

Infosys Technologies (NASDAQ: INFY) Announces Results for the Quarter Ended June 30, 2010

Q1 revenues grew by 21.0% year on year; sequentially grew by 4.8%

Bangalore, India – July 13, 2010

Highlights

Consolidated results for the quarter ended June 30, 2010

Revenues were \$ 1,358 million for the quarter ended June 30, 2010; QoQ growth was 4.8%; YoY growth was 21.0%

- Net income after tax* was \$ 326 million for the quarter ended June 30, 2010; QoQ decline was 6.6%; YoY growth was 4.2%
- Earnings per American Depositary Share (ADS)** was 0.57 for the quarter ended June 30, 2010; QoQ decline was 6.6%; YoY growth of 3.6%
- 38 clients were added during the quarter by Infosys and its subsidiaries
- Gross addition of 8,859 employees (net addition of 1,026) for the quarter by Infosys and its subsidiaries
- 1,14,822 employees as on June 30, 2010 for Infosys and its subsidiaries

* Excluding the income from sale of our investment in OnMobile Systems, Inc. of US \$ 11 mn in Q4 FY10, QoQ decline was 3.6%

** Excluding the income from sale of our investment in OnMobile Systems, Inc. of US \$ 11 mn in Q4 FY10, QoQ decline was 3.4%

“While the global economic environment remains uncertain, we continue to see greater demand for services from our clients,” said S. Gopalakrishnan, CEO and Managing Director. “The challenge for the industry is to enhance the investment to grow the business, given the uncertainty in the environment.”

Business outlook

The company’s outlook (consolidated) for the quarter ending September 30, 2010 and for the fiscal year ending March 31, 2011, under International Financial Reporting Standards (IFRS), is as follows:

Outlook under IFRS[#]

Quarter ending September 30, 2010

- Consolidated revenues are expected to be in the range of \$ 1,413 million to \$ 1,427 million; YoY growth of 22.4% to 23.7%
- Consolidated earnings per American Depositary Share are expected to be in the range of \$ 0.59 to \$ 0.60; YoY growth of 5.4% to 7.1%

Fiscal year ending March 31, 2011^{##}

- Consolidated revenues are expected to be in the range of \$ 5.72 billion to \$ 5.81 billion; YoY growth of 19.0% to 21.0%
- Consolidated earnings per American Depositary Share are expected to be in the range of \$ 2.42 to \$ 2.52; YoY growth of 5.2% to 9.6%

[#] Exchange rates considered for major global currencies: AUD / USD – 0.86; GBP / USD – 1.50; Euro / USD – 1.23

^{##} Excluding the income from sale of our investment in OnMobile Systems, Inc. of US \$ 11 mn in fiscal 2010, the EPS growth is expected to be in the range of 6.1% to 10.5%

Expansion of services and significant projects

With insight and experience of three decades, and improved and enhanced portfolio of services and products, we offer greater value to our clients and stakeholders.

Transformation

We continue to drive transformation for our existing clients; a number of new clients have solicited our help to make their businesses more dynamic and profitable.

A leading aero structures manufacturer engaged our aerospace engineering team to design and develop components for their commercial airplane program. For a global consumer electronics leader, we are re-engineering their global service exchange platform to help meet their growing service needs. A major transformation project we won this quarter was from a large manufacturer of computer systems and provider of related services, in which we are providing business, functional and consulting expertise. A provider of secure electronic payments and credit/debit card processing services engaged us to improve their reporting, monitoring, business intelligence and service. It is also consulting us to analyze and recommend process improvements. A leading global chemical company engaged us to define sales requirements and implement a sales force automation package for their North American sales force. A producer of specialist aluminium products sought our services for globally harmonizing business processes and implementing next generation enterprise resource planning software. For a global specialty retailer, we conceptualized and launched a platform that provides a comprehensive view of their competitors' pricing and assortment. We helped a large UK-based retailer revamp its promotions and improve its marketing effectiveness. A European retailer of office automation services consulted us to harmonize their processes and consolidate applications across Europe. A major transformational project won this quarter was from a leading European pipeline engineering company for whom we have implemented an enterprise resource planning system across 32 countries.

Operations

Leading global companies continue to engage us to manage their operations and ensure larger returns to scale for them.

Our expertise in manufacturing and operations helped us win a deal with a global telecom company. We will run the client's quality and business compliance operations, helping it to offer competitive new products in emerging markets. A European telecom major chose us to design, develop, deploy and maintain an agent desktop application. Among the clients who opted for our product lifecycle management services are a leading oilfield service company and an agri-business major. For a global internet services company, we will develop and maintain a new content management product. A global financial services company selected us to develop a platform for merchants worldwide to deliver card members offers through multiple channels. An investment management company partnered us to implement a new commission system for its wholesale brokers to develop scale and reduce time to market. We managed the North American customer relationship management applications for a manufacturer of automobiles and motorcycles. Another automobile manufacturer selected us as a key partner for development projects in their strategic order management and distribution portfolio. We are implementing a centralized loyalty management system with real time access for a leading retail company. We were instrumental in implementing a single multi-channel order management platform for a reputed British retailer. Our retail solutions team was selected as the single strategic vendor for application services for a North American apparel retailer. We also developed a web property for the B2C online sales for another specialty retailer.

Innovation

We have won major strategic projects this quarter on our strength and ability to innovate products and processes.

A European telecom giant chose us to develop their next generation set top box platform to offer consumers high-definition content and a host of other services. For a large global retailer, we are creating rich mobile applications, with an aim to enhance the shopping experience for their customers. An aircraft manufacturer chose us as their partner to design a new aircraft development program.

“The volatile currency environment is a concern for the industry,” said V. Balakrishnan, Chief Financial Officer. “Our flexible financial and operating model enables us to prioritize our investments and focus on high quality growth even in this tough environment.”

About Infosys Technologies Ltd.

Infosys (NASDAQ: INFY) defines, designs and delivers IT-enabled business solutions that help Global 2000 companies win in a Flat World. These solutions focus on providing strategic differentiation and operational superiority to clients. With Infosys, clients are assured of a transparent business partner, world-class processes, speed of execution and the power to stretch their IT budget by leveraging the Global Delivery Model that Infosys pioneered. Infosys has over 114,000 employees in over 50 offices worldwide. Infosys is part of the NASDAQ-100 Index and The Global Dow. For more information, visit www.infosys.com.

Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2010 and on Form 6-K for the quarters ended June 30, 2009, September 30, 2009 and December 31, 2009. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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Unaudited Condensed Consolidated Interim Financial Statements prepared in compliance with IAS 34, Interim Financial Reporting

Infosys Technologies Limited and subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except share data)

| | June 30, 2010 | March 31, 2010 |
|--|----------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$3,011 | \$2,698 |
| Available-for-sale financial assets | 42 | 569 |
| Investment in certificates of deposit | 393 | 265 |
| Trade receivables | 828 | 778 |
| Unbilled revenue | 228 | 187 |
| Derivative financial instruments | – | 21 |
| Prepayments and other current assets | 156 | 143 |
| Total current assets | 4,658 | 4,661 |
| Non-current assets | | |
| Property, plant and equipment | 955 | 989 |
| Goodwill | 178 | 183 |
| Intangible assets | 12 | 12 |
| Deferred income tax assets | 62 | 78 |
| Income tax assets | 123 | 148 |
| Other non-current assets | 127 | 77 |
| Total non-current assets | 1,457 | 1,487 |
| Total assets | \$6,115 | \$6,148 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Trade payables | \$5 | \$2 |
| Derivative financial instruments | 6 | – |
| Current income tax liabilities | 208 | 161 |
| Client deposits | 4 | 2 |
| Unearned revenue | 125 | 118 |
| Employee benefit obligations | 30 | 29 |
| Provisions | 18 | 18 |
| Other current liabilities | 383 | 380 |
| Total current liabilities | 779 | 710 |
| Non-current liabilities | | |
| Deferred income tax liabilities | 1 | 26 |
| Employee benefit obligations | 38 | 38 |
| Other non-current liabilities | 13 | 13 |
| Total liabilities | 831 | 787 |
| Equity | | |
| Share capital-Rs. 5 (\$0.16) par value 600,000,000 equity shares authorized, issued and outstanding 571,067,501 and 570,991,592, net of treasury shares as of June 30, 2010 and March 31, 2010, respectively | 64 | 64 |
| Share premium | 695 | 694 |
| Retained earnings | 4,722 | 4,611 |
| Other components of equity | (197) | (8) |
| Total equity attributable to equity holders of the company | 5,284 | 5,361 |
| Total liabilities and equity | \$6,115 | \$6,148 |

Infosys Technologies Limited and subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(Dollars in millions except share data)

| | Three months ended June 30, | |
|---|-----------------------------|----------------|
| | 2010 | 2009 |
| Revenues | \$1,358 | \$1,122 |
| Cost of sales | 800 | 643 |
| Gross profit | 558 | 479 |
| Operating expenses | | |
| Selling and marketing expenses | 74 | 53 |
| Administrative expenses | 100 | 88 |
| Total operating expenses | 174 | 141 |
| Operating profit | 384 | 338 |
| Other income, net | 53 | 55 |
| Profit before income taxes | 437 | 393 |
| Income tax expense | 111 | 80 |
| Net profit | \$326 | \$313 |
| Other comprehensive income | | |
| Fair value changes on available-for-sale financial assets, net of tax effect of \$1 million | (1) | – |
| Exchange differences on translating foreign operations | (188) | 236 |
| Total other comprehensive income | \$(189) | \$236 |
| Total comprehensive income | \$137 | \$549 |
| Profit attributable to: | | |
| Owners of the company | \$326 | \$313 |
| Non-controlling interest | – | – |
| | \$326 | \$313 |
| Total comprehensive income attributable to | | |
| Owners of the company | \$137 | \$549 |
| Non-controlling interest | – | – |
| | \$137 | \$549 |
| Earnings per equity share | | |
| Basic (\$) | 0.57 | 0.55 |
| Diluted (\$) | 0.57 | 0.55 |
| Weighted average equity shares used in computing earnings per equity share | | |
| Basic | 571,036,067 | 570,115,230 |
| Diluted | 571,332,571 | 570,818,075 |