foreign currency impact	**29,354**		
U.S. revenue	**679,255**	559,891	**21.3%**

For the three months ended September 30,	2013	2012	Change
NSESA			
Revenue prior to foreign currency impact	**418,755**	186,991	**123.9%**
Foreign currency impact	**18,150**		
NSESA revenue	**436,905**	186,991	**133.7%**
Canada			
Revenue prior to foreign currency impact	**406,957**	404,710	**0.6%**
Foreign currency impact	**794**		
Canada revenue	**407,751**	404,710	**0.8%**
France			
Revenue prior to foreign currency impact	**272,431**	133,776	**103.6%**
Foreign currency impact	**12,983**		
France revenue	**285,414**	133,776	**113.4%**
U.K.			
Revenue prior to foreign currency impact	**299,489**	125,239	**139.1%**
Foreign currency impact	**4,845**		
U.K. revenue	**304,334**	125,239	**143.0%**
CEE			
Revenue prior to foreign currency impact	**233,417**	126,652	**84.3%**
Foreign currency impact	**12,266**		
CEE revenue	**245,683**	126,652	**94.0%**
Asia Pacific			
Revenue prior to foreign currency impact	**105,068**	72,402	**45.1%**
Foreign currency impact	**(6,203)**		
Asia Pacific revenue	**98,865**	72,402	**36.6%**

We ended the fourth quarter of fiscal 2013 with revenue of $2,458.2 million, an increase of $848.5 million or 52.7% over the same period of fiscal 2012. On a constant currency basis, revenue increased by 48.2%, while foreign currency rate fluctuations favourably impacted our revenue by $72.2 million or 4.5%. Year-over-year, our MRD vertical market grew the most followed by our healthcare and telecommunication and utilities vertical markets.

The significant revenue growth was due to the impact of the Logica acquisition, and to a lesser extent from the continued growth in our U.S. operations, which posted a constant currency growth of 16.1%. Compared to Q3 2013, revenue from the current quarter has decreased by $109.1 million mainly due to an approximate $146 million impact attributable to the vacation period. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Revenue from these five segments represented $1,371.2 million or 55.8% of total CGI revenue for Q4 2013.

5.1.1. U.S.

Revenue in our U.S. segment was $679.3 million in Q4 2013, an increase of $119.4 million or 21.3%. On a constant currency basis, growth was 16.1% year-over-year. The increase in revenue reflects the high levels of bookings in the previous quarters now coming on stream and the ramp up of existing engagements, primarily in the government and health vertical markets, and to a lesser extent the addition of Logica's U.S. business. For the current quarter, U.S.'s top two vertical markets were government and health, which together accounted for approximately 80% of its revenue.

5.1.2. NSESA

Revenue from our NSESA segment was $436.9 million in the fourth quarter of fiscal 2013, an increase of $249.9 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in Sweden, Finland, Denmark, Norway, Portugal, Spain and Brazil, while CGI had operations in Spain and Portugal. For the current quarter, revenue coming from Sweden and Finland accounted for 73% of this segment. For the current quarter, NSESA's top two vertical markets were MRD and telecommunications & utilities, which together accounted for approximately 62% of its revenue in both periods.

5.1.3. Canada

Revenue in our Canada segment for Q4 2013 was $407.8 million, an increase of $3.0 million or 0.8% compared to Q4 2012. The quarterly revenue from our verticals in this segment was not materially different between the years. For the current quarter, Canada's top two vertical markets were financial services and MRD, which together accounted for approximately 59% of its revenue.

5.1.4. France

Revenue from our France segment was $285.4 million in the fourth quarter of fiscal 2013, an increase of $151.6 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica. For the current quarter, France's top two vertical markets were MRD and financial services, which together accounted for approximately 68% of its revenue.

5.1.5. U.K.

Revenue from our U.K. segment was $304.3 million in the fourth quarter of fiscal 2013, an increase of $179.1 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica. For the current quarter, U.K.'s top two vertical markets were government and MRD, which together accounted for approximately 70% of its revenue.

5.1.6. CEE

Revenue from our CEE segment was $245.7 million in the fourth quarter of fiscal 2013, an increase of $119.0 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, where their business market was concentrated in the Netherlands, Germany, Belgium, Czech Republic and Poland, while CGI had operations in Germany and Poland. For Q4 2013, revenue coming from the Netherlands and Germany accounted for 86% of this segment. For the current quarter, CEE's top two vertical markets were MRD and government, which together accounted for approximately 58% of its revenue.

5.1.7. Asia Pacific

Revenue from our Asia Pacific segment was $98.9 million in the fourth quarter of fiscal 2013, an increase of $26.5 million from the same period in the prior year. The increase in revenue was due to the acquisition of Logica, which expanded our customer base in Australia, increased our delivery capacity in India, added delivery capacity in the Philippines, as well as added business from Malaysia and the Middle East. For the current quarter, Asia Pacific's top two vertical markets were telecommunications & utilities and MRD, which together accounted for approximately 76% of its revenue.

5.2. ADJUSTED EBIT BY SEGMENT

For the three months ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
U.S.	**82,965**	68,486	**21.1%**
As a percentage of U.S. revenue	***12.2%***	*12.2%*	
NSESA	**43,526**	(11,126)	**491.2%**
As a percentage of NSESA revenue	***10.0%***	*(6.0%)*	
Canada	**80,419**	64,174	**25.3%**
As a percentage of Canada revenue	***19.7%***	*15.9%*	
France	**34,974**	(10,007)	**449.5%**
As a percentage of France revenue	***12.3%***	*(7.5%)*	
U.K.	**35,826**	(5,407)	**762.6%**
As a percentage of U.K. revenue	***11.8%***	*(4.3%)*	
CEE	**21,697**	(3,457)	**727.6%**
As a percentage of CEE revenue	***8.8%***	*(2.7%)*	
Asia Pacific	**13,985**	11,477	**21.9%**
As a percentage of Asia Pacific revenue	***14.1%***	*15.9%*	
Adjusted EBIT	**313,392**	114,140	**174.6%**
Adjusted EBIT margin	***12.7%***	*7.1%*	

Adjusted EBIT for the quarter was $313.4 million, an increase of $199.3 million or 174.6% from the previous year, while the margin increased from 7.1% to 12.7% over the same period. The significant growth in adjusted EBIT was due to the acquisition of Logica. Combined with our former Europe segment, the Logica segment is now separated into NSESA, France, U.K., CEE, and Asia Pacific. Adjusted EBIT for the quarter from these five segments was $150.0 million or an adjusted EBIT margin of 10.9%, up from $130.4 million or 8.7% from Q3. We are continuing to execute our integration plan to implement CGI's business model to increase the margins in these segments in the future periods.

Our Canada and U.S. segments contributed $163.4 million in Q4 2013 compared to $132.7 million in Q4 2012, or 15.0% of revenue compared to 13.8%.

5.2.1. U.S.

Adjusted EBIT in the U.S. segment was $83.0 million for the current quarter, an increase of 21.1% or $14.5 million year-over-year, while the margin remained stable at 12.2%. The increase in adjusted EBIT came primarily from the strong revenue growth in this segment.

5.2.2. NSESA

Adjusted EBIT in the NSESA segment was $43.5 million for the current quarter, an increase of $54.7 million year-over-year, while the margin increased from (6.0%) to 10.0%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.3. Canada

Adjusted EBIT in the Canada segment was $80.4 million for the current quarter, an increase of $16.2 million year-over-year, while the margin increased from 15.9% to 19.7%. The improvement in margin reflects the focus on the management of resource utilization as well as cost reductions from additional real estate optimization.

5.2.4. France

Adjusted EBIT in the France segment was $35.0 million for the current quarter, an increase of $45.0 million year-over-year, while the margin increased from (7.5%) to 12.3%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.5. U.K.

For the current quarter, our U.K. segment adjusted EBIT was $35.8 million, an increase of $41.2 million year-over-year, while the margin increased from (4.3%) to 11.8%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.6. CEE

For the current quarter, our CEE segment adjusted EBIT was $21.7 million, an increase of $25.2 million year-over-year, while the margin increased from (2.7%) to 8.8%. This increase in adjusted EBIT was due to the acquisition of Logica. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.2.7. Asia Pacific

For the current quarter, our Asia Pacific segment adjusted EBIT was $14.0 million, an increase of $2.5 million year-over-year, while the margin decreased from 15.9% to 14.1% but up from 12.7% from last quarter. This increase in adjusted EBIT was due to the acquisition of Logica while the decrease in margin was mainly due to the combination of the Indian Logica operations with the higher margin legacy CGI Indian delivery centers. We are currently executing our integration plan and expect the margins to improve further as additional cost synergies are realized.

5.3. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the three months ended September 30,	2013	2012	Change
In thousands of CAD except for percentages			
Adjusted EBIT	**313,392**	114,140	**174.6%**
Minus the following items:			
Acquisition-related and integration costs	**50,184**	248,320	**(79.8%)**
Finance costs	**28,184**	17,901	**57.4%**
Finance income	**(576)**	(3,710)	**(84.5%)**
Other expenses	**—**	1,691	**(100.0%)**
Earnings (Loss) before income taxes	**235,600**	(150,062)	**257.0%**
Income tax expense	**94,578**	17,906	**428.2%**
Effective tax rate	***40.1%***	*(11.9%)*	
Net earnings (loss)	**141,022**	**(167,968)**	**184.0%**
Margin	***5.7%***	***(10.4%)***	
Weighted average number of shares			
Class A subordinate shares and Class B shares (basic)	**309,046,350**	279,284,376	**10.7%**
Class A subordinate shares and Class B shares (diluted)	**319,114,642**	289,815,528	**10.1%**
Earnings per share (in dollars)			
Basic EPS	**0.46**	(0.60)	**176.7%**
Diluted EPS	**0.44**	(0.58)	**175.9%**

For the current quarter, income tax expense was $94.6 million, an increase of $76.7 million compared to $17.9 million in Q4 2012, while our effective income tax rate increased from (11.9%) to 40.1%. The increase in the income tax expense and rate was mainly due to higher earnings before income taxes and certain unfavorable tax adjustments. The unfavorable adjustments are comprised of an $18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future rate reduction in the U.K. and from taxes paid on the repatriation of funds from the legacy Logica Indian operations of $7.6 million.

The net earnings were $141.0 million for the quarter ended September 30th, 2013 compared to a net loss of $168.0 million for the comparable period ended September 30th, 2012. The Company is currently executing its integration plan and expects the net earnings margin to improve further as additional costs synergies are realized.

The increase in weighted average number of shares is due to the issuance of 46.7 million Class A shares to the CDPQ in August 2012 to finance the acquisition of Logica. During the quarter, the Company repurchased 365,200 of its Class A subordinate shares for $12.2 million at an average price of $33.34 under the current NCIB while 910,782 options were exercised.

5.3.1. Net Earnings and Earnings per Share Excluding Certain Items

Below is a table showing the year-over-year comparison excluding the items related to the acquisition of Logica, as well as the provisions on excess real estate, the related leasehold improvements write-offs, the severance costs and the Q4 2013 tax adjustments:

For the three months ended September 30,	2013	2012 [1]	Change
In thousands of CAD except for percentages			
Earnings (Loss) before income taxes	**235,600**	(150,062)	**257.0%**
Add back:			
Acquisition-related and integration costs [2]	**50,184**	248,320	**(79.8%)**
Logica loss [3]	**—**	18,314	**(100.0%)**
Interest rate impact [4]	**—**	10,996	**(100.0%)**
Severances, excess real estate provisions and leasehold improvement write-offs [5]	**—**	13,421	**(100.0%)**
Earnings before income taxes prior to adjustments	**285,784**	140,989	**102.7%**
Margin	***11.6%***	*13.5%*	
Income tax expense	**94,578**	17,906	**428.2%**
Add back:			
Income tax recovery on the Logica loss	**—**	1,098	**(100.0%)**
Tax deduction on acquisition-related and integration costs, interest rate impact, severances, excess real estate provisions and leasehold improvement write-offs	**3,619**	22,023	**(83.6%)**
Remove:			
Tax adjustments [6]	**(26,013)**	—	**—**
Income tax expense prior to adjustments	**72,184**	41,027	**75.9%**
Effective tax rate prior to adjustments	***25.3%***	*29.1%*	
Net earnings prior to adjustments	**213,600**	99,962	**113.7%**
Net earnings margin	***8.7%***	*9.6%*	
Weighted average number of shares [7]			
Class A subordinate shares and Class B shares (basic)	**309,046,350**	258,469,235	**19.6%**
Class A subordinate shares and Class B shares (diluted)	**319,114,642**	269,000,386	**18.6%**
Earnings per share prior to adjustments (in dollars)			
Basic EPS	**0.69**	0.39	**76.9%**
Diluted EPS	**0.67**	0.37	**81.1%**

1 The Q4 2012 adjustments were maintained as reported last year as management considers that it gives a better view of CGI's results prior to the Logica acquisition.

2 Costs related to the acquisition and integration of Logica.

3 Logica's results for the six-week period ended September 30, 2012, excluding acquisition-related and integration costs.

4 The interest rate impact removes the incremental interest expense related to the debt drawn for the acquisition of Logica and the difference in the interest rate between our variable rate credit facility and the fixed interest rate on the long-term notes.

5 In Q4 2012, $13.4 million of provisions on excess real estate, related leasehold improvements write-offs and severance costs were added back to earnings in order to calculate a more meaningful net earnings and margin number for the operations. These items are immaterial for Q4 2013.

6 The unfavorable tax adjustments are comprised of an $18.4 million expense resulting from the revaluation of deferred tax assets following the enactment of a future tax rate reduction in the U.K. and from taxes paid on the repatriation of funds from the legacy Logica Indian operations of $7.6 million.

7 The weighted average number of shares for Q4 2012 was re-calculated without the issuance of the 46.7 million Class A shares to the CDPQ as management considers that it gives a better view of CGI's EPS prior to adjustments related to the Logica acquisition.

6. Eight Quarter Summary

As at and for the three months ended	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	Mar. 31, 2012	Dec. 31, 2011
In millions of CAD unless otherwise noted								
Growth								
Backlog	**18,677**	18,747	18,019	18,281	17,647	13,610	13,118	13,558
Bookings	**2,501**	2,754	2,210	2,845	1,523	1,478	787	1,392
Book-to-bill ratio	**101.7%**	107.3%	87.5%	112.3%	94.6%	138.8%	73.8%	134.9%
Revenue	**2,458.2**	2,567.3	2,526.2	2,532.9	1,609.7	1,064.9	1,065.8	1,032.1
Year-over-year growth [1]	**52.7%**	141.1%	137.0%	145.4%	60.1%	5.1%	(4.1%)	(5.6%)
Constant currency growth [1]	**48.2%**	140.3%	137.1%	147.5%	59.6%	3.0%	(4.8%)	(6.1%)
Profitability								
Adjusted EBIT	**313.4**	291.2	261.6	209.5	114.1	136.3	156.4	139.9
Adjusted EBIT margin	***12.7%***	*11.3%*	*10.4%*	*8.3%*	*7.1%*	*12.8%*	*14.7%*	*13.6%*
Net earnings	**141.0**	178.2	114.2	22.4	(168.0)	87.2	105.7	106.5
Net earnings margin	***5.7%***	*6.9%*	*4.5%*	*0.9%*	*(10.4%)*	*8.2%*	*9.9%*	*10.3%*
Basic EPS (in dollars)	**0.46**	0.58	0.37	0.07	(0.60)	0.34	0.41	0.41
Diluted EPS (in dollars)	**0.44**	0.56	0.36	0.07	(0.58)	0.33	0.40	0.40
Liquidity								
Cash provided by operating activities	**166.4**	133.2	147.2	224.5	109.3	251.0	104.2	148.7
As a % of revenue	***6.8%***	*5.2%*	*5.8%*	*8.9%*	*6.8%*	*23.6%*	*9.8%*	*14.4%*
Days sales outstanding	**49**	49	46	46	74	49	53	51
Capital structure								
Net debt	**2,739.9**	2,873.0	2,914.3	2,964.9	3,105.3	633.4	795.3	879.5
Net debt to capitalization ratio	**39.6%**	41.1%	43.0%	44.7%	46.5%	19.4%	24.0%	26.6%
Return on equity	**12.3%**	4.3%	1.8%	1.7%	5.0%	15.4%	17.4%	18.4%
Return on invested capital	**11.8%**	12.3%	11.1%	10.9%	11.4%	11.8%	12.5%	12.8%
Balance sheet								
Cash and cash equivalents, bank overdraft and short-term investments	**106.3**	165.3	167.7	161.6	127.6	77.4	70.2	63.9
Total assets	**10,879.3**	11,132.8	10,936.6	10,981.8	10,690.2	4,550.4	4,550.4	4,578.8
Long-term financial liabilities	**3,186.2**	3,476.0	3,913.0	4,024.4	4,097.4	855.0	969.8	1,066.3

1 Reflects the acquisition of Logica on August 20, 2012.

There are factors causing quarterly variances which may not be reflective of the Company's future performance. First, there is seasonality in SI&C work, and the quarterly performance of these operations is impacted by occurrences such as vacations and the number of statutory holidays in any given quarter. Outsourcing contracts including BPS contracts are affected to a lesser extent by seasonality. Second, the workflow from some clients may fluctuate from quarter to quarter based on their business cycle and the seasonality of their own operations. Third, the savings that we generate for a client on a given outsourcing contract may temporarily reduce our revenue stream from this client, as these savings may not be immediately offset by additional work performed for this client.

In general, cash flow from operating activities could vary significantly from quarter to quarter depending on the timing of monthly payments received from large clients, cash requirements associated with large acquisitions, outsourcing contracts and projects, the timing of the reimbursements for various tax credits as well as profit sharing payments to members and the timing of restructuring cost payments.

Foreign exchange fluctuations can also contribute to quarterly variances as our percentage of operations in foreign countries evolves. The effect from these variances is primarily on our revenue and to a much less extent, on our net margin as we benefit from natural hedges.

7. Changes in Accounting Standards

The following standards have been issued but are not yet effective:

- IFRS 9, "Financial Instruments", covers the classification and measurement of financial assets and financial liabilities. The Company is currently evaluating the impact of these standards on the Company's consolidated financial statements.
- IFRS 10, "Consolidated Financial Statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company's consolidated financial statements. The adoption of this standard will not result in any change in the consolidation status of the Company's subsidiaries.
- IFRS 12, "Disclosure of Interests in Other Entities", provides guidance on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The adoption of this standard will not result in any significant change in the disclosure in the Company's consolidated financial statements.
- IFRS 13, "Fair Value Measurement", provides guidance on fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. Based on the preliminary assessment, the adoption of this standard will not result in any significant change in the disclosure in the Company's consolidated financial statements.
- IAS 1, "Presentation of Financial Statements", was amended to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of income. The presentation of the Company consolidated financial statements will be impacted by this amendment as the Company will group items within its consolidated statements of comprehensive income by items that will and will not be reclassified subsequently to consolidated statements of earnings.
- IAS 19, "Employee Benefits", was amended to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. Other than for the disclosure requirements, the adoption of this standard will not result in any significant impact on the consolidated financial statements of the Company.

The above standards are effective October 1, 2013. IFRS 9 is effective October 1, 2015, with earlier application permitted.

8. Critical Accounting Estimates

The Company's significant accounting policies are described in Note 3 of the audited consolidated financial statements for the year ended September 30, 2013. The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and 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 and judgements inherent in the financial reporting process, actual results could differ.

An accounting estimate is considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made, if different estimates could reasonably have been used in the period, or changes in the accounting estimates that are reasonably likely to occur, could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings		
		Revenue	Cost of services, selling and administrative	Income taxes
Business combinations	✓	✓	✓	✓
Income taxes	✓			✓
Contingencies and provisions	✓		✓	
Revenue recognition [1]	✓	✓	✓	
Share-based payments	✓		✓	
Investment tax credits and other government programs	✓		✓	
Impairment of property, plant and equipment ("PP&E"), intangible assets and goodwill	✓		✓	
Employee benefits	✓		✓	

[1] Affects the balance sheet through accounts receivable, work in progress and deferred revenue.

Business combinations

The Company accounts for its business combinations using the acquisition method. Under this method the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as client relationships, business solutions, and trademarks. The preliminary goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, PP&E, litigation, provision for estimated losses on revenue-generating contracts, onerous contracts and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes

are recognized in the consolidated statements of earnings. For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

Income taxes

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statements purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are recognized directly in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

In the course of the Company's operations, uncertainties exist with respect to interpretation of complex tax regulations and the amount and timing of future taxable income. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

Contingencies and provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company's provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for 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 Company also records restructuring provisions related to business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

The Company accrues provision for onerous leases which consists of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease using the risk-free interest rates. Estimates include potential revenues from the subleasing of vacated premises.

The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

Decommissioning liabilities 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 provision is determined using the present value of the estimated future cash outflows using the risk-free interest rates.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. The restructuring provisions are comprised of reduction in headcount.

Revenue recognition

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

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

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. 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 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 historical experience with the specific client.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate amounts sufficient to fund the value on which revenue recognition is based.

Revenue from sales of third party vendor products, such as software licenses and hardware, or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company is the primary obligor to the client, if it adds meaningful value to the vendor's product or service or if it assumes delivery and credit risks.

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. They are presented in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

Share-based payments

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees and others as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange ("TSX") for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on a periodic basis. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option, expected stock price volatility and expected forfeitures. The fair values, adjusted for expectations related to performance conditions, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock option is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Investment tax credits and other government programs

The Company follows the income approach to account for tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

Impairment of PP&E, intangible assets and goodwill

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying values of PP&E and intangible assets not available for use and goodwill are tested for impairment annually as at September 30.

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU") to the Company. The Company generally uses the VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

For goodwill impairment testing purposes, the CGU that represents the lowest level within the Company at which management monitors goodwill is the operating segment level. Goodwill acquired through business combinations is allocated to the CGU that is expected to benefit from synergies of the related business combination.

The VIU calculation for the recoverable amount of the CGUs to which goodwill has been allocated includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic climate and its resulting impact on expected growth and discount rates. In determining the discount rate applied to a CGU, management uses the Company's weighted average cost of capital as a starting point and applies adjustments to take into account specific tax rates, geographical risk and any additional risks specific to the CGU. The cash flow projections reflect management's expectations of the operating performance of the CGU and growth prospects in the CGU's market.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings. Impairment losses relating to goodwill cannot be reversed in future periods.

Employee benefits

The Company operates retirement benefit plans of both a defined contribution and defined benefit nature.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefits plans, the defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The retirement benefit obligations in the consolidated balance sheets represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefit plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as a non-current financial asset in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, expected rates of return on assets, future salary and pension increases, inflation rates and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other assumptions are based in part on current market conditions.

The current service cost is recognized in the consolidated statements of earnings as an employee benefit expense. The interest cost resulting from the increase in the present value of the defined benefit obligations over time and the expected return on plan assets, is recognized as net finance cost or income. A curtailment arises when a defined benefit pension plan is amended or restructured and results in a significant reduction in plan benefits. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Additional information is disclosed in note 16 to the audited consolidated financial statements.

9. Integrity of Disclosure

Our management assumes the responsibility for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee.

CGI has a formal Corporate Disclosure Policy as a part of its Fundamental Texts whose goal is to raise awareness of the Company's approach to disclosure among the Board of Directors, senior management and employees. The Board of Directors has established a Disclosure Policy Committee responsible for all regulatory disclosure requirements and overseeing the Company's disclosure practices.

The Audit and Risk Management Committee of CGI is composed entirely of independent directors who meet the independence and experience requirements of the New York Stock Exchange as well as those that apply under Canadian securities regulation. The responsibilities of our Audit and Risk Management Committee include: a) reviewing of all our public disclosure documents containing audited or unaudited financial information; b) identifying and examining the financial and operating risks to which we are exposed and reviewing the various policies and practices that are intended to manage those risks; c) reviewing and assessing of the effectiveness of our accounting policies and practices concerning financial reporting; d) reviewing and monitoring our internal control procedures, programs and policies and assessing of the adequacy and effectiveness thereof; e) reviewing the adequacy of our internal audit resources including the mandate and objectives of the internal auditor; f) recommending to the Board of Directors of CGI on the appointment of external auditors, the assertion of the external auditors' independence, the review of the terms of their engagement as well as pursuing ongoing discussions with them; g) reviewing of the audit procedures; h) reviewing of related party transactions; and i) carrying out such other responsibilities usually attributed to audit and risk committees or as directed by our Board of Directors.

The Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting, supervised by and with the participation of the Chief Executive Officer and the Chief Financial Officer as of September 30, 2013. The Chief Executive Officer and Chief Financial Officer concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance, to ensure that material information related to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

10. Risk Environment

10.1. RISKS AND UNCERTAINTIES

While we are confident about our long-term prospects, the following risks and uncertainties could affect our ability to achieve our strategic vision and objectives for growth and should be considered when evaluating our potential as an investment.

10.1.1. Risks Related to the Market

Economic risk

The level of business activity of our clients, which is affected by economic conditions, has a bearing upon the results of our operations. We can neither predict the impact that current economic conditions will have on our future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, our clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements. In general, companies also decide to undertake fewer IT systems projects during difficult economic times, resulting in limited

implementation of new technology and smaller engagements. Since there are fewer engagements in a downturn, competition usually increases and pricing for services may decline as competitors, particularly companies with significant financial resources, decrease rates to maintain or increase their market share in our industry and this may trigger pricing adjustments related to the benchmarking obligations within our contracts. Our pricing, revenue and profitability could be negatively impacted as a result of these factors.

10.1.2. Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing, sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may lose key members and be required to recruit and train these new resources. This might result in lost revenue or increased costs, thereby putting pressure on our earnings.

The ability to continue developing and expanding service offerings to address emerging business demands and technology trends

The rapid pace of change in all aspects of information technology and the continually declining costs of acquiring and maintaining information technology infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services. The market for the services and solutions we offer is extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, profit margin and resulting cash flows from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret

infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client. Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Benchmarking provisions within certain contracts

Some of our outsourcing contracts contain clauses allowing our clients to externally benchmark the pricing of agreed upon services against those offered by other providers in an appropriate peer comparison group. The uniqueness of the client environment is factored in and, if results indicate a difference outside the agreed upon tolerance, we may be required to work with clients to reset the pricing for their services.

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. CGI's business solutions will generally benefit from available copyright protection and, in some cases, patent protection. Although CGI takes reasonable steps to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

10.1.3. Risks Related to our Business

Risks associated with our growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to grow through organic growth and new large outsourcing transactions is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our Build and Buy strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenues is affected not only by our success in implementing our Build and Buy strategy, but also by a number of other factors, including: our ability to introduce and deliver new services and products; a lengthened sales cycle; the cyclicality of purchases of technology services and products; the nature of a customer's

business; and the structure of agreements with customers. These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

The proportion of revenue that we generate from shorter-term systems integration and consulting ("SI&C") projects, versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations.

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world. The scope of our operations subjects us to various issues that can negatively impact our operations: the fluctuations of currency (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

With the acquisition of Logica, our organization has more than doubled in size with expanded operations in both Europe and Asia. Our culture, standards, core values, internal controls and our policies need to be instilled across the newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities; it is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Any of the above factors could have a material adverse effect on our net income or cash flows by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Credit risk with respect to accounts receivable

In order to sustain our cash flows and net earnings from operations, we must collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected, the

provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients for our services correctly in a timely manner, our collections could suffer resulting in a direct and adverse effect to our revenue, net earnings and cash flows. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

Material developments regarding major commercial clients resulting from such causes as changes in financial condition, mergers or business acquisitions

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' information technology needs are served by another service provider or are provided by the successor Company's own personnel. Growth in a client's information technology needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect our best judgment regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework ("CPMF"), a process framework which helps ensure that all contracts are managed according to the same high standards throughout the organization. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfil our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have an adverse effect on our expected profit margins.

Risks related to teaming agreements and subcontracts

We derive substantial revenues from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we

act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, our business, prospects, financial condition and operating results could be harmed.

Our partners' ability to deliver on their commitments

Increasingly large and complex contracts may require that we rely on third party subcontractors including software and hardware vendors to help us fulfil our commitments. Under such circumstances, our success depends on the ability of the third parties to perform their obligations within agreed upon budgets and timeframes. If our partners fail to deliver, our ability to complete the contract may be adversely affected, which may have an unfavourable impact on our profitability.

Guarantees risk

In the normal course of business, we enter into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require us to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties.

Risk related to human resources utilization rates

In order to maintain our profit margin, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, particularly those in Europe, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to the U.S. federal government and its agencies, and we expect that this will continue for the foreseeable future. In the event that a major U.S. federal government agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although IFRS considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in

particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government payment offices; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anticorruption, trade restrictions, immigration, taxation, securities regulation, anti-competition, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among others matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject us to legal liability, which could adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Information and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information, be processed and stored on our networks and systems, and in data centres that we manage. Digital information and equipment is subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result thereof or upon an equipment or system malfunction. Failures can arise from human error in the course of normal operations, maintenance and upgrading activities, or from hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorized access by third parties, as well as from power outages or surges, floods, fires, natural disasters or from any other causes. The measures that we take to protect information and software, including both physical and logical controls on access to premises and information and backup systems may prove in some circumstances to be inadequate to prevent the loss, theft or destruction of client information or service interruptions. Such events may expose the Company to financial loss or damages.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long term business partner is key to our ability to compete effectively in the market for information technology services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and profit.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonize their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as conclude business acquisitions. By its nature, our growth strategy requires us to fund the investments required to be made using a mix of cash generated from our existing operations, money borrowed under our existing or future credit agreements, and equity funding generated by the issuance of shares of our capital stock to counterparties in transactions, or to the general public. Our ability to raise the required funding depends on the capacity of the capital markets to meet our financing needs in a timely fashion and on the basis of interest

rates and share prices that are reasonable in the context of profitability objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our liquidity requirements are all factors that may have an adverse effect on our access to the funding we require. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risk

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our hedging strategy. As we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions will fail to perform their obligations under our hedging instruments. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

With our expanded presence in Europe, if uncertainty regarding the ability of certain European countries to continue servicing their sovereign debt or if austerity measures persist, the euro may weaken against the Canadian dollar. Similarly, if other currencies of countries where we operate weaken against the Canadian dollar, our consolidated financial results could be materially adversely impaired.

10.2. LEGAL PROCEEDINGS

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 material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities. Please refer to Note 29 to the audited consolidated financial statements for more detailed information for legal proceedings.

Transfer Agent

Computershare Investor Services Inc.
(800) 564-6253

Investor Relations

Lorne Gorber
Senior Vice-President, Global Communications & Investor Relations
Telephone: (514) 841-3355
lorne.gorber@cgi.com

1350 René-Lévesque Boulevard West
15th Floor
Montreal, Quebec
H3G 1T4
Canada

[This page intentionally left blank]

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 International Financial Reporting Standards 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 Executive 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.

Michael E. Roach
President and Chief Executive Officer
November 13, 2013

R. David Anderson
Executive Vice-President and Chief Financial Officer

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.

As of the end of the Company's 2013 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 (1992 Framework). Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2013, was effective.

The effectiveness of the Company's internal control over financial reporting as at September 30, 2013, has been audited by the Company's independent auditors, as stated in their report appearing on page 3.

Michael E. Roach
President and Chief Executive Officer
November 13, 2013

R. David Anderson
Executive Vice-President and Chief Financial Officer

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 of September 30, 2013, based on criteria established *in Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) ("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.

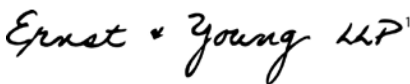
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material 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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2013 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, 2013, and our report dated November 13, 2013 expressed an unqualified opinion thereon.



Ernst & Young LLP

Montréal, Canada
November 13, 2013

1. CPA auditor, CA, public accountancy permit No. 112431

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 accompanying consolidated financial statements of CGI Group Inc. (the "Company"), which comprise the consolidated balance sheets as of September 30, 2013 and 2012 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended September 30, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

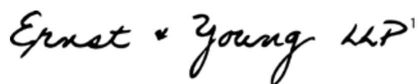
We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2013 and 2012 and its financial performance and its cash flows for the years ended September 30, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CGI Group Inc.'s internal control over financial reporting as of September 30, 2013, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated November 13, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.



Ernst & Young LLP

Montréal, Canada
November 13, 2013

1. CPA auditor, CA, public accountancy permit No. 112431

Consolidated Statements of Earnings

For the years ended September 30
(in thousands of Canadian dollars, except share data)

	2013	2012
	$	$
Revenue	**10,084,624**	4,772,454
Operating expenses		
Costs of services, selling and administrative (Note 22)	**9,012,310**	4,226,859
Acquisition-related and integration costs (Note 25b)	**338,439**	254,973
Finance costs (Note 24)	**113,931**	42,099
Finance income	**(4,362)**	(5,318)
Other income	**-**	(3,955)
Foreign exchange gain	**(3,316)**	(1,134)
Share of profit on joint venture	**-**	(3,996)
	9,457,002	4,509,528
Earnings before income taxes	**627,622**	262,926
Income tax expense (Note 15)	**171,802**	131,397
Net earnings	**455,820**	131,529
Earnings per share (Note 20)		
Basic earnings per share	**1.48**	0.50
Diluted earnings per share	**1.44**	0.48

See Notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended September 30
(in thousands of Canadian dollars)

	2013	2012 (Revised – Note 25)
	$	$
Net earnings	**455,820**	131,529
Net unrealized gains (losses) on translating financial statements of foreign operations (net of income taxes) (Note 25a)	**297,761**	(19,626)
Net unrealized (losses) gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations (net of income taxes)	**(143,785)**	10,766
Net unrealized gains (losses) on cash flow hedges (net of income taxes)	**134**	(11,615)
Net unrealized actuarial (losses) gains (net of income taxes)	**(30,845)**	5,210
Net unrealized (losses) gains on investments available for sale (net of income taxes)	**(1,704)**	987
Other comprehensive income (loss)	**121,561**	(14,278)
Comprehensive income	**577,381**	117,251

See Notes to the consolidated financial statements.

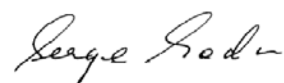
Consolidated Balance Sheets

As at September 30
(in thousands of Canadian dollars)

	2013	2012 (Revised – Note 25)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 4)	**106,199**	113,103
Short-term investments	**69**	14,459
Accounts receivable (Note 5)	**1,205,625**	1,412,935
Work in progress	**911,848**	697,132
Prepaid expenses and other current assets	**219,721**	235,962
Income taxes	**17,233**	39,877
Total current assets before funds held for clients	**2,460,695**	2,513,468
Funds held for clients (Note 6)	**222,469**	202,407
Total current assets	**2,683,164**	2,715,875
Property, plant and equipment (Note 7)	**475,143**	481,480
Contract costs (Note 8)	**140,472**	168,650
Intangible assets (Note 9)	**708,165**	787,779
Other long-term assets (Note 10)	**110,321**	94,625
Deferred tax assets (Note 15)	**368,217**	348,689
Goodwill (Note 11)	**6,393,790**	6,093,134
	10,879,272	10,690,232
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**1,125,916**	1,286,031
Accrued compensation	**713,933**	522,564
Deferred revenue	**508,267**	535,902
Income taxes	**156,358**	176,962
Provisions (Note 12)	**223,074**	250,687
Current portion of long-term debt (Note 13)	**534,173**	52,347
Total current liabilities before clients' funds obligations	**3,261,721**	2,824,493
Clients' funds obligations	**220,279**	197,986
Total current liabilities	**3,482,000**	3,022,479
Long-term provisions (Note 12)	**109,011**	126,138
Long-term debt (Note 13)	**2,332,377**	3,196,061
Other long-term liabilities (Note 14)	**591,763**	657,121
Deferred tax liabilities (Note 15)	**155,329**	147,452
Retirement benefits obligations (Note 16)	**153,095**	118,078
	6,823,575	7,267,329
Equity		
Retained earnings	**1,551,956**	1,113,225
Accumulated other comprehensive income (Note 17)	**121,855**	294
Capital stock (Note 18)	**2,240,494**	2,201,694
Contributed surplus	**141,392**	107,690
	4,055,697	3,422,903
	10,879,272	10,690,232

See Notes to the consolidated financial statements.

Approved by the Board



Michael E. Roach
Director

Serge Godin
Director

Consolidated Statements of Changes in Equity

For the years ended September 30
(in thousands of Canadian dollars)

	Retained earnings	**Accumulated other comprehensive income**	**Capital stock**	**Contributed surplus**	**Total equity**
	$	**$**	**$**	**$**	**$**
Balance as at September 30, 2012, as retrospectively revised	1,113,225	294	2,201,694	107,690	3,422,903
Net earnings for the year	455,820	-	-	-	455,820
Other comprehensive income for the year	-	121,561	-	-	121,561
	1,569,045	121,855	2,201,694	107,690	4,000,284
Share-based payment costs (Note 19c)	-	-	-	31,273	31,273
Income tax impact associated with stock options	-	-	-	15,232	15,232
Exercise of stock options (Note 18)	-	-	51,971	(12,531)	39,440
Exercise of performance share units ("PSUs") (Note 18)	-	-	272	(272)	-
Repurchase of Class A subordinate shares (Note 18)	(17,089)	-	(5,780)	-	(22,869)
Purchase of Class A subordinate shares held in trust (Note 18)	-	-	(7,663)	-	(7,663)
Balance as at September 30, 2013	**1,551,956**	**121,855**	**2,240,494**	**141,392**	**4,055,697**

	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity (Revised - Note 25)
	$	$	$	$	$
Balance as at September 30, 2011	1,057,599	14,572	1,178,559	98,501	2,349,231
Net earnings for the year	131,529	-	-	-	131,529
Other comprehensive loss for the year (Note 25a)	-	(14,278)	-	-	(14,278)
	1,189,128	294	1,178,559	98,501	2,466,482
Share-based payment costs (Note 19c)	-	-	-	12,520	12,520
Income tax impact associated with stock options	-	-	-	12,626	12,626
Issuance of Class A subordinate shares, net of transaction costs (Note 18)	-	-	999,178	-	999,178
Exercise of stock options (Note 18)	-	-	64,033	(16,010)	48,023
Repurchase of Class A subordinate shares (Note 18)	(75,903)	-	(26,942)	-	(102,845)
Purchase of Class A subordinate shares held in trust (Note 18)	-	-	(14,252)	-	(14,252)
Sale of Class A subordinate shares held in trust (Note 18)	-	-	1,118	53	1,171
Balance as at September 30, 2012, as retrospectively revised	1,113,225	294	2,201,694	107,690	3,422,903

See Notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended September 30

(tabular amounts only are in thousands of Canadian dollars)

	2013	2012
	$	$
Operating activities		
Net earnings	**455,820**	131,529
Adjustments for:		
Amortization and depreciation (Note 23)	**435,944**	231,398
Deferred income taxes (Note 15)	**34,714**	(22,306)
Foreign exchange (gain) loss	**(4,938)**	158
Share-based payment costs (Note 19c)	**31,273**	12,520
Gain on sale of investment in joint venture	**-**	(2,981)
Share of profit on joint venture	**-**	(3,996)
Loss on repayment of debt assumed in business acquisition (Note 25a)	**-**	83,632
Dividend received from joint venture	**-**	7,350
Net change in non-cash working capital items (Note 26)	**(281,556)**	175,958
Cash provided by operating activities	**671,257**	613,262
Investing activities		
Net change in short-term investments	**11,843**	(5,203)
Business acquisition (including bank overdraft assumed) (Note 25a)	**(5,140)**	(2,734,795)
Purchase of call options related to business acquisition (Note 25b)	**-**	(7,146)
Proceeds from sale of investment in joint venture	**-**	26,000
Proceeds from sale of business	**-**	4,583
Purchase of property, plant and equipment	**(141,965)**	(64,555)
Additions to contract costs	**(31,207)**	(25,325)
Additions to intangible assets	**(71,447)**	(43,658)
Additions to other long-term assets	**-**	(2,208)
Purchase of long-term investments	**(10,518)**	(976)
Proceeds from sale of long-term investments	**6,402**	-
Payment received from long-term receivable	**8,177**	4,249
Cash used in investing activities	**(233,855)**	(2,849,034)
Financing activities		
Net change in credit facility	**(467,027)**	(158,618)
Increase of long-term debt	**80,333**	2,416,781
Repayment of long-term debt	**(68,057)**	(62,817)
Repayment of debt assumed in business acquisition (Note 25a)	**-**	(841,183)
Purchase of Class A subordinate shares held in trust (Note 18)	**(7,663)**	(14,252)
Sale of Class A subordinate shares held in a trust	**-**	1,171
Repurchase of Class A subordinate shares (Note 18)	**(22,869)**	(102,845)
Issuance of Class A subordinate shares, net of transaction costs	**39,312**	1,047,243
Cash (used in) provided by financing activities	**(445,971)**	2,285,480
Effect of foreign exchange rate changes on cash and cash equivalents	**1,665**	2,722
Net (decrease) increase in cash and cash equivalents	**(6,904)**	52,430
Cash and cash equivalents, beginning of period	**113,103**	60,673
Cash and cash equivalents, end of period (Note 4)	**106,199**	113,103

Supplementary cash flow information (Note 26).

See Notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(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") as well as business process services ("BPS") to help clients effectively realize their strategies and create added value. The Company's services include the management of IT and business processes ("outsourcing"), systems integration and consulting including the sale of business solutions. The Company was incorporated under Part IA of the Companies Act (Québec) predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its shares are publicly traded. The executive and registered office of the Company is situated at 1350, René-Lévesque Blvd. West, Montréal, Québec, Canada, H3G 1T4.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3, "Summary of significant accounting policies", which are based on IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The accounting policies were consistently applied to all periods presented.

The Company's consolidated financial statements for the years ended September 30, 2013 and 2012 were authorized for issue by the Board of Directors on November 13, 2013.

3. Summary of significant accounting policies

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value as described below.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and 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 and judgements inherent in the financial reporting process, actual results could differ.

Significant estimates and judgements about the future and other major sources of estimation uncertainty at the end of the reporting period could have a significant risk of causing a material adjustment to the carrying amounts of the following: business combinations, income taxes, contingencies and provisions, revenue recognition (including provisions for estimated contract losses), share-based payments, investment tax credits and other government programs, defined benefits plan obligations and retirement benefits assets, impairment of property, plant and equipment ("PP&E"), intangible assets and goodwill.

A description of the significant estimates and judgements is included in the respective sections within the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue principally through the provision of IT services and BPS as described in Note 1.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

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. 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 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 historical experience with the specific client.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate amounts sufficient to fund the value on which revenue recognition is based.

Revenue from sales of third party vendor products, such as software licenses and hardware, or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company is the primary obligor to the client, if it adds meaningful value to the vendor's product or service or if it assumes delivery and credit risks.

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. They are presented in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

Multiple component arrangements
The Company's arrangements often include a mix of the services and products listed below. If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price. A component is considered to be separately identifiable if it has value to the client on a stand-alone basis. Assessing whether an arrangement involving the provision of multiple components has separately identifiable components requires judgement by management. When estimating selling price of each component, the Company maximizes the use of observable prices which are established using the Company's prices for same or similar components. When observable prices are not available, the Company estimates selling prices based on its best estimate of selling price. The best estimate of selling price is the price at which the Company would normally expect to offer the services or products and is established by considering a number of internal and external factors including, but not limited to, geographies, the Company's pricing policies, internal costs and margins. The appropriate revenue recognition method is applied for each separately identifiable component as described below.

Outsourcing
Revenue from outsourcing and BPS arrangements is generally recognized as the services are provided at the contractually stated price, unless there is a better measure of performance or delivery.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

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

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 where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company uses the labour costs or labour hours 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. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable.

Software licenses
Most of the Company's software license arrangements include other services such as implementation, customization and maintenance. For these types of arrangements, revenue from a software license is recognized upon delivery if it has been identified as a separately identifiable component. Otherwise, it is combined with the implementation and customization services and is accounted for as described in "Systems integration and consulting services" above. Revenue from maintenance services for software licenses sold and implemented is recognized ratably over the term of the maintenance period.

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 performance of services are classified as deferred revenue.

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.

SHORT-TERM INVESTMENTS

Short-term investments, comprised generally of term deposits, have remaining maturities over three months, but not more than one year, at the date of purchase.

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, and files federal and local tax returns and handles related regulatory correspondence and amendments. The funds held for clients include cash and long-term bonds. The Company presents the funds held for clients and related obligations separately. Funds held for clients are classified as current assets since, based upon management's intentions, these funds are held solely for the purpose of satisfying the clients' funds obligations, which will be repaid within one year of the consolidated balance sheets date.

Interest income earned and realized gains and losses on the disposal of bonds are recorded in revenue in the period that the income is earned, since the collecting, holding and remitting of these funds are critical components of providing these services.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

PROPERTY, PLANT AND EQUIPMENT

PP&E, including those items under finance leases, are recorded at cost and are depreciated over their estimated useful lives using the straight-line method.

Land and 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

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as property, plant and equipment at an amount equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments at the inception of the lease, and then depreciated over their useful economic lives or term of the lease, whichever is shorter. The capital element of future lease payments is included in the consolidated balance sheets as a liability. Interest is charged to the consolidated statements of earnings so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease payments under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the lease term. Operating lease incentives are recognized as a reduction in the rental expense over the lease term.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or development of a qualifying asset are capitalized as part of the cost of the respective asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.

CONTRACT COSTS

Contract costs are mainly incurred when acquiring or implementing long-term outsourcing contracts. Contract costs are comprised primarily of transition costs and incentives and are recorded at cost.

Transition costs

Transition costs consist of costs 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 costs related to activities such as the conversion of the client's applications to the Company's platforms. These costs are comprised essentially of labour costs, including compensation and related fringe benefits, as well as subcontractor costs.

Incentives

Occasionally, incentives are granted to clients upon the signing of outsourcing contracts. These incentives are primarily granted either in the form of cash payments or as an issuance of equity instruments. In the case of equity instruments, cost is measured at the estimated fair value at the time they are issued.

Pre-contract costs

Pre-contract costs associated with acquiring or implementing long-term outsourcing contracts are expensed as incurred except where it is virtually certain that the contracts will be awarded and the costs are directly related to the acquisition of the contract.

Amortization of contract costs

Contract costs are amortized as services are provided. Amortization of transition costs and pre-contract costs is included in costs of services, selling and administrative and amortization of incentives is recorded as a reduction of revenue.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

CONTRACT COSTS (CONTINUED)

Impairment of contract costs

When a contract is not expected to be profitable, the expected loss is first applied to impair the related contract costs, with the excess recorded as a provision and presented in accounts payable and accrued liabilities and other long-term liabilities. At a future date if the contract returns to profitability, the previously recognized impairment loss must be reversed. The reversal of the impairment loss is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the contract costs in prior years.

INTANGIBLE ASSETS

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 are capitalized when they meet specific capitalization criteria related to technical, market and financial feasibility. Internal-use software, business solutions, software licenses and client relationships acquired through business combinations are initially recorded at their fair value based on the present value of expected future cash flows, which involve making estimates about the future cash flows, as well as discount rates.

Amortization of intangible assets

The Company amortizes its 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 PP&E, INTANGIBLE ASSETS AND GOODWILL

Timing of impairment testing

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying values of PP&E and intangible assets not available for use and goodwill are tested for impairment annually as at September 30.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

IMPAIRMENT OF PP&E, INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit ("CGU") to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU") to the Company. The Company generally uses the VIU. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

For goodwill impairment testing purposes, the CGU that represents the lowest level within the Company at which management monitors goodwill is the operating segment level (Note 27). Goodwill acquired through business combinations is allocated to the CGU that is expected to benefit from synergies of the related business combination.

The VIU calculation for the recoverable amount of the CGUs to which goodwill has been allocated includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic climate and its resulting impact on expected growth and discount rates. In determining the discount rate applied to a CGU, management uses the Company's weighted average cost of capital as a starting point and applies adjustments to take into account specific tax rates, geographical risk and any additional risks specific to the CGU. The cash flow projections reflect management's expectations of the operating performance of the CGU and growth prospects in the CGU's market.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings. Impairment losses relating to goodwill cannot be reversed in future periods.

OTHER LONG-TERM ASSETS

Other long-term assets consist mainly of insurance contracts held to fund defined benefit pension and life assurance arrangements, deferred compensation plan assets, long-term investments, retirement benefits assets, long-term receivables, deferred financing fees, long-term maintenance agreements, derivative financial instruments and deposits. Long-term investments, comprised of bonds, are classified as long-term based on management's intentions.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

BUSINESS COMBINATIONS

The Company accounts for its business combinations using the acquisition method. Under this method the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on assumptions of management. These assumptions include the future expected cash flows arising from the intangible assets identified as client relationships, business solutions, and trademarks. The preliminary goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, PP&E, litigation, provision for estimated losses on revenue-generating contracts, onerous contracts and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings. For all business acquisitions, the Company records the results of operations of the acquired entities as of their respective effective acquisition dates.

EARNINGS PER SHARE

Basic earnings per share is 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 and PSUs.

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.

TAX CREDITS

The Company follows the income approach to account for tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related asset. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

INCOME TAXES

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statements purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

INCOME TAXES (CONTINUED)

Deferred income tax assets and liabilities are recognized directly in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

In the course of the Company's operations, uncertainties exist with respect to interpretation of complex tax regulations and the amount and timing of future taxable income. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company’s provisions consist of liabilities for leases of premises that the Company has vacated, litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for 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 Company also records restructuring provisions related to business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

The Company accrues provisions for onerous leases which consist of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease using the risk-free interest rates. Estimates include potential revenues from the subleasing of vacated premises.

The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

Decommissioning liabilities 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 provision is determined using the present value of the estimated future cash outflows using the risk-free interest rates.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline. The restructuring provisions are comprised of reduction in headcount.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

TRANSLATION OF FOREIGN CURRENCIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions and balances

Revenue, expenses and non-monetary assets and liabilities 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 the consolidated statements of earnings.

Foreign operations

For foreign operations that have functional currencies different from the Company, assets and liabilities 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 or losses on translating financial statements of foreign operations in other comprehensive income.

For the accounts of foreign operations with the same functional currency as the Company, 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 operations are reflected in the consolidated statements of earnings.

SHARE-BASED PAYMENTS

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees and others as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange ("TSX") for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on a periodic basis. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option, expected stock price volatility and expected forfeitures. The fair values, adjusted for expectations related to performance conditions, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock option is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS

All financial assets designated as held-to-maturity and loans and receivables, as well as financial liabilities designated 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 designated as fair value through earnings (“FVTE”) are measured at their fair values and gains and losses related to periodic revaluations are recorded in the consolidated statements of earnings. Financial instruments may be designated on initial recognition as FVTE if any of the following criteria are met: i) the financial instrument contains one or more embedded derivatives that otherwise would have to be accounted for separately; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. All financial assets designated as available for sale are measured at their fair value and any unrealized gains and losses, net of applicable income taxes, are reported in other comprehensive income. Interest income earned and realized gains and losses on the sale of available for sale assets are recorded in the consolidated statements of earnings.

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 FVTE.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for derecognition. The transfer qualifies for derecognition if substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company has made the following classifications:

FVTE
Cash and cash equivalents, short-term investments (other than those included in funds held for clients) and derivatives (unless they qualify for hedge accounting, refer to “Derivative Financial Instruments and Hedging Transactions”). In addition, deferred compensation plan assets were designated by management as FVTE upon initial recognition as this reflected management’s investment strategy.

Loan and receivables
Trade accounts receivable and cash included in funds held for clients.

Available for sale
Long-term bonds included in funds held for clients and long-term investments.

Other liabilities
Accounts payable and accrued liabilities, accrued compensation, long-term debt excluding obligations under finance leases and clients’ funds obligations.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS (CONTINUED)

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.

All financial assets and liabilities measured at fair value are categorized in Level 1, except for derivatives, investments included in funds held for clients and long-term investments, which are categorized in Level 2.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency exchange risks.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statements of earnings unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statements of earnings depends on the nature of the hedge relationship.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The cash flows of the hedging transactions are classified in the same manner as the cash flows of the position being hedged.

Hedges on net investments in foreign operations

The Company uses cross-currency swaps and foreign currency denominated long-term debt to hedge portions of the Company's net investments in its U.S. and European operations. 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. To the extent that the hedge is ineffective, such differences are recognized in consolidated statements of earnings. When the hedged net investment is disposed of, the relevant amount in other comprehensive income is transferred to earnings as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS (CONTINUED)

CASH FLOW HEDGES

Cash flow hedges on future revenue
The Company has entered into various foreign currency forward contracts to hedge the variability in the foreign currency exchange rates.

Cash flow hedges on unsecured committed term loan credit facility
The Company has entered into interest rate swaps to hedge the cash flow exposure of the issued variable rate unsecured committed term loan credit facility. Under the interest rate swaps, the Company receives a variable rate of interest and pays interest at a fixed rate on the notional amount.

The above hedges were documented as cash flow hedges and no component of the derivative instruments' fair value are excluded from the assessment and measurement of hedge effectiveness. The effective portion of the change in fair value of the derivative financial instruments is recognized in other comprehensive income and the ineffective portion, if any, in the consolidated statements of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income into the consolidated statements of earnings when the hedged element is recognized in the consolidated statements of earnings.

FAIR VALUE HEDGES

Fair value hedges on Senior U.S. unsecured notes
The Company entered into interest rate swaps to hedge the fair value exposure of the issued fixed rate Senior U.S. unsecured notes. Under the interest rate swaps, the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount.

The changes in the fair value of the interest rate swaps are recognized in the consolidated statements of earnings as finance costs. The changes in the fair value of the hedged items attributable to the risk hedged is recorded as part of the carrying value of the Senior U.S. unsecured notes and are also recognized in the consolidated statements of earnings as finance costs. If the hedged items are derecognized, the unamortized fair value is recognized immediately in the consolidated statements of earnings.

The cross-currency swaps, the foreign currency forward contracts and the interest rate swaps used as a hedging item are derivative financial instruments and, therefore, are recorded at fair value in the consolidated balance sheets 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 derivative financial instruments.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

EMPLOYEE BENEFITS

The Company operates retirement benefit plans of both a defined contribution and defined benefit nature.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefits plans, the defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The retirement benefit obligations in the consolidated balance sheets represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefit plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as a non-current financial asset in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, expected rates of return on assets, future salary and pension increases, inflation rates and mortality rates. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other assumptions are based in part on current market conditions.

The current service cost is recognized in the consolidated statements of earnings as an employee benefit expense. The interest cost resulting from the increase in the present value of the defined benefit obligations over time and the expected return on plan assets, is recognized as net finance cost or income. A curtailment arises when a defined benefit pension plan is amended or restructured and results in a significant reduction in plan benefits. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

3. Summary of significant accounting policies (continued)

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective:

- IFRS 9, “Financial Instruments”, covers the classification and measurement of financial assets and financial liabilities. The Company is currently evaluating the impact of these standards on the Company’s consolidated financial statements.
- IFRS 10, “Consolidated Financial Statements”, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in a company’s consolidated financial statements. The adoption of this standard will not result in any change in the consolidation status of the Company’s subsidiaries.
- IFRS 12, “Disclosure of Interests in Other Entities”, provides guidance on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IFRS 13, “Fair Value Measurement”, provides guidance on fair value measurements by providing a definition of fair value and a single source of fair value measurement and disclosure requirements. Based on the preliminary assessment, the adoption of this standard will not result in any significant change in the disclosure in the Company’s consolidated financial statements.
- IAS 1, “Presentation of Financial Statements”, was amended to require grouping together items within the statement of comprehensive income that may be reclassified to the statement of income. The presentation of the Company consolidated financial statements will be impacted by this amendment as the Company will group items within its consolidated statements of comprehensive income by items that will and will not be reclassified subsequently to consolidated statements of earnings.
- IAS 19, “Employee Benefits”, was amended to adjust the calculation of the financing cost component of defined benefit plans and to enhance disclosure requirements. Other than for the disclosure requirements, the adoption of this standard will not result in any significant impact on the consolidated financial statements of the Company.

The above standards are effective October 1, 2013 except for IFRS 9 which is effective October 1, 2015, with earlier application permitted.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

4. Cash and cash equivalents

	As at September 30, 2013	As at September 30, 2012
	$	$
Cash	**105,677**	86,060
Cash equivalents	**522**	27,043
	106,199	113,103

5. Accounts receivable

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	$	$
Trade	**1,018,990**	1,239,208
Other[1]	**186,635**	173,727
	1,205,625	1,412,935

[1] Other accounts receivable include refundable tax credits on salaries related to the Québec Development of E-Business program, research and development tax credits and other job and economic growth creation programs available. The tax credits represent approximately $110,615,000 and $106,491,000 of other accounts receivable in 2013 and 2012, respectively.

The fiscal measures under the Québec Development of E-Business program enable 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. On July 11, 2013, the government of Québec announced an extension of the fiscal measure under the Québec Development of E-Business program until December 31, 2025. Beginning January 1, 2016, the maximum amount per year per eligible employee for the tax credit will equal $22,500.

6. Funds held for clients

	As at September 30, 2013	As at September 30, 2012
	$	$
Cash	**34,653**	11,670
Long-term bonds	**187,816**	190,737
	222,469	202,407

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

7. Property, plant and equipment

	Land and buildings	**Leasehold improvements**	**Furniture, fixtures and equipment**	**Computer equipment**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
As at September 30, 2012, revised	**56,638**	**182,553**	**134,071**	**413,613**	**786,875**
Additions/transfers	**4,038**	**16,197**	**18,570**	**121,060**	**159,865**
Disposals/transfers	**-**	**(8,276)**	**(13,941)**	**(60,767)**	**(82,984)**
Foreign currency translation adjustment	**1,401**	**2,747**	**2,270**	**11,830**	**18,248**
As at September 30, 2013	**62,077**	**193,221**	**140,970**	**485,736**	**882,004**
Accumulated depreciation					
As at September 30, 2012	**5,240**	**76,431**	**40,992**	**182,732**	**305,395**
Depreciation expense (Note 23)	**1,467**	**28,299**	**27,788**	**118,133**	**175,687**
Disposals/transfers	**-**	**(6,393)**	**(12,730)**	**(58,871)**	**(77,994)**
Foreign currency translation adjustment	**(37)**	**678**	**222**	**2,910**	**3,773**
As at September 30, 2013	**6,670**	**99,015**	**56,272**	**244,904**	**406,861**
Net carrying amount as at September 30, 2013	**55,407**	**94,206**	**84,698**	**240,832**	**475,143**

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Total (Revised – Note 25)
	$	$	$	$	$
Cost					
As at September 30, 2011	14,773	125,808	84,046	293,944	518,571
Additions/transfers	23,993	5,021	8,980	58,891	96,885
Additions – business acquisition (Note 25a)	17,617	60,984	43,552	109,486	231,639
Disposals/transfers	-	(9,344)	(2,305)	(46,537)	(58,186)
Foreign currency translation adjustment (Note 25a)	255	84	(202)	(2,171)	(2,034)
As at September 30, 2012	56,638	182,553	134,071	413,613	786,875
Accumulated depreciation					
As at September 30, 2011	4,047	65,678	31,767	167,178	268,670
Depreciation expense (Note 23)	1,178	18,189	10,707	62,979	93,053
Disposals/transfers	-	(7,052)	(2,274)	(44,580)	(53,906)
Foreign currency translation adjustment	15	(384)	792	(2,845)	(2,422)
As at September 30, 2012	5,240	76,431	40,992	182,732	305,395
Net carrying amount as at September 30, 2012	51,398	106,122	93,079	230,881	481,480

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

7. Property, plant and equipment (continued)

Property, plant and equipment include the following assets acquired under finance leases:

	As at September 30, 2013			As at September 30, 2012		
	Cost	**Accumulated depreciation**	**Net carrying amount**	Cost	Accumulated depreciation	Net carrying amount
	$	**$**	**$**	$	$	$
Furniture, fixtures and equipment	**15,762**	**7,218**	**8,544**	16,909	5,198	11,711
Computer equipment	**105,112**	**66,117**	**38,995**	103,759	52,201	51,558
	120,874	**73,335**	**47,539**	120,668	57,399	63,269

8. Contract costs

	As at September 30, 2013			As at September 30, 2012 (Revised – Note 25)		
	Cost	**Accumulated amortization**	**Net carrying amount**	Cost	Accumulated amortization	Net carrying amount
	$	**$**	**$**	$	$	$
Transition costs	**291,305**	**165,705**	**125,600**	259,686	111,672	148,014
Incentives	**103,058**	**88,186**	**14,872**	102,061	81,425	20,636
	394,363	**253,891**	**140,472**	361,747	193,097	168,650

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

9. Intangible assets

	Internal-use software	**Business solutions**	**Software licenses**	**Client relationships and other**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
As at September 30, 2012, revised	**130,519**	**351,355**	**175,932**	**819,596**	**1,477,402**
Additions/transfers	**23,032**	**-**	**27,008**	**-**	**50,040**
Additions – internally developed	**-**	**28,607**	**-**	**-**	**28,607**
Disposals/transfers	**(5,824)**	**(4,641)**	**(74,329)**	**(1,382)**	**(86,176)**
Foreign currency translation adjustment	**2,646**	**8,601**	**1,837**	**43,790**	**56,874**
As at September 30, 2013	**150,373**	**383,922**	**130,448**	**862,004**	**1,526,747**
Accumulated amortization					
As at September 30, 2012	**78,217**	**220,317**	**132,629**	**258,460**	**689,623**
Amortization expense (Note 23)	**29,218**	**29,302**	**20,956**	**114,505**	**193,981**
Disposals/transfers	**(5,608)**	**(4,889)**	**(72,241)**	**(1,382)**	**(84,120)**
Foreign currency translation adjustment	**1,568**	**4,877**	**1,541**	**11,112**	**19,098**
As at September 30, 2013	**103,395**	**249,607**	**82,885**	**382,695**	**818,582**
Net carrying amount as at September 30, 2013	**46,978**	**134,315**	**47,563**	**479,309**	**708,165**

	Internal-use software	Business solutions	Software licenses	Client relationships and other	Total (Revised – Note 25)
	$	$	$	$	$
Cost					
As at September 30, 2011	90,775	299,788	162,699	390,374	943,636
Additions/transfers	4,158	-	19,499	-	23,657
Additions – internally developed	-	35,360	-	-	35,360
Additions – business acquisition (Note 25a)	39,730	32,426	-	462,907	535,063
Disposals/transfers	(4,012)	(8,099)	(5,115)	(29,999)	(47,225)
Foreign currency translation adjustment (Note 25a)	(132)	(8,120)	(1,151)	(3,686)	(13,089)
As at September 30, 2012	130,519	351,355	175,932	819,596	1,477,402
Accumulated amortization					
As at September 30, 2011	71,510	213,780	119,051	247,162	651,503
Amortization expense (Note 23)	9,133	21,770	18,472	50,299	99,674
Disposals/transfers	(2,062)	(8,917)	(4,302)	(31,811)	(47,092)
Foreign currency translation adjustment	(364)	(6,316)	(592)	(7,190)	(14,462)
As at September 30, 2012	78,217	220,317	132,629	258,460	689,623
Net carrying amount as at September 30, 2012	52,302	131,038	43,303	561,136	787,779

All intangible assets are subject to amortization.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

10. Other long-term assets

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	$	$
Insurance contracts held to fund defined benefit pension and life assurance arrangements (Note 16)	**20,856**	19,122
Deferred compensation plan assets (Note 16)	**24,752**	18,878
Long-term investments	**20,333**	15,533
Retirement benefits assets (Note 16)	**9,175**	9,165
Long-term receivables	**4,289**	8,502
Deferred financing fees	**3,856**	5,042
Long-term maintenance agreements	**6,653**	4,891
Derivative financial instruments (Note 30)	**2,518**	2,098
Deposits	**9,960**	8,785
Other	**7,929**	2,609
	110,321	94,625

11. Goodwill

On August 20, 2012, the Company acquired 100% of the outstanding ordinary shares of Logica plc ("Logica"), a business and technology services company and made a preliminary purchase price allocation. In 2013, the Company modified the preliminary purchase price allocation and the goodwill has been retrospectively revised.

Due to the change in operating segments at October 1, 2012 (Note 27), the Company is now managed through seven operating segments which are based on its geographic delivery model, namely: United States of America ("U.S."); Nordics, Southern Europe and South America ("NSESA"); Canada; France (including Luxembourg and Morocco); United Kingdom ("U.K."); Central and Eastern Europe (including Netherlands, Germany and Belgium) ("CEE"); the Asia Pacific (including Australia, India, Philippines and the Middle east). The Company reallocated goodwill to the revised CGUs using relative fair values.

The Company completed the annual impairment test using the CGUs which are the same as the operating segments as at September 30, 2013 and did not identify any impairment.

The variations in goodwill were as follows:

								2013
	U.S.	**NSESA**	**Canada**	**France**	**U.K.**	**CEE**	**Asia Pacific**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
As at October 1, 2012	**1,307,707**	**1,183,338**	**1,111,702**	**742,593**	**793,121**	**649,510**	**305,163**	**6,093,134**
Foreign currency translation adjustment	**62,692**	**91,329**	**-**	**63,298**	**34,170**	**65,501**	**(16,334)**	**300,656**
As at September 30, 2013	**1,370,399**	**1,274,667**	**1,111,702**	**805,891**	**827,291**	**715,011**	**288,829**	**6,393,790**

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

11. Goodwill (continued)

Impact of the reallocation of goodwill:

											2012 (Revised – Note 25)
	U.S.	NSESA	Canada	France	U.K.	CEE	Asia Pacific	GIS[1]	Europe & Asia Pacific	Logica	Total
	$	$	$	$	$	$	$	$	$	$	$
As at September 30, 2011	1,275,588	-	980,648	-	-	-	-	202,835	76,951	-	2,536,022
Business acquisition (Note 25a)	-	-	-	-	-	-	-	-	-	3,541,496	3,541,496
Foreign currency translation adjustment (Note 25a)	(70,849)	-	-	-	-	-	-	(880)	(7,011)	94,356	15,616
As at September 30, 2012	1,204,739	-	980,648	-	-	-	-	201,955	69,940	3,635,852	6,093,134
Goodwill reallocation to new CGUs	102,968	1,183,338	131,054	742,593	793,121	649,510	305,163	(201,955)	(69,940)	(3,635,852)	-
As at October 1, 2012	1,307,707	1,183,338	1,111,702	742,593	793,121	649,510	305,163	-	-	-	6,093,134

[1] Global Infrastructure Services.

Key assumptions in goodwill impairment testing

The key assumptions for the CGUs are disclosed in the following table:

As at September 30, 2013	**U.S.**	**NSESA**	**Canada**	**France**	**U.K.**	**CEE**	**Asia Pacific**
	%	%	%	%	%	%	%
Assumptions							
Pre-tax discount rate	**10.0**	**12.5**	**7.6**	**10.8**	**10.7**	**10.5**	**20.1**
Long-term growth rate of net operating cash flows	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

As at September 30, 2012	U.S.	Canada	GIS	Europe & Asia Pacific
	%	%	%	%
Assumptions				
Pre-tax discount rate	8.7	5.5	7.2	13.2
Long-term growth rate of net operating cash flows	2.0	2.0	2.0	2.0

As Logica was acquired on August 20, 2012, the consideration paid was the best indicator of fair value for this CGU as at September 30, 2012.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

12. Provisions

	Onerous leases[1]	**Litigations and claims[2]**	**Decommissioning liabilities[3]**	**Restructuring[4]**	**Total**
	$	**$**	**$**	**$**	**$**
As at September 30, 2012, revised	**88,670**	**91,669**	**53,366**	**143,120**	**376,825**
Additional provisions	**36,687**	**-**	**1,722**	**249,799**	**288,208**
Utilized amounts	**(34,490)**	**(31,332)**	**(2,375)**	**(284,106)**	**(352,303)**
Reversals of unused amounts	**(1,683)**	**-**	**(1,958)**	**-**	**(3,641)**
Discount rate adjustment and imputed interest	**646**	**-**	**572**	**-**	**1,218**
Foreign currency translation adjustment	**4,192**	**5,081**	**2,929**	**9,576**	**21,778**
As at September 30, 2013	**94,022**	**65,418**	**54,256**	**118,389**	**332,085**
Current portion	**41,668**	**65,418**	**7,735**	**108,253**	**223,074**
Non-current portion	**52,354**	**-**	**46,521**	**10,136**	**109,011**

	Onerous leases[1]	Litigations and claims[2]	Decommissioning liabilities[3]	Restructuring[4]	Total (Revised – Note 25)
	$	$	$	$	$
As at September 30, 2011	29,703	2,535	7,559	-	39,797
Additional provisions	4,515	1,719	1,672	101,475	109,381
Provisions assumed in business acquisition (Note 25a)	65,115	87,556	46,628	45,713	245,012
Utilized amounts	(10,445)	(2,217)	-	(5,384)	(18,046)
Reversals of unused amounts	(1,135)	-	(2,908)	-	(4,043)
Discount rate adjustment and imputed interest	148	-	205	-	353
Foreign currency translation adjustment (Note 25a)	769	2,076	210	1,316	4,371
As at September 30, 2012	88,670	91,669	53,366	143,120	376,825
Current portion	31,428	91,669	4,750	122,840	250,687
Non-current portion	57,242	-	48,616	20,280	126,138

[1] As at September 30, 2013, the timing of cash outflows relating to these provisions ranges between one and ten years (one and thirteen years as at September 30, 2012) and was discounted at a weighted average rate of 1.15% (1.21% as at September 30, 2012). As at September 30, 2013, the provision includes $31,899,000 of integration costs ($nil as at September 30, 2012) (Note 25b).

[2] As at September 30, 2013, litigations and claims include provisions related to tax exposure, contractual disputes, employee claims and other of $34,409,000, $15,434,000 and $15,575,000, respectively (as at September 30, 2012, $55,090,000, $19,939,000 and $16,640,000, respectively).

[3] As at September 30, 2013, the decommissioning liability was based on the expected cash flows of $56,454,000 ($55,690,000 as at September 30, 2012) and was discounted at a weighted average rate of 0.93% (1.09% as at September 30, 2012). The timing of the settlement of these obligations ranges between one and ten years as at September 30, 2013 (one and fourteen years as at September 30, 2012).

[4] As at September 30, 2013, the provision includes $249,799,000 of integration costs ($101,475,000 as at September 30, 2012) (Note 25b).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

13. Long-term debt

	As at September 30, 2013	As at September 30, 2012
	$	$
Senior U.S. unsecured notes repayable by a payment of $87,423 (US$85,000) in 2016, $143,990 (US$140,000) in 2018 and $257,125 (US$250,000) in 2021[1]	**475,787**	467,610
Unsecured committed revolving facility[2]	**254,818**	691,960
Unsecured committed term loan credit facility[3]	**1,974,490**	1,933,948
Obligations bearing a weighted average interest rate of 3.27% (3.34% in 2012) and repayable in blended monthly installments maturing at various dates until 2018	**79,446**	60,812
Obligations under finance leases, bearing a weighted average interest rate of 3.46% (3.85% in 2012) and repayable in blended monthly installments maturing at various dates until 2019	**67,928**	85,124
Other long-term debt	**14,081**	8,954
	2,866,550	3,248,408
Current portion	**534,173**	52,347
	2,332,377	3,196,061

[1] As at September 30, 2013, an amount of $488,538,000 was drawn, less fair value adjustments relating to interest rate hedge contracts designated as fair value hedges and financing fees for a total of $12,751,000. The private placement financing with U.S. institutional investors is comprised of three tranches of Senior U.S. unsecured notes, with a weighted average maturity as at September 30, 2013 of 6.4 years and a weighted average interest rate of 4.57%. The Senior U.S. unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was 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 December 2016. This facility is bearing interest at Bankers' acceptance, LIBOR or Canadian prime; plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2013, an amount of $254,818,000 was drawn upon this facility at a margin of 1.75% for LIBOR and Banker's acceptance and 0.75% for the Canadian prime portion. Also, an amount of $34,552,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. The revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was in compliance with these covenants.

On October 31, 2013, the unsecured revolving credit facility of $1,500,000,000 was extended by one year to December 2017 and can be further extended annually. This agreement was accepted by all the lenders except one having a commitment of $50,000,000 which will expire at the original maturity date. All other terms and conditions including interest rates and banking covenants remain unchanged.

[3] As at September 30, 2013, an amount of $1,983,812,000 was drawn, less financing costs of $9,322,000. The term loan credit facility expires in tranches on May 2014 ($486,738,000), 2015 ($493,998,000) and 2016 ($1,003,076,000). The term loan credit facility is bearing interest at Bankers' acceptance, LIBOR or to a lesser extent, Canadian prime; plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2013, the margin paid was 2.00% for LIBOR and Banker's acceptance and 1.00% for the Canadian prime portion. The term loan credit facility contains covenants that require the Company to maintain certain financial ratios (Note 31). As at September 30, 2013, the Company was in compliance with these covenants.

Principal repayments on long-term debt over the forthcoming years are as follows:

	$
Less than one year	511,949
Between one and two years	518,360
Between two and five years	1,384,198
Beyond five years	406,188
Total principal payments on long-term debt	2,820,695

Minimum finance lease payments are as follows:

	Principal	Interest	Payment
	$	$	$
Less than one year	22,224	1,646	23,870
Between one and two years	23,420	1,039	24,459
Between two and five years	21,887	583	22,470
Beyond five years	397	4	401
Total minimum finance lease payments	67,928	3,272	71,200

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

14. Other long-term liabilities

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	$	$
Deferred revenue	**225,482**	314,758
Estimated losses on revenue-generating contracts	**78,390**	176,604
Deferred compensation plan liabilities (Note 16)	**25,253**	19,724
Deferred rent	**85,858**	94,751
Derivative financial instruments (Note 30)	**157,110**	32,848
Other	**19,670**	18,436
	591,763	657,121

15. Income taxes

	Year ended September 30	
	2013	2012
	$	$
Current income tax expense		
Current income tax expense in respect of the current year	**157,822**	151,736
Adjustments recognized in the current year in relation to the income tax expense of prior years	**(20,734)**	1,967
Total current income tax expense	**137,088**	153,703
Deferred income tax expense		
Deferred income tax expense relating to the origination and reversal of temporary differences	**35,435**	(19,680)
Deferred income tax expense relating to changes in tax rates	**27,708**	-
Recognition of previously unrecognized temporary differences	**(28,429)**	(2,626)
Total deferred income tax expense (recovery)	**34,714**	(22,306)
Total income tax expense	**171,802**	131,397

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:

	Year ended September 30	
	2013	2012
	%	%
Company's statutory tax rate	**26.9**	27.3
Effect of foreign tax rate differences	**(1.5)**	2.9
Final determination from agreements with tax authorities and expirations of statutes of limitations	**(3.4)**	(0.2)
Non-deductible and tax exempt items	**1.0**	1.2
Recognition of previously unrecognized temporary differences	**(4.5)**	-
Effect of non-deductible acquisition-related and integration costs	**2.9**	18.5
Minimum income tax charge	**1.6**	0.3
Impact on future tax assets and liabilities resulting from tax rate changes	**4.4**	-
Effective income tax rate	**27.4**	50.0

The decrease in Company's statutory tax rate is explained by the reduction in the federal statutory tax rate from 15.4% to 15.0%.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

15. Income taxes (continued)

The continuity of deferred income tax balances is as follows:

	As at September 30, 2012 (Revised)	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other	As at September 30, 2013
	$	$	$	$	$	$
Accounts payable, accrued liabilities and other long-term liabilities	**96,992**	**(27,724)**	**-**	**-**	**229**	**69,497**
Tax benefits on losses carried forward	**289,323**	**(10,920)**	**-**	**-**	**22,133**	**300,536**
Accrued compensation	**38,518**	**12,992**	**-**	**15,232**	**2,166**	**68,908**
Retirement benefits	**17,448**	**(2,750)**	**7,749**	**-**	**(489)**	**21,958**
Allowance for doubtful accounts	**2,046**	**3,228**	**-**	**-**	**-**	**5,274**
PP&E, contract costs, intangible assets and other long-term assets	**(162,950)**	**17,932**	**-**	**-**	**(5,400)**	**(150,418)**
Work in progress	**(25,382)**	**(17,107)**	**-**	**-**	**(728)**	**(43,217)**
Goodwill	**(35,244)**	**(4,644)**	**-**	**-**	**(1,438)**	**(41,326)**
Refundable tax credits on salaries	**(17,783)**	**(4,038)**	**-**	**-**	**-**	**(21,821)**
Unrealized gains on cash flow hedges	**4,379**	**(696)**	**(217)**	**-**	**707**	**4,173**
Other liabilities	**(6,110)**	**(987)**	**4,479**	**-**	**1,942**	**(676)**
Deferred income taxes, net	**201,237**	**(34,714)**	**12,011**	**15,232**	**19,122**	**212,888**

	As at September 30, 2011	Additions from business acquisition (Note 25a)	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other (Note 25a)	As at September 30, 2012 (Revised – Note 25)
	$	$	$	$	$	$	$
Accounts payable, accrued liabilities and other long-term liabilities	24,884	78,674	(7,473)	-	-	907	96,992
Tax benefits on losses carried forward	7,459	268,569	8,271	-	-	5,024	289,323
Accrued compensation	28,354	2,541	787	-	6,805	31	38,518
Retirement benefits	-	19,387	-	(2,178)	-	239	17,448
Allowance for doubtful accounts	3,255	-	(1,209)	-	-	-	2,046
PP&E, contract costs, intangible assets and other long-term assets	(122,374)	(55,980)	13,769	-	-	1,635	(162,950)
Work in progress	(28,090)	(211)	2,921	-	-	(2)	(25,382)
Goodwill	(33,490)	-	(1,754)	-	-	-	(35,244)
Refundable tax credits on salaries	(14,756)	-	(3,027)	-	-	-	(17,783)
Unrealized gains on cash flow hedges	(1,457)	-	3,236	2,695	-	(95)	4,379
Other liabilities	(3,297)	(10,343)	6,785	548	-	197	(6,110)
Deferred income taxes, net	(139,512)	302,637	22,306	1,065	6,805	7,936	201,237

The deferred income taxes are presented as follows in the consolidated balance sheets:

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	$	$
Deferred tax assets	**368,217**	348,689
Deferred tax liabilities	**(155,329)**	(147,452)
Deferred income taxes, net	**212,888**	201,237

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

15. Income taxes (continued)

At September 30, 2013, the Company had $1,920,600,000 in tax losses carried forward and other temporary differences, of which $547,100,000 expire at various dates up to 2029 and $1,373,500,000 have no expiry dates. The Company recognized deferred income tax assets on tax losses carried forward and other temporary differences to the extent that the realization of the related tax benefits through reversal of deferred tax liabilities, future taxable profit and tax planning strategies is probable. The Company recognized a deferred tax asset of $460,800,000 on the losses carried forward and other temporary differences and recognized a valuation allowance of $160,264,000. The resulting net deferred tax asset of $300,536,000 is the amount that is more likely than not to be realized. The valuation allowance related mainly to the tax assets resulting from the Logica acquisition.

The Company has not recorded deferred tax liabilities on undistributed earnings of its foreign subsidiaries when they are considered indefinitely reinvested, unless it is probable that these temporary differences will reverse. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to taxes. The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized amount to $934,176,000.

The cash and cash equivalents held by foreign subsidiaries were $16,400,000 as at September 30, 2013. The tax implications on the repatriation of the cash and cash equivalents have no significant impact on the liquidities of the Company and its consolidated financial statements.

16. Employee benefits

The Company operates various post-employment plans, including defined benefit and defined contribution pension plans as well as other benefits plans to its employees.

DEFINED BENEFIT PLANS

The Company operates defined benefit retirement plans primarily for the benefit of employees in U.K. and Netherlands, with smaller plans in other countries like Germany, France, Sweden, Norway and Switzerland.

The largest plans are funded plans, where contributions are made by the Company, and also in some cases by the employees, to build up a separate fund of assets which is used to pay the employee benefits. The plans' assets are held in funds separate from those of the Company. Contribution rates are assessed by the actuary or insurer of each plan in regular funding reviews. Plan benefits typically provide for a pension on retirement based on years of qualifying service and final pensionable salary.

The Company also operates unfunded plans where the Company will be required to pay the future employee benefits from its future earnings.

Stichting Pensioenfonds CMG (Netherlands) – last full actuarial valuation at December 31, 2011

The defined benefit pension plan in Netherlands is closed to accrual. At September 30, 2013, the plan held an insurance policy which matched the majority of the benefits due to members. At October 9, 2013 the Company signed an agreement with an insurance company to cover residual benefits and is no longer exposed to risks in respect of this plan.

CMG UK Pension Plan – last full actuarial valuation at September 30, 2012

CMG UK Pension Plan is the most significant plan in U.K. The plan is closed to accrual and the last funding valuation performed in September 30, 2011 reported a deficit of $78,702,000. A revised recovery plan was agreed with the Trustees and the Company will pay contributions in respect of the expenses and the shortfall in funding of $13,311,000 annually for a period of 5 years and 9 months from July 1, 2011 to March 31, 2017.

The Company expects to contribute $21,020,000 to defined benefit plans during the following year, of which $16,205,000 relates to U.K. plans, and $4,815,000 relating to other plans. The contributions include new benefit accruals and deficit recovery payments.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents amounts for post-retirement benefits plans and post-employment benefits plan other than pensions included in the consolidated balance sheets:

As at September 30, 2013	**U.K.**	**Netherlands**	**Other**	**Total**
	$	**$**	**$**	**$**
Defined benefit obligations	**(521,505)**	**(366,533)**	**(162,875)**	**(1,050,913)**
Fair value of plan assets	**491,717**	**364,848**	**50,428**	**906,993**
	(29,788)	**(1,685)**	**(112,447)**	**(143,920)**
Fair value of reimbursement rights	**-**	**-**	**20,856**	**20,856**
Net liability recognized in the balance sheet	**(29,788)**	**(1,685)**	**(91,591)**	**(123,064)**
Presented as:				
Other long-term assets (Note 10)				
Insurance contracts held to fund defined benefit pension and life assurance arrangements	**-**	**-**	**20,856**	**20,856**
Retirement benefits assets	**8,813**	**-**	**362**	**9,175**
Retirement benefits obligations	**(38,601)**	**(1,685)**	**(112,809)**	**(153,095)**
	(29,788)	**(1,685)**	**(91,591)**	**(123,064)**

As at September 30, 2012	U.K.	Netherlands	Other	Total
	$	$	$	$
Defined benefit obligations	(437,585)	(326,620)	(150,827)	(915,032)
Fair value of plan assets	433,727	326,793	45,599	806,119
	(3,858)	173	(105,228)	(108,913)
Fair value of reimbursement rights	-	-	19,122	19,122
Net (liability)/asset recognized in the balance sheet	(3,858)	173	(86,106)	(89,791)
Presented as:				
Other long-term assets (Note 10)				
Insurance contracts held to fund defined benefit pension and life assurance arrangements	-	-	19,122	19,122
Retirement benefits assets	8,790	375	-	9,165
Retirement benefits obligations	(12,648)	(202)	(105,228)	(118,078)
	(3,858)	173	(86,106)	(89,791)

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents a reconciliation of the movements in the defined benefit obligations between the beginning and end of the year, and an analysis of the defined benefit obligations between unfunded plans and those plans that are wholly funded:

Defined benefit obligations	**U.K.**	**Netherlands**	**Other**	**Total**
	$	**$**	**$**	**$**
As at September 30, 2012	**437,585**	**326,620**	**150,827**	**915,032**
Current service cost	**1,096**	**-**	**7,425**	**8,521**
Interest cost	**20,335**	**12,543**	**5,489**	**38,367**
Curtailment gains	**-**	**-**	**(4,371)**	**(4,371)**
Actuarial losses (gains)[1]	**53,377**	**2,439**	**(3,179)**	**52,637**
Termination benefits	**310**	**-**	**-**	**310**
Plan participant contributions	**271**	**-**	**288**	**559**
Benefits paid from the plan	**(13,509)**	**(8,025)**	**(3,547)**	**(25,081)**
Benefits paid directly by employer	**-**	**-**	**(2,581)**	**(2,581)**
Foreign currency translation adjustment	**22,040**	**32,956**	**12,524**	**67,520**
As at September 30, 2013	**521,505**	**366,533**	**162,875**	**1,050,913**
Defined benefit obligation of unfunded plans	**-**	**-**	**41,272**	**41,272**
Defined benefit obligation of funded plans	**521,505**	**366,533**	**121,603**	**1,009,641**
As at September 30, 2013	**521,505**	**366,533**	**162,875**	**1,050,913**

Defined benefit obligations	U.K.	Netherlands	Other	Total
	$	$	$	$
As at September 30, 2011	-	-	7,035	7,035
Liabilities assumed in a business acquisition	436,695	304,686	134,780	876,161
Current service cost	140	-	643	783
Interest cost	2,267	1,289	880	4,436
Actuarial (gains) losses[1]	(10,615)	10,214	3,660	3,259
Termination benefits	95	-	-	95
Plan participant contributions	38	-	32	70
Benefits paid from the plan	(421)	(687)	(410)	(1,518)
Benefits paid directly by employer	-	-	(160)	(160)
Foreign currency translation adjustment	9,386	11,118	4,367	24,871
As at September 30, 2012	437,585	326,620	150,827	915,032
Defined benefit obligation of unfunded plans	-	-	39,548	39,548
Defined benefit obligation of funded plans	437,585	326,620	111,279	875,484
As at September 30, 2012	437,585	326,620	150,827	915,032

[1] Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following table presents a reconciliation of the movements in plan assets and reimbursement rights between the beginning and end of the year:

Plan assets and reimbursement rights	U.K.	Netherlands	Other	Total
	$	$	$	$
As at September 30, 2012	**433,727**	**326,793**	**64,721**	**825,241**
Expected return on assets	**18,885**	**12,559**	**2,518**	**33,962**
Employer contributions	**16,937**	**-**	**5,664**	**22,601**
Actuarial gains (losses)[1]	**13,885**	**562**	**(404)**	**14,043**
Plan participants contributions	**271**	**-**	**288**	**559**
Benefits paid from the plan	**(13,509)**	**(8,025)**	**(4,132)**	**(25,666)**
Benefits paid directly by employer	**-**	**-**	**(2,581)**	**(2,581)**
Foreign currency translation adjustment	**21,521**	**32,959**	**5,210**	**59,690**
As at September 30, 2013	**491,717**	**364,848**	**71,284**	**927,849**
Plan assets	**491,717**	**364,848**	**50,428**	**906,993**
Reimbursement rights	**-**	**-**	**20,856**	**20,856**
As at September 30, 2013	**491,717**	**364,848**	**71,284**	**927,849**

Plan assets and reimbursement rights	U.K.	Netherlands	Other	Total
	$	$	$	$
As at September 30, 2011	-	-	-	-
Assets acquired in a business acquisition	423,111	304,944	61,263	789,318
Expected return on assets	2,196	1,291	246	3,733
Employer contributions	233	-	649	882
Actuarial (losses) gains[1]	(594)	10,119	1,122	10,647
Plan participants contributions	38	-	32	70
Benefits paid from the plan	(421)	(687)	(482)	(1,590)
Benefits paid directly by employer	-	-	(160)	(160)
Foreign currency translation adjustment	9,164	11,126	2,051	22,341
As at September 30, 2012	433,727	326,793	64,721	825,241
Plan assets	433,727	326,793	45,599	806,119
Reimbursement rights	-	-	19,122	19,122
As at September 30, 2012	433,727	326,793	64,721	825,241

[1] Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The plan assets at the end of the year consist of:

As at September 30, 2013	**U.K.**	**Netherlands**	**Other**	**Total**
	$	**$**	**$**	**$**
Equities	**181,463**	**-**	**2,214**	**183,677**
Bonds	**283,186**	**-**	**20,805**	**303,991**
Property	**23,529**	**-**	**4,936**	**28,465**
Cash	**3,539**	**2,435**	**513**	**6,487**
Other[1]	**-**	**362,413**	**21,960**	**384,373**
	491,717	**364,848**	**50,428**	**906,993**

As at September 30, 2012	U.K.	Netherlands	Other	Total
	$	$	$	$
Equities	141,402	-	2,465	143,867
Bonds	262,845	-	20,065	282,910
Property	21,398	-	4,930	26,328
Cash	8,082	2,733	2,263	13,078
Other[1]	-	324,060	15,876	339,936
	433,727	326,793	45,599	806,119

[1] Other is mainly composed of various insurance policies to cover some of the defined benefit obligations.

Plan assets do not include any ordinary shares of the Company or property occupied by the Company or any other assets used by the Company.

The following table summarizes the expense recognized in the consolidated statements of earnings:

		Year ended September 30
	2013	2012
	$	$
Current service cost	**8,521**	783
Curtailment gain	**(4,371)**	-
Termination benefits	**310**	95
Interest cost	**38,367**	4,436
Expected return on plan assets and reimbursement rights[1]	**(33,962)**	(3,733)
	8,865[2]	1,581[2]

[1] Actual return on plan assets and reimbursement rights was $48,005,000 ($14,380,000 for the year ended September 30, 2012).

[2] The expense was presented as costs of services, selling and administrative and finance costs for an amount of $5,981,000 and $4,405,000, respectively ($878,000 and $703,000 for the year ended September 30, 2012), with a curtailment gain of $1,521,000 presented in acquisition-related and integration costs ($nil for the year ended September 30, 2012) (Note 25b).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages). The assumed discount rate, expected return on plan assets, rate of inflation, salary and pension increases and mortality rates all have a significant effect on the accounting valuation.

As at September 30, 2013	**U.K.**	**Netherlands**	**Other**	**Total**
	%	%	%	%
Discount rate	**4.40**	**3.60**	**3.84**	**4.03**
Expected return on plan assets	**5.05**	**3.60**	**4.32**	**4.43**
Future salary increases	**3.35**	**-**	**-**	**-**
Future pension increases	**3.19**	**-**	**-**	**-**
Inflation	**3.35**	**2.00**	**2.20**	**2.72**

As at September 30, 2012	U.K.	Netherlands	Other	Total
	%	%	%	%
Discount rate	4.55	3.55	3.35	4.00
Expected return on plan assets	4.55	3.55	3.26	4.07
Future salary increases	2.60	-	-	-
Future pension increases	2.57	-	-	-
Inflation	2.60	2.00	2.10	2.31

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most significant countries are based on the following post-retirement mortality tables: (1) U.K.: 110% PNXA00 (year of birth) plus CMI_2011 projections with 1% p.a. minimum long term improvement rate; and (2) Netherlands: AG Generation 2012-2062 with an age setback of 1 year.

The overall expected rate of return on plan assets is calculated as a weighted average of the expected rates of return of individual asset classes. The weighted average is calculated by reference to the amount in each class of plan assets at the end of the reporting period. The expected rates of return on bonds is determined by reference to market yields at the end of the reporting period for bonds of similar term to those held as plan assets. The expected rate of return on equities is determined by reference to real historical equity market returns.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions (continued)

The following table shows the sensitivity of the defined benefit obligations to changes in these assumptions:

As at September 30, 2013	U.K.	Netherlands	Other	Total
	$	$	$	$
Increase of 0.25% in the discount rate	**(21,118)**	**(14,367)**	**(5,539)**	**(41,024)**
Decrease of 0.25% in the discount rate	**23,052**	**15,235**	**5,770**	**44,057**
Increase of 0.25% in inflation	**16,235**	**-**	**1,438**	**17,673**
Decrease of 0.25% in inflation	**(14,107)**	**-**	**(625)**	**(14,732)**
Increase of one year in life expectancy	**10,504**	**8,747**	**2,204**	**21,455**
Decrease of one year in life expectancy	**(10,626)**	**(8,973)**	**(2,650)**	**(22,249)**

As at September 30, 2012	U.K.	Netherlands	Other	Total
	$	$	$	$
Increase of 0.25% in the discount rate	(18,043)	(14,154)	(5,200)	(37,397)
Decrease of 0.25% in the discount rate	19,424	13,599	5,195	38,218
Increase of 0.25% in inflation	13,698	-	778	14,476
Decrease of 0.25% in inflation	(11,902)	-	(830)	(12,732)
Increase of one year in life expectancy	8,901	6,855	2,222	17,978
Decrease of one year in life expectancy	(9,004)	(7,018)	(2,184)	(18,206)

DEFINED CONTRIBUTION PLANS

The Company also operates defined contribution retirement plans. In some countries, contributions are made into state pension plans. The pension cost expense for defined contribution plans amounted to $207,616,000 in 2013 ($45,194,000 in 2012).

In addition, in Sweden the Company contributes to the Alecta SE pension plan which is a defined benefit pension plan. This pension plan is classified as a defined contribution plan as it is a multi-employer plan. Any surplus or deficit in the plan will affect the amount of future contributions payable. Alecta uses a collective funding ratio to determine the surplus or deficit in the pension plan. The collective funding is the difference between Alecta's assets and the commitments to the policyholders and insured individuals. The collective solvency is normally allowed to vary between 125% and 155%, with the target being 140%. At September 30, 2013, Alecta's collective funding ratio was 145%. The plan expense was $38,598,000 in 2013 ($3,450,000 in 2012).

OTHER BENEFIT PLANS

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 $501,000 as at September 30, 2013 ($846,000 as at September 30, 2012). 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 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 totaled $24,752,000 as at September 30, 2012 ($18,878,000 as at September 30, 2012).

The deferred compensation plans assets and liabilities are presented in other long-term assets and other long-term liabilities, respectively.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

17. Accumulated other comprehensive income

	As at September 30, 2013	As at September 30, 2012 (Revised – Note 25)
	$	$
Net unrealized gains (losses) on translating financial statements of foreign operations, net of accumulated income tax expense of $18,818 as at September 30, 2013 (net of accumulated income tax expense of $330 as at September 30, 2012)	**290,410**	(7,351)
Net unrealized (losses) gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of $21,349 as at September 30, 2013 (net of accumulated income tax expense of $959 as at September 30, 2012)	**(137,714)**	6,071
Net unrealized losses on cash flow hedges, net of accumulated income tax recovery of $3,085 as at September 30, 2013 ($3,302 as at September 30, 2012)	**(6,209)**	(6,343)
Net unrealized actuarial (losses) gains, net of accumulated income tax recovery of $5,788 as at September 30, 2013 (net of accumulated income tax expense of $1,961 as at September 30, 2012)	**(26,267)**	4,578
Net unrealized gains on investments available for sale, net of accumulated income tax expense of $617 as at September 30, 2013 ($1,276 as at September 30, 2012)	**1,635**	3,339
	121,855	294

For the year ended September 30, 2013, $1,967,000 of the net unrealized losses previously recognized in other comprehensive income, net of income tax recovery of $1,601,000, were reclassified to net earnings for derivatives designated as cash flow hedges ($794,000 of the net unrealized gains net of income tax recovery of $277,000 for the year ended September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

18. 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 2013 and 2012, 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
		$		$		$
As at September 30, 2011	227,055,040	1,131,672	33,608,159	46,887	260,663,199	1,178,559
Issued upon financing of business acquisition, net of transaction costs	46,707,146	999,178	-	-	46,707,146	999,178
Issued upon exercise of stock options[1]	5,376,920	64,033	-	-	5,376,920	64,033
Repurchased and cancelled[2]	(5,368,000)	(26,942)	-	-	(5,368,000)	(26,942)
Purchased and held in trust[3]	-	(14,252)	-	-	-	(14,252)
Sale of shares held in trust[3]	-	1,118	-	-	-	1,118
As at September 30, 2012	273,771,106	2,154,807	33,608,159	46,887	307,379,265	2,201,694
Issued upon exercise of stock options[1]	3,765,982	51,971	-	-	3,765,982	51,971
Repurchased and cancelled[2]	(723,100)	(5,780)	-	-	(723,100)	(5,780)
Purchased and held in trust[3]	-	(7,663)	-	-	-	(7,663)
PSUs exercised[3]	-	272	-	-	-	272
Conversion of shares[4]	335,392	468	(335,392)	(468)	-	-
As at September 30, 2013	**277,149,380**	**2,194,075**	**33,272,767**	**46,419**	**310,422,147**	**2,240,494**

[1] The carrying value of Class A subordinate shares includes $12,531,000 ($16,010,000 in 2012), which corresponds to a reduction in contributed surplus representing the value of accumulated compensation costs associated with the stock options exercised during the year.

[2] On January 30, 2013, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid ("NCIB") for the purchase of up to 20,685,976 Class A subordinate shares during the next year (22,064,163 in 2012) for cancellation on the open market through the TSX. The Class A subordinate shares were available for purchase commencing February 11, 2013, until no later than February 10, 2014, or on such earlier date when the Company completes its purchases or elects to terminate the bid. During the year ended September 30, 2013, the Company repurchased 723,100 Class A subordinate shares (5,368,000 in 2012) for cash consideration of $22,869,000 ($102,845,000 in 2012). The excess of the purchase price over the carrying value, in the amount of $17,089,000 ($75,903,000 in 2012), was charged to retained earnings.

[3] The trustee, in accordance with the terms of the PSU plan and a Trust Agreement, purchased 336,849 Class A subordinate shares of the Company on the open market for $7,663,000 during the year ended September 30, 2013 (761,358 Class A subordinate shares for $14,252,000 during the year ended September 30, 2012). In addition, during the year ended September 30, 2013, 14,020 PSUs were exercised with a recorded fair value of $217,000 that was removed from contributed surplus. The excess of the average carrying value over the recorded fair value in the amount of $55,000 was removed from contributed surplus. As at September 30, 2013, 1,186,695 Class A subordinate shares were held in trust under the PSU plan (863,866 as at September 30, 2012) (Note 19b).

[4] During the year ended September 30, 2013, a shareholder converted 335,392 Class B shares into 335,392 Class A subordinate shares.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

19. Share-based payments

a) Stock options

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, stock 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. Stock options generally vest over four years from the date of grant conditionally upon 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, 2013, 37,115,627 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:

		2013		2012
	Number of options	**Weighted average exercise price per share**	Number of options	Weighted average exercise price per share
		$		$
Outstanding, beginning of year	**18,617,230**	**12.69**	24,163,317	11.42
Granted	**7,196,903**	**23.89**	2,551,547	19.74
Exercised	**(3,765,982)**	**10.47**	(5,376,920)	8.93
Forfeited	**(1,825,447)**	**19.77**	(2,720,714)	15.47
Expired	**(13,135)**	**11.42**	-	-
Outstanding, end of year	**20,209,569**	**16.45**	18,617,230	12.69
Exercisable, end of year	**10,955,235**	**11.70**	12,079,231	10.69

The weighted average share price at the date of exercise for share options exercised in 2013 was $29.47 ($22.46 in 2012).

The following table summarizes information about outstanding stock options granted by the Company as at September 30, 2013:

	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**
$			**$**		**$**
6.69 to 7.81	**818,879**	**3.06**	**7.69**	**818,879**	**7.69**
8.00 to 8.55	**1,070,895**	**1.59**	**8.53**	**1,070,895**	**8.53**
9.05 to 9.43	**2,229,726**	**5.00**	**9.31**	**2,229,726**	**9.31**
10.05 to 11.80	**1,605,616**	**4.03**	**11.37**	**1,605,616**	**11.37**
12.54 to 13.26	**3,177,721**	**5.99**	**12.55**	**3,177,721**	**12.55**
14.48 to 15.96	**3,317,208**	**7.00**	**15.48**	**1,687,459**	**15.48**
19.28 to 22.52	**987,510**	**8.00**	**19.77**	**296,954**	**19.86**
23.65 to 32.57	**7,002,014**	**9.22**	**23.89**	**67,985**	**26.39**
	20,209,569	**6.76**	**16.45**	**10,955,235**	**11.70**

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

19. Share-based payments (continued)

a) Stock options (continued)

The fair value of stock options granted in the period and the assumptions used in the calculation of their fair value on the date of grant using the Black-Scholes option pricing model were as follows:

	Year ended September 30	
	2013	2012
Weighted average assumptions		
Grant date fair value ($)	**4.98**	4.67
Dividend yield (%)	**0.00**	0.00
Expected volatility (%)[1]	**23.67**	27.63
Risk-free interest rate (%)	**1.29**	1.20
Expected life (years)	**4.00**	4.00
Exercise price ($)	**23.89**	19.74
Share price ($)	**23.89**	19.74

[1] Expected volatility was determined using statistical formulas and based on the weekly historical average of closing daily share prices over the period of the expected life of stock option.

b) Performance share units

Under the PSU plan, the Board of Directors may grant PSUs to senior executives and other key employees (“participants”) which entitle them to receive one Class A subordinate share for each PSU. The vesting performance conditions are determined by the Board of Directors at the time of each grant. PSUs expire on December 31 of the third calendar year following the end of the fiscal year during which the PSU award is made, except in the event of retirement, termination of employment or death. Granted PSUs vest annually over a period of four years from the date of grant conditionally upon achievement of objectives.

Class A subordinate shares purchased in connection with the PSU plan are held in trust for the benefit of the participants. The trust, considered as a special purpose entity, is consolidated in the Company’s consolidated financial statements with the cost of the purchased shares recorded as a reduction of capital stock (Note 18).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2011	164,012
Granted[1]	761,358
Forfeited	(61,504)
Outstanding as at September 30, 2012	863,866
Granted[1]	805,921
Exercised	(14,020)
Forfeited	(469,072)
Outstanding as at September 30, 2013	**1,186,695**

[1] The PSUs granted in the period had a grant date fair value of $23.65 per unit in 2013 ($19.71 in 2012).

c) Share-based payment costs

The share-based payment expense recorded in cost of services, selling and administrative expenses is as follows:

	Year ended September 30	
	2013	2012
	$	$
Stock options	**19,631**	9,310
PSUs	**11,642**	3,210
	31,273	12,520

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

20. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the year ended September 30:

			2013			2012
	Net earnings	**Weighted average number of shares outstanding[1]**	**Earnings per share**	Net earnings	Weighted average number of shares outstanding[1]	Earnings per share
	$		**$**	$		$
Basic	**455,820**	**307,900,034**	**1.48**	131,529	263,431,660	0.50
Dilutive stock options and PSUs[2]		**9,074,145**			10,212,342	
	455,820	**316,974,179**	**1.44**	131,529	273,644,002	0.48

[1] The 723,100 Class A subordinate shares repurchased and 1,186,695 Class A subordinate shares held in trust during the year ended September 30, 2013 (5,368,000 and 863,866, respectively, during year ended September 30, 2012), were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction.

[2] The calculation of the diluted earnings per share excluded 19,994 stock options for the year ended September 30, 2013 (2,400,489 for the year ended September 30, 2012), as they were anti-dilutive.

21. Construction contracts in progress

Revenue from systems integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company uses the labour costs or labour hours to measure the progress towards completion. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable.

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

The status of the Company's construction contracts still in progress at the end of the reporting period was as follows:

	As at September 30, 2013	As at September 30, 2012
	$	$
Recognized as:		
Revenue in the respective year	**1,634,739**	637,764
Recognized as:		
Amounts due from customers under construction contracts[1]	**311,733**	366,398
Amounts due to customers under construction contracts	**(209,890)**	(206,235)

[1] As at September 30, 2013, retentions held by customers for contract work in progress amounted to $38,133,000 ($21,402,000 as at September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

22. Costs of services, selling and administrative

	Year ended September 30	
	2013	2012
	$	$
Salaries and other member costs[1]	**5,954,032**	2,771,802
Hardware, software and data center related costs	**864,687**	400,015
Professional fees and other contracted labour	**1,311,323**	592,374
Property costs	**410,197**	204,944
Amortization and depreciation (Note 23)	**416,889**	220,054
Other operating expenses	**55,182**	37,670
	9,012,310	4,226,859

1 Net of tax credits of $95,911,000 in 2013 ($98,750,000 in 2012).

23. Amortization and depreciation

	Year ended September 30	
	2013	2012
	$	$
Depreciation of PP&E[1]	**175,687**	93,053
Amortization of intangible assets	**185,309**	99,674
Amortization of contract costs related to transition costs	**55,893**	27,327
Included in costs of services, selling and administrative (Note 22)	**416,889**	220,054
Amortization of contract costs related to incentives (presented as a reduction of revenue)	**8,151**	8,723
Amortization of internal-use software (presented in acquisition-related and integration costs) (Note 25b)	**8,672**	-
Amortization of deferred financing fees (presented in finance costs)	**1,186**	1,211
Amortization of premiums and discounts on investments related to funds held for clients (presented net as a reduction of revenue)	**1,046**	1,371
Amortization of premiums and discounts on long-term investments (presented net in finance costs)	**-**	39
	435,944	231,398

1 Depreciation of property, plant and equipment acquired under finance leases was $21,102,000 in 2013 ($20,799,000 in 2012).

24. Finance costs

	Year ended September 30	
	2013	2012
	$	$
Interest on long-term debt	**104,502**	40,853
Net finance costs on defined benefit plans (Note 16)	**4,405**	703
Other finance costs	**5,024**	543
	113,931	42,099

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries

2013 TRANSACTIONS

There were no significant acquisitions and disposals during fiscal 2013.

2012 TRANSACTIONS

a) Modifications to purchase price allocation

On August 20, 2012, the Company acquired 100% of the outstanding ordinary shares of Logica, a business and technology services company, for a total cash consideration of $2,682,380,000 and the assumption of Logica's net debt of $866,658,000. The acquisition and the repayment of Logica's debt assumed were funded through the issuance of 46,707,146 new Class A subordinate voting shares at a price of $21.41 for a total consideration of $1,000,000,000 and through a term loan agreement of $1,933,858,000. The remaining funding came from the Company's existing credit facility and cash.

During the year ended September 30, 2013, the Company finalized the purchase price allocation and has retrospectively revised the impact of changes to the preliminary purchase price allocation.

	Purchase price allocation, as originally reported	Adjustments and reclassifications	Final purchase price allocation
	$	$	$
Assets			
Current assets[1]	1,374,838	(72,333)	1,302,505
Property, plant and equipment	250,808	(19,169)	231,639
Contract costs	71,697	948	72,645
Intangible assets	603,683	(68,620)	535,063
Other long-term assets	87,789	(1,667)	86,122
Deferred tax assets	197,210	126,571	323,781
Goodwill	3,276,172	265,324	3,541,496
	5,862,197	231,054	6,093,251
Liabilities			
Current liabilities	(1,546,273)	(285,657)	(1,831,930)
Debt[2]	(808,775)	-	(808,775)
Deferred tax liabilities	(43,616)	22,472	(21,144)
Long-term provisions	(182,880)	86,570	(96,310)
Retirement benefits obligations	(113,526)	-	(113,526)
Other long-term liabilities	(426,864)	(54,439)	(481,303)
	(3,121,934)	(231,054)	(3,352,988)
Bank overdraft assumed, net	(57,883)	-	(57,883)
Net assets acquired	2,682,380	-	2,682,380
Cash consideration	2,676,912		2,676,912
Consideration payable[3]	5,468		5,468

[1] The current assets include accounts receivable with a fair value of $866,816,000 which approximates the gross amount due under the contracts.

[2] The fair value of the assumed debt in the business acquisition at August 20, 2012 was $808,775,000. In 2012, the Company repaid Logica's debt for an amount of $891,354,000, less settlement of foreign currency forward contracts of $50,171,000 resulting in a loss of $83,632,000, which was recorded in acquisition-related and integration costs.

[3] Paid during the year ended September 30, 2013.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

a) Modifications to purchase price allocation (continued)

IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012

The following represents the revised consolidated balance sheet as at September 30, 2012 which reflects the final purchase price allocation adjustments and the related additional reclassifications applied to the consolidated balance sheet as at September 30, 2012. A discussion of the adjustments and resulting impact for year ended September 30, 2012 are presented further below.

	As originally reported		Adjustments and reclassifications	Foreign exchange on adjustments	Final
	$		$	$	$
Assets					
Current assets					
Cash and cash equivalents	113,103		-	-	**113,103**
Short-term investments	14,459		-	-	**14,459**
Accounts receivable	1,446,149	A	(32,273)	(941)	**1,412,935**
Work in progress	744,482	A	(45,819)	(1,531)	**697,132**
Prepaid expenses and other current assets	244,805	A	(8,840)	(3)	**235,962**
Income taxes	24,650	I	14,599	628	**39,877**
Total current assets before funds held for clients	2,587,648		(72,333)	(1,847)	**2,513,468**
Funds held for clients	202,407		-	-	**202,407**
Total current assets	2,790,055		(72,333)	(1,847)	**2,715,875**
Property, plant and equipment	500,995	A, B, F	(19,169)	(346)	**481,480**
Contract costs	167,742	A	948	(40)	**168,650**
Intangible assets	858,892	C	(68,620)	(2,493)	**787,779**
Other long-term assets	96,351	A	(1,667)	(59)	**94,625**
Deferred tax assets	219,590	I	126,571	2,528	**348,689**
Goodwill	5,819,817		265,324	7,993	**6,093,134**
	10,453,442		231,054	5,736	**10,690,232**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	1,156,737	A, H	124,680	4,614	**1,286,031**
Accrued compensation	539,779	D	(16,695)	(520)	**522,564**
Deferred revenue	443,596	A	90,792	1,514	**535,902**
Income taxes	177,030	I	(58)	(10)	**176,962**
Provisions	160,625	E, F, J	86,938	3,124	**250,687**
Current portion of long-term debt	52,347		-	-	**52,347**
Total current liabilities before clients' funds obligations	2,530,114		285,657	8,722	**2,824,493**
Clients' funds obligations	197,986		-	-	**197,986**
Total current liabilities	2,728,100		285,657	8,722	**3,022,479**
Long-term provisions	216,507	E, F	(86,570)	(3,799)	**126,138**
Long-term debt	3,196,061		-	-	**3,196,061**
Other long-term liabilities	601,232	A, D, G, H	54,439	1,450	**657,121**
Deferred tax liabilities	171,130	I	(22,472)	(1,206)	**147,452**
Retirement benefits obligations	118,078		-	-	**118,078**
	7,031,108		231,054	5,167	**7,267,329**
Equity					
Retained earnings	1,113,225		-	-	**1,113,225**
Accumulated other comprehensive (loss) income	(275)		-	569	**294**
Capital stock	2,201,694		-	-	**2,201,694**
Contributed surplus	107,690		-	-	**107,690**
	3,422,334		-	569	**3,422,903**
	10,453,442		231,054	5,736	**10,690,232**

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

a) Modifications to purchase price allocation (continued)

IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012 (CONTINUED)

A. Contract accounting

The Company obtained supplementary information and reviewed estimates related to client contracts and made reclassifications. As a result, accounts receivable, work in progress, prepaid expenses and other current assets, property, plant and equipment and other long-term assets decreased by an amount of $32,273,000, $13,663,000, $8,840,000, $8,947,000, $1,667,000, respectively while contract costs, accounts payable and accrued liabilities as well as long-term deferred revenue, estimated losses on revenue-generating contracts and other within other long-term liabilities increased by an amount of $948,000, $4,482,000, $29,638,000, $142,173,000 and $8,514,000, respectively.

In addition, certain reclassifications for presentation purposes were done. As a result, accounts payable and accrued liabilities and current deferred revenue increased by an amount of $114,253,000 and $90,792,000, respectively while work in progress, long-term deferred revenue and estimated losses on revenue-generating contracts within other long-term liabilities decreased by an amount of $32,156,000, $131,751,000 and $105,450,000, respectively.

B. Buildings

The Company refined the assumptions related to the fair value of buildings acquired. As a result, property, plant and equipment decreased by an amount of $2,377,000.

C. Intangible assets

The Company refined the assumptions related to cash flows. As a result, internal-use software increased by an amount of $5,918,000 while business solutions and client relationships decreased by an amount of $3,966,000 and $70,572,000, respectively.

D. Accrued compensation

The Company adjusted the accrued compensation provision. As a result, accrued compensation decreased by an amount of $16,695,000 while other within other long-term liabilities increased by an amount of $5,488,000.

E. Litigations and claims

The Company obtained supplementary information, reviewed estimates and settled claims that have been agreed upon by both parties for a social security and contractual dispute claim against the Company. As a result, current and non-current provisions for litigations decreased by an amount of $708,000 and $18,144,000, respectively.

In addition, the Company made certain reclassifications from non-current provisions to current provisions for an amount of $86,884,000.

F. Lease provisions

The Company refined the assumptions related to the discount rate, sub-lease rental cash flows and costs to restore premises at the end of the lease period. As a result, onerous leases within current provisions decreased by an amount of $3,704,000 while onerous lease and decommissioning liabilities within non-current provisions and decommissioning liabilities within current provisions increased by an amount of $9,681,000, $13,777,000 and $1,405,000. Additionally, leasehold improvements within property, plant and equipment decreased by an amount of $7,845,000.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

a) Modifications to purchase price allocation (continued)

IMPACT ON CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2012 (CONTINUED)

G. Fair value of client contracts

The Company refined the assumptions related to the discount rate and the expected amount and timing of future cash flows related to client contracts. As a result, long-term deferred revenue within other long-term liabilities increased by an amount of $67,507,000.

H. Fair value of lease contracts

The Company refined the assumptions related to the discount rate and rental rates in effect at the acquisition date of lease contracts. As a result, deferred rent within accounts payable and accrued liabilities and within other long-term liabilities increased by an amount of $5,945,000 and $38,320,000.

I. Income taxes

The Company obtained supplementary information concerning income tax provisions. As a result, income taxes payable decreased by an amount of $28,280,000. The related income tax impact of the adjustments to purchase price allocation on income taxes receivable and deferred tax liabilities was a decrease by an amount of $7,501,000 and $6,972,000, respectively while deferred tax assets and income taxes payable increased by an amount of $142,071,000 and $6,122,000, respectively.

In addition, for presentation purposes, reclassifications were made from income taxes payable to income taxes receivable for an amount of $22,100,000 and from deferred tax assets to deferred tax liabilities for an amount of $15,500,000.

J. Restructuring

The Company refined the assumptions related to restructuring provisions assumed in the acquisition. As a result, expected restructuring costs within current and non-current provisions increased by an amount of $3,061,000 and decreased by an amount of $5,000,000, respectively.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

25. Investments in subsidiaries (continued)

2012 TRANSACTIONS (CONTINUED)

b) Acquisition-related and integration costs

In connection with the acquisition of Logica, the Company expensed $338,439,000 of the announced integration program of $525,000,000, during the year ended September 30, 2013. This amount included integration costs for the termination of employees to transform the operations of Logica to the Company's operating model of $249,799,000 (Note 12), costs related to onerous leases of $31,899,000 (Note 12) and other integration costs of $56,741,000. During the year ended September 30, 2012, the integration costs of $109,714,000 included integration costs for the termination of employees to transform the operations of Logica to the Company's operating model of $101,475,000 (Note 12) and other integration costs of $8,239,000.

During the year ended September 30, 2013, the Company paid in total $306,433,000 ($8,239,000 during the year ended September 30, 2012) related to the integration program and $37,937,000 ($5,384,000 during the year ended September 30, 2012), related to the restructuring program of Logica announced before the acquisition, on December 14, 2011. During the year ended September 30, 2013, the non-cash integration costs of $7,151,000 ($nil during the year ended September 30, 2012) included amortization expense of $8,672,000 (Note 23) and curtailment gain of $1,521,000 (Note 16).

In addition, during the year ended September 30, 2012, the Company expensed acquisition-related costs of $36,403,000 and financing costs of $108,856,000. The acquisition-related costs consisted mainly of professional fees incurred for the acquisition and foreign exchange call options for an amount of $7,146,000 in order to comply with the funds certain requirement under the UK City Code on Takeovers and Mergers. During the year ended September 30, 2013, the Company paid $27,203,000 ($118,056,000 during the year ended September 30, 2012) related to the acquisition-related costs.

c) Disposal

There were no significant disposals during fiscal 2012.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

26. Supplementary cash flow information

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

	2013	2012
	$	$
Accounts receivable	**280,146**	(61,373)
Work in progress	**(169,035)**	(15,815)
Prepaid expenses and other assets	**14,757**	(10,020)
Accounts payable and accrued liabilities	**(231,169)**	62,697
Accrued compensation	**164,166**	89,836
Provisions	**(67,055)**	85,715
Deferred revenue	**(163,941)**	46,727
Other long-term liabilities	**(106,253)**	(536)
Income taxes	**(3,172)**	(21,273)
	(281,556)	175,958

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

	2013	2012
	$	$
Operating activities		
Accounts receivable	**(412)**	(284)
Prepaid expenses and other assets	**(4,180)**	(11,105)
	(4,592)	(11,389)
Investing activities		
Purchase of property, plant and equipment	**(12,909)**	(32,207)
Additions of intangible assets	**(4,948)**	(15,359)
Additions of other long-term assets	**(1,852)**	(7,426)
	(19,709)	(54,992)
Financing activities		
Increase in obligations under finance leases	**11,745**	29,753
Increase in obligations	**12,144**	36,344
Issuance of shares	**412**	284
	24,301	66,381

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

	2013	2012
	$	$
Interest paid	**104,981**	34,573
Interest received	**3,550**	3,415
Income taxes paid	**131,552**	144,010

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

27. Segmented information

In the prior year, management regularly reviewed the Company's operating results through five operating segments, namely: U.S., Canada, GIS, Europe & Asia Pacific and Logica. Effective October 1, 2012, as a result of changes to the management reporting structure in the current year, the Company is now managed through seven operating segments which are based on its geographic delivery model, namely: U.S., NSESA; Canada; France (including Luxembourg and Morocco); U.K.; CEE (including Netherlands, Germany and Belgium); and Asia Pacific (including Australia, India, Philippines and the Middle East).

The following presents information on the Company's operations based on its current management structure effective October 1, 2012. The Company has retrospectively revised the segmented information for the comparative periods to conform to the new segmented information structure.

Year ended September 30, 2013

	U.S.	**NSESA**	**Canada**	**France**	**U.K.**	**CEE**	**Asia Pacific**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Segment revenue	**2,512,530**	**2,010,693**	**1,685,723**	**1,273,604**	**1,158,520**	**1,003,950**	**439,604**	**10,084,624**
Earnings before acquisition-related and integration costs, finance costs, finance income and income tax expense[1]	**283,690**	**139,418**	**320,306**	**109,760**	**102,820**	**67,341**	**52,295**	**1,075,630**
Acquisition-related and integration costs								**(338,439)**
Finance costs								**(113,931)**
Finance income								**4,362**
Earnings before income taxes								**627,622**

[1] Total amortization and depreciation of $426,086,000 included in the U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific operating segments was $103,520,000, $78,095,000, $99,899,000, $30,855,000, $52,417,000, $34,899,000 and $26,401,000, respectively for the year ended September 30, 2013.

Year ended September 30, 2012

	U.S.	NSESA	Canada	France	U.K.	CEE	Asia Pacific	Total
	$	$	$	$	$	$	$	$
Segment revenue	2,120,382	216,366	1,737,529	157,328	171,548	191,596	177,705	4,772,454
Earnings before acquisition-related and integration costs, finance costs, finance income and income tax expense[1]	233,764	(9,370)	302,552	(9,168)	(2,297)	(834)	32,082	546,729
Acquisition-related and integration costs								(254,973)
Finance costs								(42,099)
Finance income								5,318
Other income								3,955
Share of profit on joint venture								3,996
Earnings before income taxes								262,926

[1] Total amortization and depreciation of $230,148,000 included in the U.S., NSESA, Canada, France, U.K., CEE and Asia Pacific operating segments was $90,752,000, $8,606,000, $104,624,000, $4,372,000, $9,414,000, $5,398,000 and $6,982,000 respectively, for the year ended September 30, 2012.

The accounting policies of each operating segment are the same as those described in the summary of significant accounting policies (Note 3). Intersegment revenue is priced as if the revenue was from third parties.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

27. Segmented information (continued)

GEOGRAPHIC INFORMATION

The following table provides information for property, plant and equipment, contract costs and intangible assets based on their location:

	As at September 30, 2013	As at September 30, 2012 (Revised)
	$	$
U.S.	**288,307**	298,967
Canada	**289,248**	292,990
U.K.	**210,089**	243,998
France	**125,056**	130,225
Sweden	**96,608**	103,581
Finland	**66,408**	76,550
Germany	**55,786**	63,166
Netherlands	**50,016**	52,483
Rest of the world	**142,262**	175,949
	1,323,780	1,437,909

The following table provides revenue information based on the client's location:

	2013	2012
	$	$
U.S.	**2,650,540**	2,240,644
Canada	**1,670,190**	1,721,491
U.K.	**1,271,405**	205,247
France	**1,257,473**	153,879
Sweden	**909,977**	59,822
Finland	**571,682**	56,437
Netherlands	**507,638**	62,135
Germany	**353,967**	97,134
Rest of the world	**891,752**	175,665
	10,084,624	4,772,454

INFORMATION ABOUT SERVICES

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

	2013	2012
	$	$
Outsourcing		
IT Services	**4,474,203**	2,216,942
BPS	**1,143,069**	838,879
Systems integration and consulting	**4,467,352**	1,716,633
	10,084,624	4,772,454

MAJOR CLIENT INFORMATION

Contracts with the U.S. federal government and its various agencies accounted for $1,392,286,000 (13.8%) of revenues included within the U.S. segment for the year ended September 30, 2013 ($1,336,941,000 (28.0%) for the year ended September 30, 2012).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

28. Related party transactions

a) Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. The Company owns 100% of the equity interests of its principal subsidiaries.

The Company's principal subsidiaries are as follows:

Name of subsidiary	Country of incorporation
Conseillers en Gestion et Informatique CGI Inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI Technologies and Solutions Inc.	United States
Stanley Associates, Inc.	United States
CGI Federal Inc.	United States
Oberon Associates, Inc.	United States
CGI Information Systems and Management Consultants Private Limited	India
Logica Private Limited	India
CGI France SAS	France
CGI Business Consulting France SAS	France
CGI Nederland BV	Netherlands
Logica Deutschland GmbH & Co KG	Germany
CGI TI Portugal SA	Portugal
CGI Danmark A/S	Denmark
CGI Norge AS	Norway
CGI Technologies and Solutions Australia Pty Limited	Australia
CGI Suomi Oy	Finland
CGI Sverige AB	Sweden
CGI Sverige Infrastructure Management Abv	Sweden
CGI Information Systems and Management Consultants (UK) Limited	United Kingdom
CGI IT UK Limited	United Kingdom

b) Compensation of key management personnel

Compensation of key management personnel, defined as the Board of Directors and the Executive Vice-President and Chief Financial Officer, was as follows:

	2013	2012
	$	$
Short-term employee benefits	**8,940**	3,909
Share-based payments	**13,715**	5,732

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

29. Commitments, contingencies and guarantees

a) Commitments

At September 30, 2013, the Company is committed under the terms of operating leases with various expiration dates up to 2027, primarily for the rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately $1,652,449,000. The future minimum lease payments under non-cancellable operating leases are due as follows:

	$
Less than one year	376,539
Between one and two years	300,867
Between two and five years	627,123
Beyond five years	347,920

The majority of the lease agreements are renewable at the end of the lease period at market rates. The lease expenditure charged to the earnings during the year was $326,140,000 ($136,938,000 in 2012), net of sub-lease income of $25,851,000 ($8,014,000 in 2012). As at September 30, 2013, the total future minimum sub-lease payments expected to be received under non-cancellable sub-lease were $110,823,000 ($114,458,000 as at September 30, 2012).

The Company entered into long-term service and other agreements representing a total commitment of $63,856,000. Minimum payments under these agreements are due as follows:

	$
Less than one year	30,867
Between one and two years	23,976
Between two and five years	9,013
Beyond five years	-

b) Contingencies

From time to time, the Company is involved in legal proceedings, audits, claims and litigation which primarily relate to tax exposure, contractual disputes and employee claims arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts and will ultimately be resolved when one or more future events occur or fail to occur. 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. Claims for which there is a probable unfavourable outcome are recorded in provisions (Note 12).

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.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

29. Commitments, contingencies and guarantees (continued)

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 $9,742,000 in total, others do not specify a maximum amount or limited period. It is not possible 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, 2013. 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, 2013, the Company provided for a total of $53,926,000 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. The Company also has letters of credit for a total of $83,830,000 in addition to the letters of credit covered by the unsecured committed revolving facility (Note 13). These guarantees are required in some of the Company's contracts with customers.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments

FAIR VALUE

At September 30, 2013 and 2012, the estimated fair values of trade accounts receivable, cash included in funds held for clients, accounts payable and accrued liabilities, accrued compensation, long-term debt obligation and clients' funds obligations approximate their respective carrying values.

The fair values of Senior U.S. unsecured notes, the unsecured committed revolving facility and the unsecured committed term loan credit facility, estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions, are $510,667,000, $254,162,000 and $1,984,773,000 as at September 30, 2013, respectively ($521,971,000, $685,951,000 and $1,951,279,000 as at September 30, 2012, respectively), as compared to their carrying value $475,787,000, $254,818,000 and $1,974,490,000, respectively ($467,610,000, $691,960,000 and $1,933,948,000 as at September 30, 2012, respectively) (Note 13).

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

	Recorded in	**As at September 30, 2013**	As at September 30, 2012
		$	$
Hedges on net investments in foreign operations			
US$552,000 debt designated as the hedging instrument of the Company's net investment in U.S. operations (US$818,000 as at September 30, 2012)	Long-term debt	**567,732**	804,667
€85,000 debt designated as a hedging instrument of the Company's net investment in European operations (€45,000 as at September 30, 2012)	Long-term debt	**118,320**	56,907
$1,153,700 cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations ($1,153,700 as at September 30, 2012)	Other long-term liabilities	**137,795**	23,876
Cash flow hedges on future revenue			
US$56,800 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$32,100 as at September 30, 2012)	Other current assets	**1,078**	6,514
	Other long-term assets	**300**	1,024
US$94,436 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$51,944 as at September 30, 2012)	Accrued liabilities	**3,707**	1,678
	Other long-term liabilities	**4,079**	2,697
$142,528 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the Canadian dollar and the Indian rupee ($53,145 as at September 30, 2012)	Other current assets	**267**	-
	Other long-term assets	**838**	-
	Accrued liabilities	**2,605**	6,533
	Other long-term liabilities	**1,549**	2,073

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

FAIR VALUE (CONTINUED)

	Recorded in	**As at September 30, 2013**	As at September 30, 2012
		$	$
Cash flow hedges on future revenue (continued)			
€31,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Swedish krona (€nil as at September 30, 2012)	Accrued liabilities	**11**	-
	Other long-term liabilities	**52**	-
€17,000 foreign currency forward contracts to hedge the variability in the expected foreign currency exchange rate between the euro and the Moroccan Dirham (€nil as at September 30, 2012)	Other long-term assets	**26**	-
	Accrued liabilities	**149**	-
	Other long-term liabilities	**54**	-
Cash flow hedges on unsecured committed term loan credit facility			
$1,234,400 interest rate swaps floating-to-fixed ($1,234,400 as at September 30, 2012)	Other long-term assets	**1,354**	-
	Accrued liabilities	**412**	-
	Other long-term liabilities	**537**	4,202
Fair value hedges on Senior U.S. unsecured notes			
US$250,000 interest rate swaps fixed-to-floating (US$125,000 as at September 30, 2012)	Other long-term assets	**-**	1,074
	Other long-term liabilities	**13,044**	-
Derivatives not designated as hedges			
£nil foreign currency forward contracts to hedge the net exposure of some assets and liabilities denominated in foreign currencies (£37,288 as at September 30, 2012)	Accrued liabilities	**-**	2,182

Valuation techniques used to value financial instruments are as follows:

- The fair value of foreign currency forward contracts is determined using forward exchange rates at the end of the reporting period;
- The fair value of cross-currency swaps and interest rate swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated flows.

The Company expects that approximately $5,733,000 of the accumulated net unrealized loss on all derivative financial instruments designated as cash flow hedges as at September 30, 2013 will be reclassified in the consolidated statements of earnings in the next 12 months.

During the year ended September 30, 2013, the Company's hedging relationships were effective.

MARKET 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 13) and holds interest rate swaps that mitigate this risk on the variable rate unsecured committed term loan credit facility. Under the interest rate swaps, the Company receives a variable rate of interest and pays interest at a fixed rate on the notional amount.

The Company also has interest rate swaps whereby the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount of its Senior U.S. unsecured notes. These swaps are being used to hedge the exposure to changes in the fair value of the debt.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

MARKET RISK (CONTINUED)

Interest rate risk (continued)

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.

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 currency denominated debt and use of derivatives. The Company enters into foreign currency forward contracts to hedge forecasted cash flows or contractual cash flows in currencies other than the functional currency of its subsidiaries. The Company has entered into foreign currency forward contracts to hedge the variability in various foreign currency exchange rates on future U.S. dollar, Canadian dollar and euro revenues.

The Company hedges a portion of the translation of the Company's net investments in its U.S. and European operations into Canadian dollar with unsecured committed revolving facility and Senior U.S. unsecured notes. The Company also hedges a portion of the translation of the Company's net investments in its European operations with fixed-to-fixed and floating-to-floating cross-currency swaps. These swaps convert Canadian dollar based fixed and variable interest payments to euro based fixed and variable interest payments associated with the notional amount. Hedging relationships are designated and documented at inception and quarterly effectiveness assessments are performed during the year.

In addition, to mitigate foreign exchange risk arising from transactions denominated in currencies other than the Company's functional currency, assets and liabilities not denominated in the functional currencies are hedged economically by means of foreign currency forward contracts. Moreover, during the year ended September 30, 2013, the Company entered into a cross-currency swap contract to exchange Canadian dollars for U.S. dollars related to part of the unsecured committed term loan credit facility. The Company has not applied hedge accounting to any of these contracts. During the year ended September 30, 2013, a fair value gain on the cross-currency swap contract amounted to $21,325,000 and was offsetting a translation exchange loss on the unsecured committed term loan credit facility of $21,600,000. A fair value loss of $6,992,000 on the foreign currency forward contracts was also offsetting a translation exchange gain.

The gains and losses on the economic hedges and the hedged instruments were recorded in foreign exchange gain in the consolidated statements of earnings. As at September 30, 2013, these contracts were terminated.

The Company is mainly exposed to fluctuations in the Swedish krona, U.S. dollar, the euro and the British pound. The following table details the Company's sensitivity to a 10% strengthening of the Swedish krona, U.S. dollar, the euro and the British pound foreign currency rates on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis on net earnings presents the impact of foreign currency denominated financial instruments and adjusts their translation at period end for a 10% strengthening in foreign currency rates. The sensitivity analysis on other comprehensive income presents the impact of a 10% strengthening in foreign currency rates on the fair value of foreign currency forward contracts designated as cash flow hedges and on net investment hedges.

				2013				2012
	Swedish krona impact	**U.S. dollar impact**	**Euro impact**	**British pound impact**	Swedish krona impact	U.S. dollar impact	Euro impact	British pound impact
Increase in net earnings	**11,548**	**4,201**	**5,921**	**55**	4,041	5,067	5,362	5,241
Decrease in other comprehensive income	**-**	**(71,751)**	**(150,066)**	**-**	-	(87,564)	(126,356)	-

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

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. All amounts contractually denominated in foreign currency are presented in Canadian dollar equivalent amounts using the period-end spot rate.

As at September 30, 2013	**Carrying amount**	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	Beyond five years
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**1,125,916**	1,125,916	1,125,916	-	-	-
Accrued compensation	**713,933**	713,933	713,933	-	-	-
Senior U.S. unsecured notes	**475,787**	643,324	22,308	22,308	149,547	449,161
Unsecured committed revolving facility	**254,818**	273,935	6,000	6,000	261,935	-
Unsecured committed term loan credit facility	**1,974,490**	2,105,910	544,955	536,547	1,024,408	-
Obligations repayable in blended monthly installments	**79,446**	84,392	21,940	24,861	37,449	142
Other long-term debt	**14,081**	14,081	5,023	1,129	2,972	4,957
Clients' funds obligations	**220,279**	220,279	220,279	-	-	-
Derivative financial liabilities						
Cash flow hedges on future revenue	**9,697**					
Outflow		13,523	6,740	4,679	2,104	-
(Inflow)		(2,746)	(1,367)	(631)	(748)	-
Cross-currency swaps	**137,795**					
Outflow		1,356,654	25,153	231,178	1,100,323	-
(Inflow)		(1,248,720)	(37,835)	(220,777)	(990,108)	-
Interest rate swaps	**12,639**					
Outflow		1,596,637	474,184	318,714	515,635	288,104
(Inflow)		(1,625,755)	(475,879)	(321,066)	(526,778)	(302,032)
	5,018,881	5,271,363	2,651,350	602,942	1,576,739	440,332

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

30. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

As at September 30, 2012	Carrying amount (Note 25a)	Contractual cash flows (Note 25a)	Less than one year (Note 25a)	Between one and two years	Between two and five years	Beyond five years
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,286,031	1,286,031	1,286,031	-	-	-
Accrued compensation	522,564	522,564	522,564	-	-	-
Senior U.S. unsecured notes	467,610	635,519	21,299	21,299	145,980	446,941
Unsecured committed revolving facility	691,960	762,215	16,783	16,783	728,649	-
Unsecured committed term loan credit facility	1,933,948	2,146,967	67,870	547,177	1,531,920	-
Obligations repayable in blended monthly installments	60,812	64,330	20,166	17,653	26,444	67
Other long-term debt	8,954	8,954	476	8,478	-	-
Clients' funds obligations	197,986	197,986	197,986	-	-	-
Derivative financial liabilities						
Cash flow hedges on future revenue	5,443					
Outflow		14,265	8,620	2,915	2,730	-
(Inflow)		(7,603)	(6,556)	(1,047)	-	-
Cross-currency swaps	23,876					
Outflow		1,254,517	22,612	22,612	1,209,293	-
(Inflow)		(1,288,939)	(38,519)	(38,519)	(1,211,901)	-
Interest rate swaps	3,128					
Outflow		1,445,111	20,665	469,874	812,132	142,440
(Inflow)		(1,457,023)	(21,489)	(469,624)	(815,336)	(150,574)
Foreign currency forward contracts	2,182					
Outflow		406,881	406,881	-	-	-
(Inflow)		(404,741)	(404,741)	-	-	-
	5,204,494	5,587,034	2,120,648	597,601	2,429,911	438,874

As at September 30, 2013, the Company holds cash and cash equivalents and short-term and long-term investments of $126,601,000 ($143,095,000 as at September 30, 2012). The Company also has available $1,210,630,000 in unsecured committed revolving facility (Note 13) ($786,089,000 as at September 30, 2012). The funds held for clients of $222,469,000 ($202,407,000 as at September 30, 2012) 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.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012

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

30. Financial instruments (continued)

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, accounts receivable and long-term investments. The maximum exposure of credit risk is generally represented by the carrying amounts of these items reported on the consolidated balance sheets.

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 4). The Company has deposited its cash and cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company is exposed to credit risk in connection with short-term and long-term investments through the possible inability of borrowers to meet the terms of their obligations. The Company mitigates this risk by investing primarily in high credit quality corporate and government bonds with a credit rating of A or higher.

The Company has accounts receivable 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. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

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

	2013	2012 (Revised – Note 25)
	$	$
Not past due	**814,054**	983,093
Past due 1-30 days	**109,942**	162,314
Past due 31-60 days	**43,909**	43,736
Past due 61-90 days	**32,309**	25,101
Past due more than 90 days	**21,022**	28,510
	1,021,236	1,242,754
Allowance for doubtful accounts	**(2,246)**	(3,546)
	1,018,990	1,239,208

The carrying amount of accounts receivable is reduced by an allowance account and the amount of the loss is recognized in the consolidated statements 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 statements of earnings.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2013 and 2012
(tabular amounts only are in thousands of Canadian dollars, except share data)

31. 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, 2013, total managed capital was $7,048,848,000 ($6,814,406,000 as at September 30, 2012). Managed capital consists of long-term debt, including the current portion (Note 13), cash and cash equivalents (Note 4), short-term investments, long-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 additional measures. Net debt represents debt (including the impact of the fair value of derivative financial instruments) less cash and cash equivalents, short-term investments and long-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, depreciation, amortization and acquisition-related and integration costs. 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 Senior U.S. unsecured notes, its unsecured committed revolving facility and unsecured committed term loan credit facility. The ratios are as follows:

- A leverage ratio, which is the ratio of total debt to EBITDA for the four most recent quarters[1].
- 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 before rent expense[1].
- In the case of the Senior U.S. unsecured notes, a minimum net worth is required, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive income, cannot be less than a specified threshold.

These ratios are calculated on a consolidated basis.

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.

[1] In the event of an acquisition, the available historical financial information of the acquired company will be used in the computation of the ratios.

Shareholder information

Shareholder information listing

IPO: 1986
Toronto Stock Exchange, April 1992: GIB.A
New York Stock Exchange, October 1998: GIB

Number of shares outstanding as of September 30, 2013:
277,149,380 Class A subordinate shares
33,272,767 Class B shares

High/low of share price from October 1, 2012 to September 30, 2013:

	TSX (CDN$)	NYSE (U.S.$)
High:	37.82	36.72
Low:	22.33	22.51

The certifications by CGI's Chief Executive Officer and Chief Financial Officer concerning the quality of the Company's public disclosure pursuant to Canadian regulatory requirements are filed in Canada on SEDAR (sedar.com). Similar certifications pursuant to Rule 13a-14 of the U.S. Securities Exchange Act of 1934 and Section 302 of the Sarbanes-Oxley Act of 2002 are exhibits to our Form 40-F filed on EDGAR (sec.gov). The Company has also filed with the New York Stock Exchange the certification required by Section 303A.12 of the exchange's Listed Company Manual.

CGI's corporate governance practices do not differ in any significant way from those required of domestic companies under New York Stock Exchange listing standards and they are set out in the CGI Management Proxy Circular, which is filed with Canadian and U.S. securities authorities and is therefore available on SEDAR and EDGAR, respectively, as well as on CGI's website (cgi.com).

Auditors

Ernst & Young LLP

Transfer agent

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Telephone: 1 800 564-6253
www.investorcentre.com/service

Investor relations

For further information about the Company, additional copies of this report or other financial information, please contact:

CGI Group Inc.
Investor Relations
Email: ir@cgi.com
Twitter: CGI_IR
Web: cgi.com/investors
1350 René-Lévesque Blvd West
Montréal, Québec H3G 1T4
Canada
Tel.: 514-841-3200

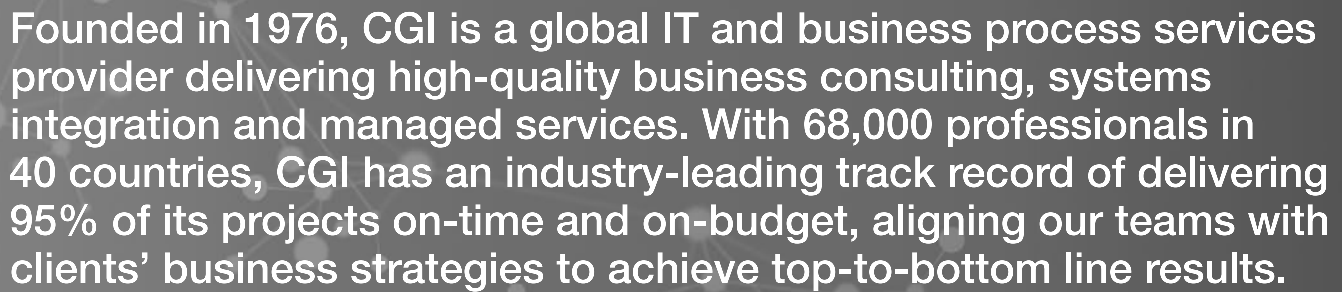
Annual general meeting of shareholders

Wednesday, January 29, 2014 at 11:00 a.m.
Le Ritz-Carlton Montréal
Oval Room
1228 Sherbrooke Street West
Montréal, Québec H3G 1H6
Canada

A live webcast of the Annual General Meeting will be available via cgi.com/investors. Complete instructions for viewing the webcast will be available on CGI's website. To vote by phone or by using the Internet, please refer to the instructions provided in the CGI Management Proxy Circular.

The online version of CGI's annual report is available at cgi.com/2013-ar.

Le rapport annuel 2013 de CGI est aussi publié en français et disponible sur cgi.com/2013-ra.



Founded in 1976, CGI is a global IT and business process services provider delivering high-quality business consulting, systems integration and managed services. With 68,000 professionals in 40 countries, CGI has an industry-leading track record of delivering 95% of its projects on-time and on-budget, aligning our teams with clients' business strategies to achieve top-to-bottom line results.

cgi.com

CGI

Experience the commitment®