

CGI GROUP INC  
Form 6-K  
April 26, 2006

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 6-K

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

For the month of April 2006

Commission File Number 1-14858

### **CGI Group Inc.**

*(Translation of Registrant's Name Into English)*

1130 Sherbrooke Street West  
5th Floor  
Montréal, Québec  
Canada H3A 2M8  
*(Address of Principal Executive Offices)*

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

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes  No

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

Enclosure: Press Release dated April 25, 2006.

This Form 6-K shall be deemed incorporated by reference in the Registrant's Registration Statement on Form S-8, Reg. Nos. 333-13350, 333-66044, 333-74932 and 333-112021.

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**PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**Stock Market Symbols**

**GIB.SV.A (TSX)**

**GIB (NYSE)**

**CGI REPORTS PROFITABLE SECOND QUARTER DESPITE RESTRUCTURING COSTS**

**CGI provides update on program to strengthen competitive position**

**Montreal, April 25, 2006** CGI Group Inc. reported second quarter net earnings today of \$14.1 million, or 4 cents a share on revenues of \$866.8 million. Included in the quarter's results were pre-tax restructuring costs related to specific items of \$31.3 million, or 6 cents a share. Before these costs, CGI net earnings would have been \$34.7 million or 10 cents per share. Contract bookings during the second quarter totaled \$1.75 billion.

**Quarterly Financial Highlights***In \$ millions except margin and share data amounts*

	<i>Q2-2006</i>	<i>Q2-2005</i>
		<i>Restated*</i>
<i>Revenue</i>	<i>\$866.8</i>	<i>\$915.6</i>
<i>Net earnings from continuing operations</i>	<i>\$14.1</i>	<i>\$53.6</i>
<i>Net earnings from continuing operations margin</i>	<i>1.6%</i>	<i>5.9%</i>
<i>Basic and diluted earnings per share from continuing operations</i>	<i>\$0.04</i>	<i>\$0.12</i>
<i>Cash net earnings</i>	<i>\$35.4</i>	<i>\$74.6</i>
<i>Cash net earnings margin</i>	<i>4.1%</i>	<i>8.1%</i>
<i>Weighted average number of shares outstanding</i>	<i>344,825,025</i>	<i>442,492,713</i>
<i>Order backlog</i>	<i>\$13,686</i>	<i>\$12,929</i>

**\* See MD&A, page 36 for additional detail****Prior to Restructuring Costs Related to Specific Items***In \$ millions except margin and share data amounts*

	<i>Q2-2006</i>	<i>Q2-2005</i>
		<i>Restated*</i>
<i>Revenue</i>	<i>\$866.8</i>	<i>\$915.6</i>
<i>Net earnings from continuing operations</i>	<i>\$34.7</i>	<i>\$53.6</i>
<i>Net earnings from continuing operations margin</i>	<i>4.0%</i>	<i>5.9%</i>
<i>Basic and diluted earnings per share from continuing operations</i>	<i>\$0.10</i>	<i>\$0.12</i>
<i>Cash net earnings</i>	<i>\$56.0</i>	<i>\$74.6</i>
<i>Cash net earnings margin</i>	<i>6.5%</i>	<i>8.1%</i>
<i>Weighted average number of shares outstanding</i>	<i>344,825,025</i>	<i>442,492,713</i>
<i>Order backlog</i>	<i>\$13,686</i>	<i>\$12,929</i>

**\* See MD&A, page 36 for additional detail**

This quarter was a repositioning of our Company for the next wave of profitable growth, said Michael E. Roach, President and Chief Executive Officer. Given the impact of a sharper than expected sequential decline in business from BCE, the restructuring program related to specific items announced last month was a necessary action to ensure that our business remains solid as we continue aggressively pursuing a robust funnel of

opportunities in each of our selected verticals.

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Our financial situation remains healthy, with the balance sheet and cash flows to support our Buy and Build growth strategy, added Roach. In the quarter, we successfully signed a series of strategic bookings and completed both the previously announced buyback of 100 million shares and the niche acquisition of Pangaea. In addition, we made a \$30 million debt payment and we ended the quarter with almost \$200 million in cash.

### Second Quarter 2006 Operational Review

During the quarter, as part of the Company's announced program to strengthen its competitive position, each business unit and global function, including corporate, was re-examined at granular levels. In connection with this initiative, a pre-tax provision, for severance and other related benefits as well as real estate consolidation, totaling \$31.3 million, was taken in the second quarter. The Company expects to incur approximately \$60 million in remaining provisions over the course of this calendar year and anticipates a one-year payback on its total program investment.

During the second quarter, the Company earned \$1.75 billion in new bookings. Below are certain contract wins announced by CGI since the end of its first fiscal quarter:

**US\$30-40 million business process services contract** with Medco Health Solutions Inc. to provide payment, reconciliation and enrollment form processing services.

**\$1.1 billion** in extensions of BCE outsourcing agreements, until June 2016.

**\$90 million, seven-year infrastructure management contract** with Royal & Sun Alliance Insurance Company of Canada.

**Multi-million dollar six-year business process services contract** with Boston-based, OneBeacon Insurance Group. Services will include policy administration and front-end agent solutions.

**US\$100 million AMS Advantage contracts** with the City of New York and Wake County, North Carolina to support budget control systems.

### Outlook

While the sales cycle for outsourcing deals has extended to between 12 and 24 months, demand for these services remains strong and is expected to continue to grow. This being said, the Company continues to win strategic contracts.

For example, following the end of the quarter, the Company announced a 10-year \$130 million outsourcing contract with the international entertainment company, Cirque du Soleil.

Prospects in both the commercial and public sectors of the US look especially strong over the coming quarters. In particular, in the public sector, CGI's Advantage and Momentum ERP solutions continue gaining traction with new and existing clients. As part of its strategy, following the acquisition of AMS, the Company continues to leverage its ERP solutions into longer-term recurring business.

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Also in the US, and subsequent to the end of the quarter, the Company signed a seven-year business process services deal with Universal Insurance valued at between US\$45-US\$75 million to process Universal's book of business.

The Company expects growth in the US to further accelerate and as a result, is actively recruiting 500 new employees across the US.

CGI's 2006-2008 business plan reaffirms its successful four pillar growth strategy, with CGI a consolidator in its industry through a balance of organic and external growth. While CGI already has critical mass in its main geographies, it will continue to increase its presence through acquisitions in selected metropolitan markets where it sees the greatest potential to drive organic growth.

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### Quarterly Conference Call

Investors and the media are invited to a conference call to discuss quarterly results tomorrow morning, April 26, 2006, at 10:00 am (ET). Participants may access the call by dialing (866) 542-4236 or through the Internet at [www.cgi.com](http://www.cgi.com). Supporting slides for the call will also be available at [www.cgi.com](http://www.cgi.com). For those unable to participate on the live call, a webcast and copy of the slides will be archived at [www.cgi.com](http://www.cgi.com).

### Use of Non-GAAP Financial Information

CGI reports its financial results in accordance with GAAP. However, management believes that certain 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. Explanations as well as a reconciliation of these non-GAAP measures with GAAP financial statements are provided in the MD&A which is posted on CGI's website at [www.cgi.com](http://www.cgi.com), and filed with SEDAR and EDGAR.

### About CGI

Founded in 1976, CGI Group Inc. (CGI) is the eighth largest independent information technology and business process services firms in the world. CGI and its affiliated companies employ approximately 25,000 professionals. CGI provides end-to-end IT and business process services to clients worldwide from offices in Canada, the United States of America (US), Europe, Asia Pacific as well as from centers of excellence in Canada, the US, Europe and India. CGI's annualized revenue run rate is currently \$3.5 billion (US\$3.0 billion) and at March 31, 2006, CGI's order backlog was \$13.7 billion (US\$11.7 billion). CGI's shares are listed on the TSX (GIB.SV.A) and the NYSE (GIB) and are included in the S&P/TSX Composite Index as well as the S&P/TSX Capped Information Technology and MidCap Indices.

### Forward-Looking Statements

All statements in this press release 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

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Exchange Act of 1934, as amended, and may be forward-looking information within the meaning of sections 138.3 and following of the Ontario Securities Act. These statements and this information represent CGI Group Inc.'s (CGI) 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 and 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 or 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. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements or forward-looking information. You will find more information about the risks that could cause our actual results to significantly differ from our current expectations in the Risks and Uncertainties section.

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### **For more information:**

#### **Investors**

Lorne Gorber, Vice-President, Investor Relations

(514) 841-3355

#### **Media**

Eileen Murphy, Director, Media Relations

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*Consolidated Financial Statements of*

**CGI GROUP INC.**

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*For the three and six months ended March 31, 2006 and 2005*

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**CGI GROUP INC.****Consolidated Statements of Earnings****For the three and six months ended March 31***(in thousands of Canadian dollars, except share data) (unaudited)*

	<b>Three months ended March 31</b>		<b>Six months ended March 31</b>	
	<b>2006</b>	2005 Restated	<b>2006</b>	2005 Restated
	\$	\$	\$	\$
<b>Revenue</b>	<b>866,836</b>	915,662	<b>1,765,299</b>	1,844,752
Operating expenses				
Costs of services, selling and administrative	<b>759,706</b>	789,330	<b>1,536,553</b>	1,587,327
Amortization (Note 6)	<b>44,303</b>	45,966	<b>87,173</b>	90,880
Restructuring costs related to specific items (Note 7)	<b>31,315</b>	-	<b>31,315</b>	-
Interest on long-term debt	<b>12,117</b>	6,283	<b>16,706</b>	13,979
Other income, net	<b>(1,696)</b>	(2,002)	<b>(3,611)</b>	(4,147)
Gain on sale of investment in an entity subject to significant influence	-	(4,216)	-	(4,216)
Loss (gain) on sale of assets (Note 5b))	<b>558</b>	-	<b>(10,475)</b>	-
Entity subject to significant influence	-	(74)	-	(321)
	<b>846,303</b>	835,287	<b>1,657,661</b>	1,683,502
Earnings from continuing operations before income taxes	<b>20,533</b>	80,375	<b>107,638</b>	161,250
Income taxes	<b>6,384</b>	26,784	<b>36,581</b>	54,588
Net earnings from continuing operations	<b>14,149</b>	53,591	<b>71,057</b>	106,662
Net loss from discontinued operations (Note 8)	-	(3,997)	-	(3,725)
<b>Net earnings</b>	<b>14,149</b>	49,594	<b>71,057</b>	102,937
Weighted-average number of outstanding Class A subordinate and Class B shares	<b>344,825,024</b>	442,492,713	<b>388,126,856</b>	443,538,853
<b>Basic and diluted earnings per share from continuing operations</b>	<b>0.04</b>	0.12	<b>0.18</b>	0.24
<b>Basic and diluted loss per share from discontinued operations</b>	-	(0.01)	-	(0.01)
<b>Basic and diluted earnings per share (Note 4c)</b>	<b>0.04</b>	0.11	<b>0.18</b>	0.23

**Consolidated Statements of Retained Earnings****For the three and six months ended March 31***(in thousands of Canadian dollars) (unaudited)*



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	Three months ended		Six months ended	
	March 31		March 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Retained earnings, beginning of period</b>	<b>952,175</b>	784,100	<b>895,267</b>	730,757
Net earnings	<b>14,149</b>	49,594	<b>71,057</b>	102,937
Share repurchase costs, net of income taxes (Note 4a))	<b>(6,760)</b>	-	<b>(6,760)</b>	-
Excess of purchase price over carrying value of Class A subordinate shares acquired (Note 4a))	<b>(425,475)</b>	(24,749)	<b>(425,475)</b>	(24,749)
<b>Retained earnings, end of period</b>	<b>534,089</b>	808,945	<b>534,089</b>	808,945

**CGI GROUP INC.****Consolidated Balance Sheets***(in thousands of Canadian dollars)*

	As at March 31, 2006 (unaudited) \$	As at September 30, 2005 (audited) \$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	197,990	240,459
Accounts receivable	499,193	487,731
Work in progress	201,484	214,470
Prepaid expenses and other current assets	89,421	75,531
Future income taxes	14,749	22,118
	<b>1,002,837</b>	<b>1,040,309</b>
Capital assets		
Contract costs	129,061	116,388
	<b>222,995</b>	<b>228,646</b>
Finite-life intangibles and other long-term assets (Note 2)		
Future income taxes	549,520	580,642
Goodwill	42,063	46,601
	<b>1,764,912</b>	<b>1,773,370</b>
Total assets before funds held for clients	<b>3,711,388</b>	<b>3,785,956</b>
Funds held for clients	226,082	200,703
	<b>3,937,470</b>	<b>3,986,659</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	332,793	378,691
Accrued compensation	127,107	107,014
Deferred revenue	143,795	127,950
Income taxes	34,858	31,955
Future income taxes	39,474	47,163
Current portion of long-term debt	14,665	14,899
	<b>692,692</b>	<b>707,672</b>
Future income taxes	224,885	238,983
Long-term debt (Note 3)	947,523	234,801
Accrued integration charges and other long-term liabilities		