DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT
June 30, 2009
Public limited liability company
Common stock, nominal value €1 per share: 117,866,151 euros
Registered Office: 10, rue Marcel Dassault – 78140 Vélizy-Villacoublay – France
Versailles Commercial Register under No. 322 306 440

This document is comprised of the English language translation of Dassault Systèmes' Half Year Report, which was filed with the AMF (French Financial Markets Authority) on August 5, 2009 in accordance with Article L.451-1-2 III of the French Monetary and Financial Code.
Only the French version of the Half Year Report is legally binding.

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1 RESPONSIBILITY

1.1 Person Responsible for the Half Year Financial Report

Bernard Charlès, President and Chief Executive Officer.

1.2 Statement by the Person Responsible for the Half Year Financial Report

Vélizy-Villacoublay, August 5, 2009

"I hereby declare that, to the best of my knowledge, the 2009 half-year condensed financial statements have been prepared in accordance with the applicable generally accepted accounting standards and provide a true and fair view of the company's financial position and results of operations and those of all companies included within the scope of consolidation, and that the half year business report reflects a true view of important events which occurred during the first six months of the year and of their impact on the half year financial statements, of the principal transactions between related parties, as well as the main risks and uncertainties for the remaining six months of the year."

Bernard Charlès
President and Chief Executive Officer

2 HALF YEAR ACTIVITY REPORT

2.1 Summary description of Dassault Systemes

Dassault Systèmes, which refers to Dassault Systèmes S.A. and its subsidiaries (the "Company"), is the world leader of the global PLM ("Product Lifecycle Management") market as defined by industry analysts.

Its strategic mission is to provide software solutions and consulting services that enable its customers to:

- innovate in the design and quality of products and services;
- accelerate the introduction of products and services to satisfy market demand;
- collaborate with partners and suppliers in product development;
- create and manufacture products more cost effectively; and
- simulate their end-customers' experiences (to understand and respond to their customers' needs and to capture such information in order to develop, adapt or introduce new products responding to their customers' evolving requirements).

The Company's software applications address a wide range of products, from apparel, consumer goods, machine parts and semiconductors to automobiles, aircraft, ships and factories. Its global customer base includes companies primarily in 11 sectors: automotive; aerospace; industrial equipment; consumer goods; consumer packaged goods; energy; high-tech; shipbuilding; life sciences; construction; and business services.

The Company has six brands, each with its own clearly defined mission:

- SolidWorks, for mechanical design in 3D;
- CATIA, for integrated product design;
- SIMULIA, for realistic simulation;
- DELMIA, for digital manufacturing and production;
- ENOVIA, for global collaborative innovation; and
- 3DVIA, for 3D lifelike experiences.

In addition to sales of software applications, Dassault Systèmes also provides selected services, principally to large customers. These services comprise mainly consulting services in methodology for design, deployment and support, training services and engineering services.

The Company currently organizes its business and markets its products and services according to two types of applications: the PLM market, to support product development, production, maintenance and lifecycle management, and the Mainstream 3D market, which is primarily focused on product design.

The Company devotes significant resources each year to research and development. The Company's research and product development teams are located in research laboratories in France, the United States and India (including the employees of its 3D PLM equity investment), as well as in Canada, Germany, Israel and the United Kingdom.

The Company's research and development is two-fold in nature, focusing on further advancing its current portfolio of software applications and, at the same time, on the development of technologies and applications which it expects to bring to market over the medium to longer term.

The Company principally markets and sells its software solutions indirectly. In 2008 and in the first half of 2009, over 60% of the Company's total revenue resulted from indirect sales, including through IBM PLM.

Through its investments over the last several years the Company has developed three sales channels: (1) its PLM Business Transformation Channel, primarily addressing large enterprises through IBM PLM and the Company's own PLM direct sales forces, (2) its PLM Value Channel, primarily addressing small- to mid-size enterprises through a network of value-added resellers, and (3) its 3D Professional Channel, which focuses largely on the marketing and sales of the Company's Mainstream 3D solutions through a network of value-added resellers and distributors. Pursuant to a long-standing, mutually non-exclusive agreement, IBM markets and distributes a substantial portion of the Company's PLM products worldwide. According to the terms of the agreement, Dassault Systèmes licenses these products to IBM, who then sub-licenses them to end-users. Revenue generated through the Company's agreement with IBM represented approximately 24% and 29% of its total revenue for the 2009 First Half and 2008 First Half, respectively.

2.2 Risk factors

The Company's actual results or performance may be materially different from the estimated results based on management's assumptions and materially negatively affected by known and unknown risks and uncertainties. Risks related to the Company's business are detailed in the 2008 *Document de référence* filed with the "*Autorité des Marchés Financiers"* ("AMF", French Financial Markets Authority) on April 2, 2009, under section 4.1. They include, but are not limited to the following risks:

- ***Difficult global economic environment***

  The current difficulties in global economic and business conditions have caused in the first half of 2009, and could cause for the second half of 2009, the Company's revenue, net earnings and cash flows to decrease, or to grow more slowly, whether on an annual or quarterly basis, due in particular to the following factors:

  – the deployment of a Product Lifecycle Management (PLM) solution may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environments in which the customers operate. Current global economic conditions have led in the first half of 2009, and in the second half of 2009 could lead, some customers of the Company to reduce, defer or cancel their investments in information technology, or to reduce or terminate on-going paid maintenance for their installed base, which would negatively impact the Company's recurring revenue;

– the automotive, aerospace and industrial equipment industries, which represent a significant share of the Company's revenue, have been and will continue to be particularly impacted by the current economic context. Companies worldwide have announced restructuring plans leading to downsizing and/or close-down of activities. Some of the Company's important customers as well as their entire supply chain may even face bankruptcy situations; and

– the sales cycle of PLM products – already relatively long due to their strategic nature for customers – could further lengthen due to the currently difficult economic context.

In the first half of 2009, the increasingly difficult macroeconomic environment led to lower financial results in comparison to the first half of 2008, affecting revenue, operating margin and earnings.

In addition, the current economic context and high exchange rate volatility may adversely impact the financial situation of the Company's reseller network, potential and existing customers, and technology partners, some of whom may be forced to cease operations due to cash flow and profitability issues. The Company's ability to collect outstanding receivables may also be affected.

Finally, the difficult economic environment could generate increased price pressure, as customers seek lower prices from various competitors, which could negatively impact the Company's revenue, financial performance and market position.

- ***Currency fluctuations***

The Company's results of operations have been, and may in the future be, significantly affected by changes in exchange rates. Exchange rate fluctuations can impact revenues and expenses recorded in the Company's statement of income upon translation of other currencies into euro. Although the Company currently benefits from a natural hedge of most of its exposure to U.S. dollars from an operating margin perspective, the loss of revenue if the dollar weakens may still negatively impact the Company's operating income, net income and earnings per share. In addition, the Company's revenues denominated in Japanese yen, Korean won and British pound substantially outweigh its expenditures in these currencies. As a result, the Company's financial results are exposed to a potential depreciation in the value of these currencies relative to the euro, which could adversely affect the Company's revenue, as well as its operating income, operating margin, net income and earnings per share.

Please see the Company's 2008 *Document de référence*, filed with the AMF (French Financial Markets Authority) on April 2, 2009, for a detailed discussion of the risk factors related to the following points:

- ***IBM Relationship***
- ***Infringement of third-party intellectual property rights***
- ***Rapidly changing and complex technologies***
- ***Product errors or defects***
- ***Retention of key personnel and executives***

- ***Difficulties in relationships with extended enterprise partners***
- ***Challenges to the Company's intellectual property rights***
- ***Legal proceedings***
- ***Complex regulatory environment***
- ***Variability in quarterly operating results***
- ***Emergence of new competitors in the PLM sector***
- ***Organizational challenges arising from the evolution of the Company***
- ***Security of internal systems and facilities***
- ***International operations***
- ***Technology stock volatility***
- ***Shareholder base.***

2.3 General presentation

2.3.1 Basis of presentation and summary of significant accounting policies

The summary below highlights selected aspects of the Company's financial results for the first half of 2009 under IFRS. The summary, the supplemental non-IFRS financial information and the more detailed discussion that follows should be read together with the Company's half year consolidated financial statements and the related notes included under Section 3 of this Half Year Report.

The interim condensed consolidated financial statements for the six months ended June 30, 2009 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting and as such do not include all information required for annual financial statements. Consequently, the interim condensed consolidated financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2008, prepared in accordance with International Financial reporting Standards ("IFRS") as adopted in the European Union and published in the *Document de référence* of the Company filed with the AMF (French Financial Markets Authority) on April 2, 2009.

The interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2008, with the exceptions described below:

- Income tax expense is based on an estimate of the weighted average annual income tax rate expected for the full financial year.

- Pension costs are estimated based on the actuarial reports prepared for fiscal year 2008.

New standards and interpretations effective beginning on January 1, 2009 had no significant impact on the financial position and results of operations of the Company. New standards and interpretations effective beginning on January 1, 2010 were not early adopted by the Company.

In discussing and analyzing its results of operations, the Company considers supplemental non-IFRS financial information which excludes:

- the effect of adjusting the carrying value of acquired companies' deferred revenue,
- the amortization of acquired intangibles,
- stock-based compensation expense and,
- other operating income and expense, net.

A reconciliation of this supplementary non-IFRS financial information with information set forth in the Company's consolidated financial statements and the notes thereto is presented below under "Supplemental Non-IFRS Financial Information" and a description of this supplemental non-IFRS financial information can be found in the Company's *Document de référence* for 2008.

When the Company believes it would be helpful for understanding trends in its business, it restates percentage increases or decreases in selected financial data to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed below "in constant currencies", the results of the "current" period have first been recalculated using the average exchange rates of the comparable period in the preceding year, and then compared with the results of the comparable period in the preceding year period. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company's IFRS and supplemental non-IFRS financial data for the periods discussed below.

The Company's quarterly revenues have varied significantly and are likely to vary significantly in the future. Its net income also varies considerably each quarter, reflecting the change in revenues, since its expenses generally tend to be relatively stable throughout the year. A significant portion of sales typically occurs in the last month of each quarter, and, as is typical in the software market, the Company normally experiences its highest licensing activity for the year in December, which represents the last month of its fiscal year. Historically, the Company's software revenue, total revenue, operating income and net income have generally been highest in the fourth quarter of each fiscal year.

Some of the factors causing the Company's quarterly revenues to vary significantly include, but are not limited to: changes in the macroeconomic environment, the size of software transactions, the method of software licensing, the timing and size of service engagements, the timing and size of product development software engagements as well as the timing and level of mergers and acquisition activities. Additionally, quarterly revenue can vary significantly due to the varying length of time required to negotiate and complete sales contracts or to the timing of recognition of service engagements.

2.3.2 Summary overview

The table below sets forth the Company's revenue by activity, geographic region and segment for the half years ended June 30, 2009 and 2008 and provides growth rates on an as reported basis and in constant currencies.

	First half ended June 30,			
(in millions, except percentages)	**2009**	**Variation**	**Variation in constant currencies**	**2008**
Total Revenue	**620.6**	**(2.1%)**	**(9%)**	**633.6**
Total revenue by activity				
Software revenue	543.1	(0.7%)	(7%)	547.1
Services and other revenue	77.5	(10.4%)	(16%)	86.5
Total revenue by geography				
Americas	193.9	2.2%	(11%)	189.8
Europe	281.8	(4.7%)	(4%)	295.8
Asia	144.9	(2.1%)	(15%)	148.0
Total revenue by segment				
PLM revenue	484.6	(3.0%)	(9%)	499.7
Mainstream 3D revenue	136.0	1.6%	(6%)	133.9

2009 to 2008 First Half comparisons reflect the fact that the current global recession began to have a meaningful impact on the Company's operating results commencing in the second half of 2008. IFRS and non-IFRS total revenue was lower by approximately 2% as reported and 9% in constant currencies. Revenue growth rates on a reported basis benefited from the strengthening of both the US dollar and the Japanese yen during the first half of 2009 compared to the 2008 First Half which helped mitigate the impact of lower activity.

Revenue distribution by geographic region in the 2009 First Half remained similar to that of the same period in 2008. As a percentage of total revenue, Europe represented 46% (47% in 2008 First Half), the Americas accounted for 31% (30% in 2008 First Half) and Asia represented 23% (23% in 2008 First Half).

For the 2009 First Half, IFRS and non-IFRS software revenue was lower by approximately 1% as reported and 7% in constant currencies, reflecting periodic licenses, maintenance, and product development revenue growth of 11% which was largely offset by a decrease in new licenses revenue of 38% (all figures in constant currencies except as noted).

Non-IFRS recurring software revenue, comprised of periodic licenses and maintenance revenue, increased 10% in constant currencies and totaled €407.8 million for the 2009 First Half, compared to €345.6 million in the 2008 First Half. Recurring software revenue represented 75% of total software revenue in the 2009 First Half and 63% in the 2008 First Half.

Software revenue growth trends were similarly impacted in both the PLM and Mainstream segments of the Company's business with a significant decrease in new license revenue activity offset in part by growth in periodic licenses and maintenance revenue.

IFRS net income per diluted share decreased 45.2% principally reflecting the year-over-year decrease in revenue as well as the year-ago benefit from the gain on sale of part of the Company's prior corporate headquarters facility in 2008. Non-IFRS net income per diluted share decreased 14.9%, principally reflecting lower revenue activity.

In order to mitigate the impact of the global recession on its operating results, the Company has in place a cost savings program with the goal of reducing expenses while maintaining its research and development and sales capacities. Since the start of the year, the Company has realized approximately €55 million in savings across such areas as revenue-related costs, travel, marketing, procurement, outside services and other areas. In addition to the savings program, the Company had previously begun and is continuing an operational efficiency program organized around several key initiatives including shared services and co-location of offices. The Company anticipates that these efficiency programs will bring additional benefits in 2010.

Cash Flow and Other Financial Highlights

IFRS net operating cash flow was €177.3 million for the first half ended June 30, 2009.

Cash and short-term investments totaled €932.8 million at June 30, 2009, compared to €840.4 million at December 31, 2008. The Company's net financial position amounted to €732.6 million at June 30, 2009, net of outstanding debt consisting of €200.2 million of financial long-term debt. During the second quarter 2009, the Company paid cash dividends totaling €54.8 million.

2.3.3 Supplemental non-IFRS financial information

Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, this supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Specific limitations for individual non-IFRS measures are set forth below.

In evaluating and communicating its results of operations, the Company supplements its financial results reported on an IFRS basis with non-IFRS financial data, including revenue, operating income, operating margin, net income and diluted net income per share. As explained above in section 2.3.1, the supplemental non-IFRS financial information excludes certain income statement elements: deferred revenue adjustments for acquired companies, amortization of acquired intangibles, including amortization of acquired software, (which arise from its acquisitions of companies and some technology-related intangible assets) stock-based compensation expense and other operating income and expense, net. Subject to the limitations set forth in its most recent Document de référence, the Company believes that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors' understanding of its financial performance.

The Company's management uses the supplemental non-IFRS financial information, together with its IFRS financial information, to evaluate its operating performance, to make operating decisions and to plan and set objectives for future periods. Compensation of its executive officers is based in part on the performance of its business measured with the supplemental non-IFRS information. The Company believes that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use it for comparing its operating performance to its historical trends and to other companies in its industry, as well as for valuation purposes.

The following table sets forth the Company's supplemental non-IFRS revenue, operating income, operating margin, net income and diluted net income per share, which exclude the effect of adjusting the carrying value of acquired companies' deferred revenue, the expense for the amortization of acquired intangible assets, stock-based compensation expense and other operating income and expense, net. The tables also set forth the most comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

(in millions, except percentages and per share data)	2009 IFRS	Adjustment(1)	2009 non-IFRS	2008 IFRS	Adjustment(1)	2008 non-IFRS	Increase (Decrease) IFRS	Increase (Decrease) non-IFRS(2)
Total Revenue	**€620.6**	**€1.3**	**€621.9**	**€633.6**	**€0.5**	**€634.1**	**(2.1%)**	**(1.9%)**
Total revenue by activity								
Software revenue	543.1	1.3	544.4	547.1	0.5	547.6	(0.7%)	(0.6%)
Services and other revenue	77.5	-	77.5	86.5	-	86.5	(10.4%)	(10.4%)
Total revenue by geography								
Americas	193.9	0.5	194.4	189.8	0.2	190.0	2.2%	2.3%
Europe	281.8	0.1	281.9	295.8	0.2	296.0	(4.7%)	(4.8%)
Asia	144.9	0.7	145.6	148.0	0.1	148.1	(2.1%)	(1.7%)
Total revenue by segment								
PLM revenue	484.6	1.3	485.9	499.7	0.5	500.2	(3.0%)	(2.9%)
Mainstream 3D revenue	136.0	-	136.0	133.9	-	133.9	1.6%	1.6%
Total Operating Expenses	**€(538.0)**	**€44.6**	**€(493.4)**	**€(495.8)**	**13.7**	**€(482.1)**	**8.5%**	**2.3%**
Stock-based compensation expense	(12.8)	12.8	-	(9.8)	9.8	-	30.6%	n/a
Amortization of acquired intangibles	(22.6)	22.6	-	(18.6)	18.6	-	21.5%	n/a
Other operating revenue and expense, net	(9.2)	9.2	-	14.7	(14.7)	-		n/a
Operating Income	**€82.6**	**€45.9**	**€128.5**	**€137.8**	**€14.2**	**€152.0**	**(40.1%)**	**(15.5%)**
PLM Operating income	30.0	45.6	75.6	84.7	13.9	98.6	(64.6%)	(23.3%)
Mainstream 3D Operating income	52.6	0.3	52.9	53.1	0.3	53.4	(0.9%)	(0.9%)
Operating Margin	**13.3%**		**20.7%**	**21.7%**		**24.0%**		
PLM Operating margin	6.2 %		15.6%	17.0%		19.7%		
Mainstream 3D Operating margin	38.7%		38.9%	39.7%		39.9%		
Income before Income Taxes	**€78.4**	**€45.9**	**€124.3**	**€138.0**	**€14.2**	**€152.2**	**(43.2%)**	**(18.3%)**
Income tax expense	(23.9)	(13.0)	(36.9)	(37.7)	(10.7)	(48.4)		n/a
Income tax effect of adjustments above	*(13.0)*	*13.0*	-	*(10.7)*	*10.7*	-	n/a	n/a
Minority interest	(0.1)	-	(0.1)	(0.1)	-	(0.1)		
Net Income attributable to shareholders	**€54.4**	**€32.9**	**€87.3**	**€100.2**	**€3.5**	**€103.7**	**(45.7 %)**	**(15.8%)**
Diluted Net Income Per Share(3)	**€0.46**	**€0.28**	**€0.74**	**€0.84**	**€0.03**	**€0.87**	**(45.2%)**	**(14.9%)**

Columns 2009 IFRS through 2008 non-IFRS: For the First Half Ended June 30,

(1) *The adjustment of stock-based compensation expense is as follows:*

(in millions)	2009 IFRS	Adjustment	2009 Non-IFRS	2008 IFRS	Adjustment	2008 Non-IFRS
	For the First Half Ended June 30,					
Cost of services and other revenue	€(73.5)	€0.3	€ (73.2)	€(74.5)	€0.4	€(74.1)
Research and development	(162.4)	7.4	(155.0)	(150.3)	5.7	(144.6)
Marketing and sales	(185.4)	2.5	(182.9)	(187.7)	1.9	(185.8)
General and administrative	(56.8)	2.6	(54.2)	(52.0)	1.8	(50.2)
Total stock-based compensation expense	(12.8)	12.8	-	(9.8)	9.8	-

(2) *The non-IFRS percentage increase (decrease) compares the non-IFRS measures for the two different periods. In the event there is an adjustment to the relevant measure for only one of the periods under comparison, the non-IFRS increase (decrease) compares the non-IFRS measure to the relevant IFRS measure.*

(3) *Based on a weighted average 118.1 million diluted shares for the 2009 First Half and 119.3 million diluted shares for the 2008 First Half.*

2.4 FINANCIAL REVIEW OF OPERATIONS AS OF JUNE 30, 2009

2.4.1 Revenue

2009 First Half revenue results reflected the significant deterioration in the global macroeconomic environment. At the same time reported revenue growth rates benefited from the strengthening of both the US dollar and Japanese yen in comparison to the Euro during the first half of 2009 compared to the 2008 First Half.

Total revenue decreased 2.1% to €620.6 million in the 2009 First Half compared to €633.6 million in the 2008 First Half. Non-IFRS total revenue decreased 1.9% to €621.9 million in the 2009 First Half compared to €634.1 million in the same period a year ago. IFRS and Non-IFRS total revenue decreased 9% in constant currencies.

By geographic region and in constant currencies unless otherwise noted, revenue in Europe decreased 4% (decreased 5% as reported), the Americas decreased 11% (increased 2% as reported) and Asia decreased 15% (decreased 2% as reported).

Revenue distribution by geographic region remained similar in the 2009 First Half to that of the 2008 period. As a percentage of total revenue, Europe represented 46% (47% in 2008 First Half), the Americas accounted for 31% (30% in 2008 First Half) and Asia represented 23% (23% in 2008 First Half).

2.4.1.1 Software revenue

Software revenue is comprised of new licenses revenue and periodic licenses, maintenance and product development revenue.

The Company's PLM products are mainly licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial fee for a perpetual license and subsequently pays fees for maintenance, generally on an annual basis, or (ii) periodic (rental) licenses, for which the customer pays equal periodic fees to keep the license active. New licenses require the payment of fees for maintenance and product updates. Periodic (rental) licenses entitle the customer to corrective maintenance and product updates without additional charge. Product updates include improvements to existing products but do not cover new products. Software revenue generated from new customers, or from new business with existing customers, is recorded as "periodic license" revenue if the customer chooses that payment structure. The Company's product development revenue relates to the development of additional functionalities of standard products requested by customers.

Software licenses offered by SolidWorks require the payment of a one-time fee, which is recorded as new licenses revenue. Access to upgrades and maintenance requires payment of an annual subscription fee, which is recorded as maintenance revenue.

	For the First Half Ended June 30,	
(in millions, except percentages)	**2009**	**2008**
Software revenue		
New licenses revenue	€134.0	€201.9
Periodic licenses, maintenance and product development revenue	409.1	345.2
Total software revenue	**€543.1**	**547.1**
(as a % of total revenue)	87.5%	86.3%

During the 2009 First Half, lower new license revenue activity drove a decrease in total software revenue. For the 2009 First Half, IFRS and non-IFRS software revenue was lower by approximately 1% as reported and 7% in constant currencies, reflecting periodic licenses, maintenance, and product development revenue growth of 11% which was largely offset by a decrease in new licenses revenue of 38% (all figures in constant currencies except as noted).

Software revenue growth trends were similarly impacted by the current global recession in both segments of the Company's business with a significant decrease in new license revenue activity offset in part by growth in maintenance revenue. Specifically, IFRS PLM and non-IFRS PLM software revenue decreased 8% in constant currencies, reflecting a sharp decrease in new license revenue offset in part by growth in periodic licenses and maintenance revenue. IFRS and non-IFRS Mainstream 3D software revenue decreased 6% in constant currencies, reflecting a sharp decrease in new license revenue offset in part by growth in maintenance revenue.

Recurring software revenue, comprised of periodic licenses and maintenance revenue, increased 18% as reported and 10% in constant currencies and totaled €406.5 million for the 2009 First Half, compared to €345.1 million in the 2008 First Half. Recurring revenue represented 75% and 63% of software revenue in the First Half of 2009 and 2008, respectively. Similarly, non-IFRS recurring software revenue increased 10% in constant currencies.

2.4.1.2 Services and other revenue

Services and other revenue includes revenue from (i) consulting services in methodology for design, deployment and support, training services and engineering services, and (ii) services revenue from the commissions received by the Company as a result of its sales activities as a reseller (formerly as an IBM Business Partner). In 2008 and prior years, the Company also generated revenue from fees paid by IBM for the Company's management of IBM's indirect PLM reseller network (in the role of Channel Management Provider, or "CMP"). Because the Company has completed the transition to direct oversight of the PLM Value Selling Channel, it no longer receives CMP fees from IBM.

For each of the periods presented, nearly all of the Company's service revenue was generated by the PLM segment.

(in millions, except percentages)	For the First Half Ended June 30, 2009	2008
Services and other revenue	**€77.5**	**€86.5**
(as a % of total revenue)	12.5%	13.7%

Services and other revenue decreased 10.4% as reported and 16% in constant currencies principally reflecting the DSF divestiture as of the July 1, 2008. Specifically, the Company spun off Dassault Systèmes Solutions France (DSF), its PLM sales division dedicated primarily to small- and mid-size businesses in France, Belgium and Luxembourg, to create Keonys, a new independent Dassault Systèmes value-added reseller (VAR). In addition, the Company's consulting services and reseller revenues had lower revenue results in comparison to the 2008 First Half.

2.4.2 Operating expenses

Operating expenses grew 8.5% or €42.2 million in the 2009 First Half compared to the 2008 First Half, reflecting principally (i) other operating expense growth of €23.9 million in part related to the year-ago benefit from the gain on sale of part of the Company's prior corporate headquarters facility which had the effect of reducing 2008 First Half expenses and (ii) growth in research and development personnel expense of €12.1 million resulting from new hires and acquisitions, notably in simulation. Currency fluctuations had a negative impact increasing operating expense growth by approximately 7 percentage points due to the increases in the value of both the U.S. dollar and Japanese yen during the 2009 First Half in comparison to the 2008 First Half.

Non-IFRS operating expenses increased 2.3% in the 2009 First Half in comparison to the first six months of 2008. Currency fluctuations had a negative impact of approximately 7 percentage points on expense growth.

(in millions)	For the First Half Ended June 30, 2009	2008
Operating expenses	**€538.0**	**€495.8**
Adjustments(1)	(44.6)	(13.7)
Non-IFRS operating expenses(1)	**€493.4**	**€482.1**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles, (ii) stock-based compensation expense and (iii) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in its financial statements and the notes thereto, see "Supplemental non-IFRS Financial Information" above.

2.4.3 Operating income

	For the First Half Ended June 30,	
(in millions)	**2009**	**2008**
Operating income	**€82.6**	**€137.8**

2009 to 2008 First Half comparisons of operating income and operating margin data reflect the fact that the current global recession started to have a significant impact on the Company's operating results commencing in the second half of 2008.

For the 2009 First Half, operating income decreased 40.1% or €55.2 million and principally reflected: (i) the year-over-year change in other operating income and expense, net from income of €17.5 million arising primarily from the net gain on the sale of the Company's prior headquarters during the first half of 2008 to an expense of €9.2 million in the 2009 First Half primarily related to restructuring costs, (ii) as well as the impact of lower revenue of €13.0 million and (iii) higher expenses, principally a €12 million increase in research and development costs. As a result, the operating margin decreased to 13.3% from 21.7% in the 2008 First Half. On a non-IFRS basis, operating income decreased 15.5% to €128.5 million from €152.0 million in the prior year period and the non-IFRS operating margin decreased to 20.7%, compared to 24.0% in the 2008 First Half.

2.4.4 Financial revenue and other, net

	For the First Half Ended June 30,	
(in millions)	**2009**	**2008**
Financial revenue and other, net	**€(4.7)**	**€(0.6)**

2009 First Half financial revenue and other, net was principally comprised of financial interest net income of €2.6 million and exchange losses of €(7.0) million. The decrease in financial revenue and other, net primarily reflected a €4.4 million reduction in financial net income due to a strong decrease in interest rates on investments held in Euro and US dollars. The exchange losses on trade receivables, mainly Japanese Yen denominated receivables in 2009 (Japanese Yen and US Dollar receivables in 2008), and on financial instruments, slightly decreased by €0.7 million.

2.4.5 Income tax expense

	For the First Half Ended June 30,	
(in millions, except percentages)	**2009**	**2008**
Income tax expense	**€23.9**	**€37.7**
Effective consolidated tax rate	30.5%	27.3%

Income tax expense decreased by €13.8 million or by 36.6%, principally reflecting a decrease in pre-tax income. The Company's effective consolidated tax rate increased to 30.5% in the 2009 First Half compared to 27.3% in the 2008 First Half. The lower 2008 effective consolidated tax rate resulted primarily from the gain on the sale of part of the Company's former headquarters taxed at a reduced tax rate as well as tax benefits resulting from the Company's decision to use treasury stock to fulfill its obligations under the stock grants. On a non-IFRS basis, the effective consolidated tax rate was 29.7% for the 2009 First Half, compared to 31.8% for the 2008 First Half.

2.4.6 Net income and diluted net income per share

	For the First Half Ended June 30,	
(in millions, except per share data)	**2009**	**2008**
Net income attributable to shareholders	**€54.4**	**€100.2**
Diluted net income per share	€0.46	€0.84
Diluted weighted average shares outstanding	118.1	119.3

Net income per diluted share decreased 45.2% principally reflecting a decrease in operating income of 40.1% as well as an increase in the effective consolidated tax rate. Non-IFRS net income per diluted share decreased 14.9% to €0.74 per share from €0.87 per share, principally reflecting a decrease in non-IFRS operating income of 15.5%.

2.4.7 Cash flow

Net operating cash flow was €177.3 million for the 2009 First Half. Cash and short-term investments totaled €932.8 million and long-term debt totaled €200.2 million at June 30, 2009.

At the Annual Shareholders' Meeting held on June 9, 2009, Dassault Systemes stockholders approved the payment of a cash dividend in the amount of €0.46 per share (equal in amount to the prior year) for the fiscal year ended December 31, 2008. The cash dividend was paid on June 25, 2009.

2.5 Related party transactions

Related-party transactions were identified in the *Document de reference* of Dassault Systèmes filed with the French *Autorité des Marchés Financiers* on April 2, 2009, in Chapter 19, *"Related-Party Transactions"*.

Except those described in the 2008 *Document de référence*, no new related party transactions occurred during the 2009 first half.

In particular, the transactions entered into with Dassault Aviation and 3D PLM Software Solutions Ltd during the first six months of 2009 and mentioned in the "Document de Référence" continued without any modifications which could significantly impact the financial position or the income of Dassault Systèmes during the 2009 First Half.

2.6 Business highlights

On June 29, 2009, the Company announced that the Renault Group has selected Dassault Systèmes' V6 PLM as its new global product development solution, in order to improve productivity, and product quality.

On June 23, 2009 the Company announced the launch of V6R2010, the latest release of its new platform. V6R2010 includes 42 new V6 products supporting business processes in all industries and a new offer, V6 PLM Express, tailored specifically for mid-market businesses and small teams within large organizations. V6R2010 also includes direct modeling capabilities and realistic simulation solutions for non-experts.

Procter & Gamble Company (P&G), the world's largest consumer goods company, has selected SIMULIA SLM as their simulation lifecycle management solution to support P&G's modeling & simulation strategy. Based on Dassault Systèmes' V6 platform, the online collaborative environment for PLM 2.0, SIMULIA SLM enables P&G to capture, share and automate the execution of approved simulation methods, improve traceability of simulation data, and accelerate decision-making while securing valuable intellectual property.

BMW selected Dassault Systèmes Digital Design Infrastructure to speed up delivery of fuel efficient cars. BMW will use CATIA to have a single digital software environment for the design of all BMW engines across its fuel and diesel-powered cars, motorcycles, and its newest line of eco-friendly, hybrid cars including the industry's first hydrogen-powered vehicle.

On April 30, 2009 DS SolidWorks announced that a cutting-edge athletic equipment company purchased the one millionth license of its 3D CAD software. In the 14 years between this landmark and DS SolidWorks' first sale to a robotic arm designer, thousands of innovative products have been developed with SolidWorks software.

On March 17, 2009 the Company announced that Great Wall Motor Company Limited, the largest commercial pickup and SUV manufacturer in China, has chosen Dassault Systèmes' ENOVIA Materials Compliance Central™ to establish an enterprise-wide compliance platform to promote eco-design.

These events had no significant impact on the consolidated financial statements as of June 30, 2009.

2.7 Outlook

The Company's objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below.

The Company currently anticipates that the weakening of the macroeconomic environment which began to have a meaningful impact on the Company's financial results commencing with the second half of 2008 will continue to negatively impact the Company during the second half of 2009. At present, the Company's visibility on software revenue, particularly new license activity, is significantly less than it has been historically due to uncertainty with respect to customers' purchasing decisions during this global economic recession.

The Company indicated in its second quarter press release issued on July 30, 2009 that it was reconfirming its constant currency non-IFRS revenue growth objective of about (8%) to (6%) for 2009. This revenue objective reflects the assumption that the economic conditions and customers' level of demand for new licenses, among other factors, observed during the first half of 2009 remain unchanged during the second half of 2009. This constant currency revenue objective is therefore subject to revision as or if market conditions change.

Statements herein that are not historical facts but express expectations or objectives for the future, including but not limited to statements regarding the Company's non-IFRS financial performance objectives, are forward-looking statements.

Such forward-looking statements are based on the Company's current views and assumptions and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors. In preparing such forward-looking statements, the Company has in particular assumed an average U.S. dollar to euro exchange rate of US$1.42 per €1.00 and an average Japanese yen to euro exchange rate of JPY134 to €1.00 for the 2009 full year; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates. The Company has tried to factor in the potential impact of the current global economic crisis on its 2009 full year non-IFRS revenue objective, but conditions could worsen. Further the Company has assumed that its increased responsibility for both indirect and direct PLM sales channels, and the resulting commercial and management challenges, will not cause it to incur substantial unanticipated costs and inefficiencies. The Company's actual results or performance may also be materially negatively affected by the current global economic crisis, difficulties or adverse changes affecting its partners or its relationships with its partners, including the Company's longstanding, strategic partner, IBM; new product developments and technological changes; errors or defects in its products; growth in market share by its competitors; and the realization of any risks related to the integration of any newly acquired company and internal reorganizations. Unfavorable changes in any of the above or other factors described in the Company's regulatory reports, including the *Document de référence*, as filed with the French "*Autorité des marchés financiers"* (AMF) on April 2, 2009, could materially affect the Company's financial position or results of operations.

For more information regarding the risks facing the Company, see Section 2.2 "Risks factors".

3 CONDENSED CONSOLIDATED FINANCIAL ACCOUNTS FOR THE HALF YEAR ENDED JUNE 30, 2009

CONSOLIDATED STATEMENTS OF INCOME

(*in thousands, except per share data*)	Note	Six months ended June 30, 2009 (unaudited)	Six months ended June 30, 2008 (unaudited)
New licenses revenue		€134,026	€201,888
Periodic licenses, maintenance and product development revenue		409,027	345,183
Software revenue	5	543,053	547,071
Services and other revenue		77,523	86,495
Total revenue		**620,576**	**633,566**
Cost of software revenue		(28,123)	(27,405)
Cost of services and other revenue		(73,464)	(74,464)
Research and development		(162,376)	(150,270)
Marketing and sales		(185,341)	(187,730)
General and administrative		(56,842)	(52,002)
Amortization of acquired intangibles		(22,548)	(18,618)
Other operating income and expense, net	8	(9,239)	14,764
Operating income		**82,643**	**137,841**
Financial revenue and other, net	9	(4,708)	(636)
Income from equity investees		503	817
Income before income taxes		**78,438**	**138,022**
Income tax expense		(23,958)	(37,646)
Net income		**€54,480**	**€100,376**
Attributable to:			
Equity holders of the Company		€54,374	€100,236
Minority interest		€106	€140
Earnings per share			
Basic net income per share		€0.46	€0.86
Diluted net income per share		€0.46	€0.84

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

Assets (*in thousands*)	**Note**	**June 30, 2009 (unaudited)**	**December 31, 2008 (audited)**
Cash and cash equivalents		€845,180	€794,145
Short-term investments		87,609	46,298
Trade accounts receivable, net	10	269,132	329,395
Income tax receivable		10,034	58,603
Other current assets		69,455	79,759
Total current assets		**1,281,410**	**1,308,200**
Property and equipment, net	11	66,674	69,262
Investments and non current financial assets		38,740	4,322
Deferred tax assets		45,941	38,302
Intangible assets, net	12	254,174	280,606
Goodwill	12	436,687	441,353
Total non current assets		**842,216**	**833,845**
Total assets		**€2,123,626**	**€2,142,045**
Liabilities			
Trade accounts payable		€73,665	€70,147
Accrued compensation and other personnel costs		105,706	123,440
Unearned revenue		246,929	250,739
Income taxes payable		6,196	8,665
Other current liabilities		54,564	70,043
Total current liabilities		**487,060**	**523,034**
Deferred tax liabilities		28,027	26,082
Borrowings		200,000	200,000
Other non-current liabilities		95,315	88,436
Total non-current liabilities		**323,342**	**314,518**
Common stock		117,884	118,862
Share premium		110,913	141,980
Treasury stock		-	(32,555)
Retained earnings and other reserves		1,217,374	1,204,039
Other items		(133,941)	(129,471)
Parent shareholders' equity		**1,312,230**	**1,302,855**
Minority interest		994	1,638
Total equity	14	**1,313,224**	**1,304,493**
Total equity and liabilities		**€2,123,626**	**€2,142,045**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(*in thousands*)	Note	Six months ended June 30, 2009 (unaudited)	2008 (unaudited)
Net income attributable to equity holders of the Company		**€54,374**	**€100,236**
Minority interest		106	140
Net income		54,480	100,376
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of real estate	8	-	(17,529)
Depreciation of property and equipment	11	11,493	11,186
Amortization of intangible assets	12	24,636	20,691
Deferred income taxes		(10,090)	(8,495)
Non-cash share-based payment expense	6	12,689	9,846
Other		99	2,279
Net cash from operations before changes in working capital		**93,307**	**118,354**
Changes in current assets and liabilities:			
Decrease in trade accounts receivable		59,497	40,417
Decrease (Increase) in other current assets		936	(16,373)
(Decrease) in accounts payable and accrued expenses		(18,241)	(5,594)
Increase in income taxes payable		45,273	15,839
(Decrease) Increase in unearned revenue		(2,865)	34,849
(Decrease) Increase in other current liabilities		(612)	7,288
NET CASH PROVIDED BY OPERATING ACTIVITIES		**177,295**	**194,780**
Proceeds from sale of property	8	458	36,000
Additions to property, equipment and intangibles		(10,346)	(21,844)
Purchases of short-term investments		(65,340)	(78,758)
Proceeds from sales and maturities of short-term investments		23,231	21,585
Payment for acquisition of businesses, net of cash acquired		(6,468)	(2,799)
Other		39	227
NET CASH USED IN INVESTING ACTIVITIES		**(58,426)**	**(45,589)**
Proceeds from exercise of stock options		514	23,337
Cash dividends paid	14	(54,782)	(53,676)
Repurchase of common stock	14	-	(35,027)
NET CASH USED IN FINANCING ACTIVITIES		**(54 268)**	**(65,366)**
Effect of exchange rate changes on cash		(13,566)	(25,018)
INCREASE IN CASH AND CASH EQUIVALENTS		**51,035**	**58,807**
Cash and cash equivalents at beginning of period		**794,145**	**597,246**
Cash and cash equivalents at end of period		**€845,180**	**€656,053**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Company						Minority interest	Total Equity
(in thousands)	Common stock	Share premium	Treasury stock	Retained earnings and reserves	Other items	Total		
January 1, 2008	**€117,604**	**€112,249**	**€-**	**€1,054,442**	**€(167,355)**	**€1,116,940**	**€1,270**	**€1,118,210**
Net income				100,236		100,236	140	100,376
Net gains recognized directly in equity					(52,376)	(52,376)		(52,376)
Cash dividends paid				(53,676)		(53,676)		(53,676)
Exercise of stock options	741	20,285				21,026		21,026
Treasury stock transactions			(23,793)	(11,234)		(35,027)		(35,027)
Other stock transactions				9,846		9,846		9,846
Other changes				106		106		106
June 30, 2008 (unaudited)	**€118,345**	**€132,534**	**€(23,793)**	**€1,099,720**	**€ (219,731)**	**€1,107,075**	**€1,410**	**€1,108,485**
Net income				100,263		100,263	228	100,491
Net gains recognized directly in equity					90,260	90,260		90,260
Cash dividends paid						-		-
Exercise of stock options	1,179	32,577				33,756		33,756
Treasury stock transactions	(662)	(23,131)	(8,762)	(11,378)		(43,933)		(43,933)
Other stock transactions				10,441		10,441		10,441
Other changes				4,993		4,993		4,993
January 1, 2009	**€118,862**	**€141,980**	**€(32,555)**	**€1,204,039**	**€(129,471)**	**€1,302,855**	**€1,638**	**€1,304,493**
Net income				54,374		54,374	106	54,480
Net gains recognized directly in equity					(4,470)	(4,470)		(4,470)
Cash dividends paid				(54,032)		(54,032)	(750)	(54,782)
Exercise of stock options	22	488				510		510
Treasury stock transactions	(1,000)	(31,555)	32,555			-		-
Other stock transactions				12,689		12,689		12,689
Other changes				304		304		304
June 30, 2009 (unaudited)	**€117,884**	**€110,913**	**€-**	**€1,217,374**	**€(133,941)**	**€1,312,230**	**€994**	**€1,313,224**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	**June 30, 2009 (unaudited)**	**December 31, 2008 (audited)**	**June 30, 2008 (unaudited)**
Net income	**€54,480**	**€200,867**	**€100,376**
Available for sale securities	(65)	28	58
Derivative (losses), gains on cash flow hedges	15,158	(9,184)	2,036
Foreign currency translation adjustment	(14,261)	43,878	(53,747)
Tax on items taken directly to or transferred from equity	(5,302)	3,162	(723)
Net income recognized directly in equity, net of tax	**€(4,470)**	**€37,884**	**€(52,376)**
Total recognized income and expense for the period	**€50,010**	**€238,751**	**€48,000**
Attributable to:			
Equity holders of the Company	€49,904	€238,383	€47,860
Minority interest	€106	€368	€140

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS

Dassault Systèmes, which refers to Dassault Systèmes SA and its subsidiaries (the "Company"), develops 3D and Product Lifecycle Management ("PLM") software solutions powered by three-dimensional ("3D") representation. The Company provides software solutions and consulting services that enable its customers to innovate in products and services; accelerate product design in order to satisfy market demand; create and manufacture products more cost effectively; and simulate their end-customers' experiences. The Company largely markets and sells its software solutions through indirect selling channels. With respect to the sales of the Company's PLM solutions, International Business Machines Corporation ("IBM") has been a long-standing strategic sales partner.

Dassault Systèmes SA is a *société anonyme*, a form of limited liability company, incorporated under the laws of France. The Company's registered office is located at 10, rue Marcel Dassault, in Velizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on Euronext Paris (Compartiment A). These interim condensed consolidated financial statements were established under the responsibility of the Board of Directors on July 29, 2009.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The interim condensed consolidated financial statements for the six months ended June 30, 2009 were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the Company's financial statements as of December 31, 2008, prepared in accordance with International Financial reporting Standards ("IFRS") as adopted in the European Union.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand except where otherwise indicated.

Summary of Significant Accounting Policies

Except as described below, the interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2008:

- Income tax expense is based on an estimate of the weighted average annual income tax rate expected for the full financial year.

- Pension costs are estimated based on the actuarial reports prepared for fiscal year 2008.

The Company's significant accounting policies are summarized in the notes to the annual financial statements. New standards and interpretations effective beginning on January 1, 2009 had no significant impact on the financial position and results of operations of the Company. New standards and interpretations effective beginning on January 1, 2010 were not early adopted by the Company.

NOTE 3. SEASONALITY

The Company's business activities are influenced by certain seasonal effect. Historically, revenue, operating income and net income tend to be the highest in the fourth quarter.

NOTE 4. SEGMENT INFORMATION

Operating segments are components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. The Company operates in two reportable segments: the "PLM" segment and the "Mainstream 3D" segment. The "PLM" market serves customers seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance. The "Mainstream 3D" market serves companies seeking to support product design. The accounting policies of the reportable segments are the same as those described in Note 2. Summary of Significant Accounting Policies.

Data by reportable segment is as follows:

	Six months ended June 30, 2009			
(in thousands)	**PLM**	**Mainstream 3D**	**Elim.**	**Total**
Revenue	€484,595	€136,039	€(58)	€620,576
Operating income	30,040	52,603		82,643

	Six months ended June 30, 2008			
(in thousands)	**PLM**	**Mainstream 3D**	**Elim.**	**Total**
Revenue	€501,943	€134,149	€(2,526)	€633,566
Operating income	84,686	53,155		137,841

NOTE 5. SOFTWARE REVENUE AND TRANSACTIONS WITH IBM

Software revenue

Software revenue is comprised of the following:

(in thousands)	Six months ended June 30, 2009	2008
New licenses revenue	€134,026	€201,888
Periodic licenses and maintenance revenue	406,441	345,084
Product development revenue	2,586	99
Software revenue	**€543,053**	**€547,071**

Transactions with IBM

Pursuant to the Company's long-standing, mutually non-exclusive agreement with IBM, IBM markets and distributes a substantial portion of the Company's PLM products worldwide, primarily CATIA and ENOVIA. There is no contractual obligation for either IBM or the Company to continue to market and distribute the Company's products according to the present agreement.

Revenue obtained through the commercial relationship with IBM represents 24% and 29% of consolidated revenues of the Company for the six months ended June 30, 2009 and June 30, 2008, respectively.

NOTE 6. SHARE-BASED PAYMENTS

As of June 30, 2009, compensation expense related to share-based payment awards of €12.8 million is recorded respectively in cost of services and other revenue for €0.3 million, in research and development for €7.4 million, in marketing and sales for €2.5 million, and in general and administrative for €2.6 million.

As of June 30, 2008, compensation expense related to the share-based payment awards of €11.5 million was recorded respectively in cost of services and other revenue for €0.4 million, in research and development for €6.3 million, in marketing and sales for €2.5 million, and in general and administrative for €2.3 million.

The following table summarizes the unvested options and restricted awards as of June 30, 2009 and changes during 2009:

	Number of awards
Unvested at January 1, 2009	**5,019,637**
Granted	-
Vested	(150,000)
Forfeited	(83,644)
Unvested at June 30, 2009	**4,785,993**

As of June 30, 2009, total compensation cost related to unvested awards expected to vest but not yet recognized was €19.4 million, and the Company expects to recognize this expense over a weighted average period of 1.18 years.

NOTE 7. GOVERNMENT GRANTS

Government grants and other government assistance amounting to €11.6 million and €11.8 million were recorded as a reduction to research and development expenses as of June 30, 2009 and 2008, respectively. Government grants and other government assistance amounting to €0.6 million and €0.8 million were recorded as a reduction to cost of services and other revenue expenses in 2009 and 2008, respectively.

NOTE 8. OTHER OPERATING INCOME AND EXPENSE, NET

(in thousands)	**Six months ended June 30, 2009**	**2008**
Gain on sale of real estate (1)	€-	€17,529
Headquarter relocation and vacated premises costs (2)	(2,102)	(1,214)
Restructuring costs (3)	(7,137)	(1,551)
Other operating revenue and expense, net	**€(9,239)**	**€14,764**

(1) In 2008 consideration received for the sale of part of the Company's headquarters in Suresnes (France) of €36.0 million less net book value of €18.5 million.
(2) In 2009, comprised primarily of rent and operating expenses for vacated premises. In 2008, comprised primarily of consulting fees for relocation of the Company's headquarters.
(3) Comprised primarily of severance costs relating to the termination of employees following the Company's decision to rationalize its R&D organization in Germany in 2008 and in the United States and Israel in 2009.

NOTE 9. FINANCIAL REVENUE AND OTHER, NET

Financial revenue and other, net for the six months ended June 30, 2009 and 2008 is as follows:

(in thousands)	**Six months ended June 30, 2009**	**2008**
Interest income (1)	€6,578	€10,991
Interest expense	(3,947)	(4,000)
Foreign exchange losses, net (2)	(7,005)	(7,696)
Other, net	(334)	69
Financial revenue and other, net	**€(4,708)**	**€(636)**

(1) The decrease in interest income is due primarily to the decrease in interest rates on investments.
(2) Foreign exchange losses, net are primarily composed of realized and unrealized exchange losses on receivables denominated in U.S. dollars and Japanese Yen.

NOTE 10. TRADE ACCOUNTS RECEIVABLE, NET

(in thousands)	**Six months ended June 30, 2009**	**Year ended December 31, 2008**
Trade accounts receivable	€275,529	€334,687
Allowance for trade accounts receivable	(6,397)	(5,292)
Trade accounts receivable, net	**€269,132**	**€329,395**

The balances of trade accounts receivable with IBM were €53.3 million and €60.3 million as of June 30, 2009 and December 31, 2008, respectively, substantially all of which relates to software revenue. Management believes that the financial position of IBM mitigates the potential credit risk related to the concentration of its trade accounts receivable with IBM. At June 30, 2009, 98% of such accounts receivable were denominated in U.S. dollars (December 31, 2008: 94%), with the remainder denominated primarily in euros.

NOTE 11. PROPERTY AND EQUIPMENT

The change in the carrying amount of property and equipment as of June 30, 2009 is as follows:

(in thousands)	**Computer equipment**	**Office furniture and equipment**	**Leasehold improvements**	**Total**
Gross value – January 1, 2009	**€86,229**	**€43,909**	**€39,437**	**€169,575**
Accumulated amortization – January 1, 2009	(63,431)	(23,315)	(13,567)	(100,313)
Net value – January 1, 2009	**€22,798**	**€20,594**	**€25,870**	**€69,262**
Acquisitions	5,259	2,837	1,831	9,927
Disposals	(355)	(59)	(47)	(461)
Depreciation for the period	(6,329)	(2,969)	(2,195)	(11,493)
Exchange differences	34	(610)	15	(561)
Net value - June 30, 2009	**€21,407**	**€19,793**	**€25,474**	**€66,674**

NOTE 12. INTANGIBLE ASSETS AND GOODWILL

Intangible assets at June 30, 2009 consisted of the following:

	Six months ended June 30, 2009			**Year ended December 31, 2008**		
(in thousands)	**Gross**	Accumulated amortization	**Net**	**Gross**	Accumulated amortization	**Net**
Software	€257,584	(164,571)	€93,013	€259,882	(154,756)	€105,126
Customer relationships	218,692	(64,772)	153,920	221,659	(55,251)	166,408
Other	15,794	(8,553)	7,241	15,414	(6,342)	9,072
Total intangible assets	**€492,070**	(237,896)	**€254,174**	**€496,955**	(216,349)	**€280,606**

The change in the carrying amount of intangible assets as of June 30, 2009 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	**Total intangible assets**
Net intangible assets as of January 1, 2009	**€105,126**	**€166,408**	**€9,072**	**€280,606**
Additions	418	-	-	418
Disposals, net	(16)	-	-	(16)
Amortization for the period	(12,083)	(10,768)	(1,785)	(24,636)
Exchange differences	(432)	(1,720)	(46)	(2,198)
Net intangible assets as of June 30, 2009	**€93,013**	**€153,920**	**€7,241**	**€254,174**

The change in the carrying amount of goodwill as of June 30, 2009 is as follows:

(in thousands)	
Goodwill as of January 1, 2009	**€441,353**
Acquisitions	-
Other changes to goodwill	(203)
Exchange differences	(4,463)
Goodwill as of June 30, 2009	**€436,687**

At June 30, 2009, goodwill was allocated to the “Mainstream 3D” segment for €24.6 million.

NOTE 13. DERIVATIVES

Fair values

The fair market values of derivative instruments were determined by financial institutions using quoted market prices and option pricing models.

All financial instruments that relate to the foreign currency hedging strategy of the Company usually have maturity dates of less than 32 months when e maturity of interest rate swap instruments is between 1 and 4 years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

The Company describes its management policy about market risk in the 2008 Annual Report, Chapter 4, Risk Factors.

Foreign currency risk

The Company transacts in various foreign currencies, primarily U.S. dollars and Japanese yen. To manage this currency exposure, the Company generally uses foreign exchange forward contracts, currency options and collars. Except as noted below, the derivative instruments held by the Company are designated as accounting hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During the first half of the year 2009, the portion of hedging instruments’ gains or losses excluded from the assessment of effectiveness and the ineffective portions of hedges amounted to €(1.6) million and was recorded in financial revenue in the statement of income (June 30, 2008: nil).

No cash flow hedges were discontinued for the periods ended June 30, 2009 and 2008.

At June 30, 2009 and December 31, 2008, the fair value of the instrument used to manage the currency exposure was recorded principally as a non current asset or liability in the consolidated balance sheet.

	Period ended			
(in thousands)	June 30, 2009		December 31, 2008	
	Nominal amount	Fair value	Nominal amount	Fair value
Collars Japanese yen/euros	€141,028	€17,487	€170,134	€2,569
Forward exchange contracts U.S. dollars/euros	30,423	1,046	-	-
Forward exchange contracts Japanese yen/euros	14,759	272	38,748	(5,618)
Forward exchange contracts British Pounds/euros	1,470	(1)	-	-

Interest rate risk

The Company entered into a €200 million multicurrency revolving loan facility which bears interest at variable rates and which was extended for two additional years. In December 2005, the Company entered into interest rate swap agreements for a nominal amount of €200 million that have the economic effect of modifying a portion of its forecasted interest obligations relating to this facility so that the interest payable effectively becomes fixed at 3.36% until September 15, 2010. In June 2009, the Company entered into additional interest rate swap agreements for a nominal amount of €100 million that will fix the underlying interest payable at 3.18% starting September 15, 2010 and continuing through December 3, 2012.

At June 30, 2009 and December 31, 2008, the fair value of the instrument used to manage the interest rate risk was recorded as a non current liability in the consolidated balance sheet.

	Period ended			
(in thousands)	June 30, 2009		December 31, 2008	
	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps	€300,000	€(4,938)	€200,000	€(2,368)

NOTE 14. SHAREHOLDERS' EQUITY

Shareholders' equity activity

As of June 30, 2009, Dassault Systèmes had 117,884,176 common shares issued with a nominal value of €1 per share. Under the Company's share repurchase program, the Company repurchased 2,261,986 shares in 2008 for an aggregate amount of €79.0 million out of which 1,000,000 and 661,986 shares were canceled as of June 30, 2009 and December 31, 2008, respectively.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended June 30, 2009 and December 31, 2008.

Shareholders' equity includes foreign currency translation adjustment of €(162.1) million and €(147.8) million as of June 30, 2009 and December 31, 2008, respectively.

Dividends

A dividend on ordinary shares relating to the period ended December 31, 2008 amounting to €54.0 million was paid in June 2009. A dividend of €0.8 million was paid to minority interests in June 2009.

Components of other comprehensive income

(in thousands)	**June 30, 2009 (unaudited)**	**June 30, 2008 (unaudited)**
Cash flow hedges:		
Gains (losses) arising during the year	€17,142	€3,646
Less: reclassification adjustments for gains (losses) included in the income statement	1,984	1,610
	€15,158	€2,036
Available-for-sale financial assets:		
Gains (losses) arising during the year	€(65)	€58
Less: reclassification adjustments for gains (losses) included in the income statement	-	-
	€(65)	€58

4 INDEPENDENT AUDITORS REPORT ON THE LIMITED REVIEW OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2009

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Dassault Systèmes, for the six months period from January 1, 2009 to June 30, 2009,
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 30, 2009

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Ernst & Young Audit
Xavier Cauchois	Jean-François Ginies