CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Balance Sheet as at	Schedule	September 30, 2007	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	12,759	10,969
		13,045	11,255
MINORITY INTEREST		4	4
		13,049	**11,259**
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Original cost		5,034	4,642
Less: Accumulated depreciation and amortization		2,121	1,836
Net book value		2,913	2,806
Add: Capital work-in-progress		1,308	965
		4,221	3,771
INVESTMENTS	4	15	25
DEFERRED TAX ASSETS	5	107	92
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,568	2,436
Cash and bank balances	7	6,083	5,871
Loans and advances	8	2,481	1,214
		11,132	9,521
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,742	1,469
Provisions	10	684	681
NET CURRENT ASSETS		8,706	7,371
		13,049	**11,259**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the consolidated balance sheet.

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna *Partner* Membership No. 32815	N. R. Narayana Murthy *Chairman and Chief Mentor*	Nandan M. Nilekani *Co-Chairman*	S. Gopalakrishnan *Chief Executive Officer and Managing Director*	S. D. Shibulal *Chief Operating Officer*
	Deepak M. Satwalekar *Director*	Marti G. Subrahmanyam *Director*	Omkar Goswami *Director*	Sridar A. Iyengar *Director*
	David L. Boyles *Director*	Jeffrey S. Lehman *Director*	K. Dinesh *Director*	T. V. Mohandas Pai *Director*
Bangalore October 11, 2007	Srinath Batni *Director*	V. Balakrishnan *Chief Financial Officer*	Parvatheesam K. *Company Secretary*	

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore, except per share data

Consolidated Profit and Loss Account for the	Schedule	Quarter ended September 30, 2007	Quarter ended September 30, 2006	Half-year ended September 30, 2007	Half-year ended September 30, 2006
Income from software services, products and business process management		4,106	3,451	7,879	6,466
Software development and business process management expenses	11	2,231	1,833	4,400	3,499
GROSS PROFIT		**1,875**	**1,618**	**3,479**	**2,967**
Selling and marketing expenses	12	283	221	488	425
General and administration expenses	13	308	288	623	544
		591	509	1,111	969
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND MINORITY INTEREST		**1,284**	**1,109**	**2,368**	**1,998**
Interest		-	-	-	-
Depreciation		144	122	288	228
OPERATING PROFIT BEFORE TAX MINORITY INTEREST AND EXCEPTIONAL ITEMS		**1,140**	987	**2,080**	1,770
Other income, net	14	154	66	407	194
Provision for investments		-	-	-	3
NET PROFIT BEFORE TAX, MINORITY INTEREST AND EXCEPTIONAL ITEMS		**1,294**	**1,053**	**2,487**	**1,961**
Provision for taxation (refer to note 22.2.8)	15	194	123	308	229
NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST AND EXCEPTIONAL ITEMS		**1,100**	**930**	**2,179**	**1,732**
Income on sale of investments, net of taxes (refer to note 22.2.19)		-	-	-	6
NET PROFIT AFTER TAX, EXCEPTIONAL ITEMS AND BEFORE MINORITY INTEREST		**1,100**	930	**2,179**	1,738
Minority interest		-	1	-	9
NET PROFIT AFTER TAX, EXCEPTIONAL ITEMS AND MINORITY INTEREST		**1,100**	**929**	**2,179**	**1,729**
Balance Brought Forward		6,020	3,014	4,941	2,219
Less: Residual dividend paid		-	-	-	4
Additional dividend tax		-	-	-	1
		6,020	3,014	4,941	2,214
AMOUNT AVAILABLE FOR APPROPRIATION		**7,120**	**3,943**	**7,120**	**3,943**
Dividend					
Interim		343	278	343	278
Final		-	-	-	-
Total dividend		343	278	343	278
Dividend tax		58	39	58	39
Amount transferred to General Reserve		-	-	-	-
Balance in profit and loss account		6,719	3,626	6,719	3,626
		7,120	**3,943**	**7,120**	**3,943**
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Before Exceptional items					
Basic		19.26	16.75	38.15	31.11
Diluted		19.19	16.37	38.01	30.39
After Exceptional items					
Basic		19.26	16.75	38.15	31.23
Diluted		19.19	16.37	38.01	30.50
Number of shares used in computing earnings per share					
Basic		57,12,09,862	55,47,72,296	57,12,09,862	55,37,98,511
Diluted		57,32,83,374	56,77,46,039	57,33,12,226	56,69,42,396
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22				

** Refer to note 22.2.18*

The schedules referred to above form an integral part of the consolidated profit and loss account.

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman and Chief Mentor

Nandan M. Nilekani
Co-Chairman

S. Gopalakrishnan
Chief Executive Officer and Managing Director

S. D. Shibulal
Chief Operating Officer

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
Director

Omkar Goswami
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

K. Dinesh
Director

T. V. Mohandas Pai
Director

Bangalore
October 11, 2007

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Consolidated Cash Flow Statement for the	Schedule	Half-year ended September 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax, minority interest and exceptional items		2,487	1,961
Adjustments to reconcile net profit before tax to cash provided by operating activities			
(Profit)/ loss on sale of fixed assets		-	-
Depreciation		288	228
Interest and dividend income		(331)	(124)
Profit on sale of liquid mutual funds		-	(6)
Provisions for investments		-	3
Effect of exchange differences on translation of foreign currency cash and cash equivalents		25	(34)
Changes in current assets and liabilities			
Sundry debtors		(132)	(477)
Loans and advances	16	(212)	(205)
Current liabilities and provisions	17	251	251
Income taxes paid	18	(276)	(170)
NET CASH GENERATED BY OPERATING ACTIVITIES		**2,100**	**1,427**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets and change in capital work-in-progress	19	(738)	(523)
Proceeds on disposal of fixed assets		-	-
Sale of securities	20	10	(2,060)
Acquisition of minority interest in subsidiary		(2)	(530)
Interest and dividend income		331	124
Cash flow from investing activities before exceptional items		**(399)**	**(2,989)**
Proceeds on sale of long term Investments (net of taxes)		-	6
NET CASH USED IN INVESTING ACTIVITIES		**(399)**	**(2,983)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		-	289
Dividends paid during the period, including dividend tax		(434)	(1,215)
NET CASH USED IN FINANCING ACTIVITIES		**(434)**	**(926)**
Effect of exchange rate changes		(11)	34
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**1,256**	**(2,448)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		6,048	3,956
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	**7,304**	**1,508**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the consolidated cash flow statement.

As per our report attached

for BSR & Co.
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
Chairman
and Chief Mentor

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Bangalore
October 11, 2007

Srinath Batni
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Chief Financial Officer

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Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore, except per share data

Schedules to the Consolidated Balance Sheet as at	September 30, 2007	March 31, 2007
1 SHARE CAPITAL		
Authorized		
Equity shares, Rs. 5/- par value		
60,00,00,000 (60,00,00,000) equity shares	300	300
Issued, Subscribed and Paid Up		
Equity shares, Rs. 5/- par value*	286	286
57,12,09,862 (57,12,09,862) equity shares fully paid up		
[Of the above, 53,53,35,478 (53,53,35,478) equity shares, fully paid up have been issued as bonus shares by capitalization of the General reserve]		
	286	**286**
Forfeited shares amounted to Rs. 1,500/- (Rs 1,500/-)		
** For details of options in respect of equity shares, refer to note 22.2.7*		
** Refer to note 22.2.18 for details of basic and diluted shares*		
2 RESERVES AND SURPLUS		
Capital reserve	6	5
Foreign currency translation reserve	11	-
Share premium account - Opening balance	2,768	1,543
Add: Receipts on exercise of employee stock options	-	1,206
Income Tax benefit arising from exercise of stock options	-	19
	2,768	2,768
General reserve - Opening balance	3,255	3,012
Less: Capitalized on issue of bonus shares	-	138
Less: Gratuity transitional liability *(refer to note 22.2.20)*	-	9
Add: Transfer from the Profit and Loss Account	-	378
Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 22.2.12)	-	12
	3,255	3,255
Balance in Profit and Loss Account	6,719	4,941
	12,759	**10,969**

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

Schedules to the Consolidated Balance Sheet

in Rs. crore except as otherwise stated

3 FIXED ASSETS

Particulars	**Original cost**				**Depreciation and amortization**				**Net book value**	
	As at April 1, 2007	Additions	Deletions/ Retirement	As at September 30, 2007	As at April 1, 2007	For the period	Deletions/ Retirement	As at September 30, 2007	As at September 30, 2007	As at March 31, 2007
Goodwill	589	-	-	589	-	-	-	-	589	589
Land: free-hold	76	1	-	77	-	-	-	-	77	76
leasehold	96	3	-	99	-	-	-	-	99	96
Buildings	1,471	155	-	1,626	267	52	-	319	1,307	1,204
Plant and machinery	787	84	-	871	423	66	-	489	382	364
Computer equipment	1,028	91	3	1,116	774	122	3	893	223	254
Furniture and fixtures	573	58	-	631	362	45	-	407	224	211
Leasehold improvements	20	3	-	23	10	3	-	13	10	10
Vehicles	2	-	-	2	-	-	-	-	2	2
	4,642	**395**	**3**	**5,034**	**1,836**	**288**	**3**	**2,121**	**2,913**	**2,806**
Previous period	**2,983**	**1,026**	**5**	**4,004**	**1,328**	**228**	**1**	**1,555**	**2,449**	**1,655**
Previous year	**2,983**	**1,706**	**47**	**4,642**	**1,328**	**514**	**6**	**1,836**	**2,806**	

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

Schedules to the Consolidated Balance Sheet as at	September 30, 2007	*in Rs. crore* March 31, 2007
4 INVESTMENTS		
Trade (unquoted) – at cost		
Long- term investments	12	12
Less: Provision made for investments	12	12
	-	-
Non-trade (unquoted), current investments, at the lower of cost and fair value		
Liquid mutual funds*	15	25
	15	**25**
Aggregate amount of unquoted investments	15	25
** refer to note 22.2.11*		
5 DEFERRED TAX ASSETS		
Fixed assets	84	74
Sundry debtors	3	3
Leave provisions and others	20	15
	107	**92**
6 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured		
considered good	-	-
considered doubtful	38	16
Other debts		
Unsecured		
considered good*	2,568	2,436
considered doubtful	2	7
	2,608	2,459
Less: Provision for doubtful debts	40	23
	2,568	**2,436**
** Includes dues from companies where directors are interested*	6	7
7 CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with scheduled banks		
In current accounts *	223	481
In deposit accounts in Indian Rupees	5,187	4,989
Balances with non-scheduled banks		
In deposit accounts in foreign currency	122	-
In current accounts in foreign currency	551	401
	6,083	**5,871**
**Includes balance in unclaimed dividend account*	2	2

in Rs. crore

Schedules to the Consolidated Balance Sheet as at	September 30, 2007	March 31, 2007
8 LOANS AND ADVANCES		
Unsecured, considered good		
Advances		
prepaid expenses	35	34
for supply of goods and rendering of services	8	3
advance to gratuity trust	28	-
others	23	20
	94	57
Unbilled revenues	424	320
Advance income tax	299	353
MAT credit entitlement	37	-
Loans and advances to employees		
housing and other loans	38	42
salary advances	61	76
Electricity and other deposits	25	21
Rental deposits	23	15
Deposits with financial institution and body corporate *(refer note 22.2.9)*	1,359	309
Mark to Market forward contract & option - asset	121	15
Other assets	-	6
	2,481	1,214
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	2,482	1,215
Less: Provision for doubtful loans and advances to employees	1	1
	2,481	**1,214**
9 CURRENT LIABILITIES		
Sundry creditors		
capital goods	-	-
goods and services	35	25
accrued salaries and benefits		
salaries	43	39
bonus and incentives	359	264
unavailed leave	166	149
for other liabilities		
accrual for expenses	484	456
retention monies	49	24
withholding and other taxes payable	196	181
others	44	12
	1,376	1,150
Advances received from clients	3	4
Unearned revenue	361	311
Unclaimed dividend	2	2
Due to option holders of Infosys BPO	-	2
	1,742	**1,469**
10 PROVISIONS		
Proposed dividend	343	371
Provision for		
tax on dividend	58	63
income taxes*	254	224
post-sales client support and warranties	29	23
	684	**681**

** Refer to note 22.2.8*

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Profit and Loss Account for the	Quarter ended September 30, 2007	Quarter ended September 30, 2006	Half-year ended September 30, 2007	Half-year ended September 30, 2006
11 SOFTWARE DEVELOPMENT AND BUSINESS PROCESS MANAGEMENT EXPENSES				
Salaries and bonus including overseas staff expenses	1,889	1,506	3,658	2,844
Contribution to provident and other funds	46	41	91	73
Staff welfare	13	11	24	20
Overseas travel expenses	107	99	257	235
Traveling and conveyance	-	-	2	-
Technical sub-contractors	69	69	152	126
Software packages				
for own use	49	52	95	87
for service delivery to clients	2	1	14	15
Communication expenses	16	18	34	35
Rent	11	8	17	16
Computer maintenance	6	6	12	11
Consumables	4	7	11	11
Provision for post-sales client support and warranties	5	4	5	6
Miscellaneous expenses	14	11	28	20
	2,231	**1,833**	**4,400**	**3,499**
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	162	139	304	275
Contribution to provident and other funds	1	1	2	2
Staff welfare	1	1	2	1
Overseas travel expenses	24	24	52	50
Traveling and conveyance	1	2	2	5
Brand building	17	15	28	27
Commission and earnout charges	57	19	58	27
Professional charges	8	7	13	12
Rent	4	4	8	9
Marketing expenses	4	5	10	8
Telephone charges	2	1	4	3
Printing and stationery	-	-	-	-
Advertisements	2	1	4	2
Sales promotion expenses	-	1	1	1
Office maintenance	-	-	-	1
Communication Expenses	-	-	-	-
Insurance charges				
Consumables	-	-	-	-
Software packages				
for own use	-	-	-	-
Computer maintenance	-	-	-	-
Rates and taxes	-	-	-	-
Miscellaneous expenses	-	1	-	2
	283	**221**	**488**	**425**

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Profit and Loss Account for the	Quarter ended September 30,		Half-year ended September 30,	
	2007	2006	2007	2006
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	84	67	162	129
Contribution to provident and other funds	3	3	6	6
Staff welfare	-	-	1	-
Telephone charges	33	31	64	59
Professional charges	41	40	83	71
Power and fuel	31	25	61	48
Office maintenance	31	27	60	52
Traveling and conveyance	24	23	47	45
Overseas travel expenses	6	7	11	12
Insurance charges	6	8	14	15
Printing and stationery	3	4	10	7
Rates and taxes	8	3	14	12
Donations	5	5	10	9
Rent	6	5	12	10
Advertisements	2	3	5	4
Professional membership and seminar participation fees	2	3	5	5
Repairs to building	5	7	9	10
Repairs to plant and machinery	4	3	9	6
Postage and courier	3	2	6	5
Books and periodicals	1	2	2	2
Recruitment and training	1	3	2	5
Provision for bad and doubtful debts	6	10	21	20
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	1	1	2	1
Auditor's remuneration				
statutory audit fees	-	-	-	1
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Bank charges and commission	-	1	-	1
Freight charges	-	-	-	-
Research grants	-	3	3	5
Miscellaneous expenses	2	2	4	4
	308	**288**	**623**	**544**
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	143	23	325	75
Dividend received on investment in liquid mutual funds (non-trade unquoted)	5	31	6	49
Profit on sale of liquid mutual funds	-	-	-	-
Miscellaneous income, net *(Refer to note 22.2.10)*	3	1	5	7
Exchange gains / (losses)	3	11	71	63
	154	**66**	**407**	**194**
**includes tax deducted at source*	31	5	60	19
15 PROVISION FOR TAXATION				
Income taxes*	194	128	359	242
MAT credit entitlement	5	-	(39)	-
Deferred taxes	(5)	(5)	(12)	(13)
	194	**123**	**308**	**229**

** Refer to note 22.2.8*

CONSOLIDATED FINANCIAL STATEMENTS OF INFOSYS TECHNOLOGIES LIMITED AND SUBSIDIARIES

in Rs. crore

Schedules to Consolidated Cashflow Statements for the	Half-year ended September 30, 2007	2006
16 CHANGE IN LOANS AND ADVANCES		
As per the Balance Sheet*	2,490	1,514
Add/ (Less): Gratuity plan amendment *(Refer to note 22.2.20)*	(28)	13
Less: Deposits with financial institutions, included in cash and cash equivalents	(1,221)	(526)
MAT credit entitlement	(37)	-
Advance income taxes separately considered	(299)	(293)
	905	708
Less: Opening balance considered	(693)	(503)
	212	**205**
** Net of gratuity transitional liability*		
17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS		
As per the Balance Sheet	2,426	1,802
Add/ (Less): Unclaimed dividend	(2)	-
Gratuity plan amendment	(28)	-
Due to option holders of Infosys BPO	(2)	-
Provisions separately considered in the cash flow statement		
Income taxes	(254)	(289)
Dividends	(343)	(278)
Dividend tax	(58)	(39)
	1,739	1,196
Less: Opening balance considered	(1,488)	(945)
	251	**251**
18 INCOME TAXES PAID		
Charge as per the Profit and Loss Account	308	229
Add: Increase/ (Decrease) in advance income taxes	(54)	26
Increase / (Decrease) in deferred taxes	15	14
Increase / (Decrease) in MAT credit entitlement	37	-
Less: Income Tax benefit arising from exercise of stock options	-	-
(Increase)/Decrease in income tax provision	(30)	(99)
	276	**170**
19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS		
As per Balance Sheet*	395	611
Less: Opening Capital work-in-progress	(965)	(571)
Add: Closing Capital work-in-progress	1,308	483
	738	**523**
** Excludes Rs Nil crore (Rs 4 crore) towards movement of land from Leasehold to Freehold*		
** Excludes goodwill Rs Nil crore (Rs 411 crore) on buyback of Infosys BPO Ltd shares*		
20 INVESTMENTS IN / (DISPOSAL OF) SECURITIES *		
As per the Balance Sheet	15	2,819
Add: Provisions made on investments	-	3
	15	2,822
Less: Profit on sale of liquid mutual funds	-	(6)
Opening balance considered	(25)	(756)
	(10)	**2,060**
** Refer to note 22.2.11 for details of investments and redemptions*		
21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
As per the Balance Sheet	6,083	982
Add: Deposits with financial institutions, included herein	1,221	526
	7,304	**1,508**