DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT

June 30, 2010
Public limited liability company
Common stock, nominal value €1 per share: 118,426,012 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 2, 2010 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 2, 2010

"I hereby declare that, to the best of my knowledge, the 2010 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 activity 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 Systèmes

As used herein, "Dassault Systèmes", "DS", the "Company" or the "Group" refers to Dassault Systèmes SA and its direct and indirect subsidiaries. "Dassault Systèmes SA" refers only to the French Parent company of the Group.

The Company's vision is to enable everyone – from product designers to end-use consumers, and their respective communities – to create, share, and experience in 3D.

The Company is the world leader of the global Product Lifecycle Management ("PLM") market, which is principally comprised of the sub-markets 3D digital design, 3D digital simulation, 3D digital manufacturing and 3D digital collaboration.

Dassault Systèmes software applications allow businesses to digitally define and simulate products, as well as the processes and resources required to manufacture, maintain, and recycle them while minimizing their impact on the environment.

The Company has developed a broad software applications portfolio, organized in brands with strong leadership in their respective domains, in order to provide comprehensive solutions responding to the extensive requirements of product development:

- Design
- Realistic Simulation
- Digital Manufacturing and Production
- Collaborative Innovation
- Lifelike Experiences

The Company's software solutions and consulting services have been designed to enable its customers to:

- innovate in the design and quality of products and services;
- reduce design-cycle time to accelerate time-to-market;
- collaborate with partners and suppliers in product development;
- create, manufacture and maintain products more cost effectively; and
- simulate their end-customers' experiences.

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 industrial sectors: automotive; aerospace; industrial equipment; consumer goods; consumer packaged goods; energy; high-tech; shipbuilding; life sciences; construction; and business services.

In addition to its sales of software applications, which accounted for 90% and 88% of its total revenue in the 2010 and 2009 First Half, respectively, the Company 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 principally 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 investee), as well as in Canada, Germany 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. Through the Company's research and development work, new products are introduced for individual brands to respond to new or evolving market requirements.

Important trends in business practices globally which underpin the Company's current research directions include: 1) the increasing importance of virtual design and testing; 2) the increasing importance of communities in the product creation and lifecycle process; 3) globalization, which continues to drive new business models and global collaborative innovation; 4) intellectual property and new ways to generate it, exchange it and recapture and reuse it; 5) the increasing importance of end-user input into the product creation process, through lifelike experiences with virtual products and mass customization; and 6) an increased focus on environmental issues globally in connection with product creation, manufacturing, maintenance and retirement.

The Company has significantly transformed its sales and marketing organization over the last several years in order to more closely align it with the Company's growth strategy, with a focus on broadening the adoption of its software applications and services across industrial sectors, geographic regions and customers of different sizes. The Company has developed three sales channels: For the PLM market, the Company principally addresses large enterprises with its PLM Business Transformation Channel, and the Company primarily addresses small- to mid-size enterprises with its PLM Value Selling Channel. For the Mainstream 3D market, the Company's marketing and sales activity is conducted through its Professional Channel.

The Company has had a long-standing strategic relationship with IBM. Under the joint marketing and distribution agreement in effect until the Company's acquisition of IBM PLM (see definition below herein) at the end of the first quarter of 2010, DS licensed its products to IBM, which then sublicensed them to end-users. IBM paid royalties to the Company, which in general was equal to approximately 50% of total license fees invoiced by IBM; however this amount could vary depending upon individual customer or brand circumstances. Historically, the Company generated a significant amount of its licensing revenue through its agreement with IBM (approximately 24% of its total revenue for the 2009 First Half). As a result of the IBM PLM acquisition, the Company expects the amount of revenue generated through its agreement with IBM to decrease significantly in 2010.

During the 2010 First Half, DS and IBM significantly changed the scope of their relationship, redefining and enhancing their strategic partnership, with DS taking full control of its PLM direct sales through the acquisition of IBM PLM and with IBM and the Company establishing Dassault Systèmes as an IBM Global Alliance Partner and agreeing to expand their areas of cooperation to include professional services, cloud computing, middleware, flexible financing, hardware and sales and distribution. The acquisition of IBM PLM was completed on March 31, 2010. Under this agreement, Dassault Systèmes acquired the IBM PLM sales, marketing, services and client support operations, as well as customer contracts and related assets ("IBM PLM").

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 2009 *Document de référence* filed with the *Autorité des Marchés Financiers* ("AMF", the French Financial Markets Authority) on April 1, 2010, under sections 4.1 and 4.2. They include, but are not limited to the following risks:

- ***Difficult global economic environment***

  In difficult global economic and business conditions, the Company's revenue, net earnings and cash flows may decrease, or 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 investments are impacted by the economic environment in which the customers operate. Global economic conditions have caused a significant number of customers to reduce, postpone or stop their new investments in information technology, and some have reduced or stopped on-going paid maintenance for their installed base. Such situations may impact the Company's revenues;

  – 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 current difficult economic context.

  The Company's current outlook for 2010 assumes, among other things, that there will be a slow economic recovery, but if global economic and business conditions improve more slowly than anticipated, or remain stable or further deteriorate, the Company's business results may not develop as currently anticipated and may remain below their earlier levels for an extended period of time. Furthermore, due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

  In addition, the current economic context and high exchange rate volatility may adversely impact the financial situation of the Company's potential and existing customers, reseller network 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.

To limit the impact of the economic environment on its business and financial results, the Company seeks to further diversify its customer base through expanding its presence in new geographic markets and industrial sectors, and it also continues to carefully monitor expenses.

- ***Integration of IBM PLM and Evolution of IBM relationship***

  Signed in October 2009 and completed on March 31, 2010, the Company and IBM executed a definitive agreement pursuant to which Dassault Systèmes acquired the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM"). As a result, Dassault Systèmes acquired the IBM PLM sales, marketing, services and client support operations, as well as customer contracts and related assets. The Company and IBM also defined the next steps in their long-standing relationship, and have established Dassault Systèmes as an IBM Global Alliance Partner. See also Section 5.1.5 "History of the Company – 2009" of the 2009 Annual Report filed with the French *Autorité des Marchés Financiers* on April 1, 2010.

  Prior to this acquisition, IBM PLM had assets in 27 countries, employed approximately 700 people and marketed and distributed an important portion of the Company's PLM products worldwide.

  The effective integration of IBM PLM into Dassault Systèmes thus constitutes a complex and highly critical process requiring substantial management attention and resources. Key objectives in this process include maintaining and improving the licensing and services revenue flow from IBM PLM sales activities; managing the integration in a cost-effective manner while sustaining a substantial increase in transaction volume and back-office sales and marketing operations; retaining and building on the customer base served by IBM PLM; and retaining and coordinating the strength and expertise of the IBM PLM sales force. The Company's ability to effectively achieve these objectives is a key assumption underlying its outlook for 2010. If the Company does not carry out such integration in a timely and effective manner, its revenue, financial performance and market position could be negatively impacted.

  In addition, should the Company fail to successfully manage the evolution of its partnership with IBM, it may lose various opportunities for business development. As a consequence, the Company's revenue growth and its competitive position may be negatively impacted.

  To limit this risk, preparation of the integration of IBM PLM into the Company took place before the acquisition was completed. In addition, the fact that the IBM teams were accustomed to working closely with the Company and had comprehensive knowledge of its products is helping to facilitate their integration.

Please see the Company's 2009 *Document de référence*, filed with the AMF (the French Financial Markets Authority) on April 1, 2010, for a detailed discussion of the risk factors related to the following points:

- ***Currency fluctuations***
- ***Infringement of third-party intellectual property rights***
- ***Development of an online distribution model***
- ***Rapidly changing and complex technologies***
- ***Challenges to the Company's intellectual property rights***

- ***Product errors or defects***
- ***Security of internal systems and facilities***
- ***Retention of key personnel and executives***
- ***Difficulties in relationships with extended enterprise partners***
- ***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***
- ***International operations***
- ***Technology stock volatility***
- ***Shareholder base***
- ***Market risk***

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 2010 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, 2010 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, 2009, prepared in accordance with International Financial reporting Standards ("IFRS") as adopted in the European Union and published in the Company's *Document de référence* filed with the AMF (the French Financial Markets Authority) on April 1, 2010.

The interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2009, with the following exceptions:

- 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 2009.

- Effective January 1, 2010, the Company applied for the first time IFRS 3 (Revised), "Business Combinations", mandatory for financial years beginning on or after July 1, 2009, together with the revised IAS 27, "Consolidated and Separate Financial Statements".

Other new standards and interpretations effective beginning on January 1, 2010 did not have a significant impact on the financial position and results of operations of the Company. New standards and interpretations effective beginning on January 1, 2011 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,
- share-based compensation expense,
- other operating income and expense, net and,
- certain one-time tax effects.

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 2009.

When the Company believes it would be helpful to the understanding of 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. For the 2010 First Half the US dollar to Euro average exchange rate was unchanged at $1.33 compared to $1.33 per Euro for the 2009 First Half. The Japanese yen to Euro average exchange rate reflected strengthening of the Japanese yen, leading to a Japanese yen per Euro average exchange rate of JPY 121.3 per Euro for the 2010 First Half compared to JPY 127.3 per Euro for the 2009 First Half.

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, together with the effects of the Company's cost control policy. 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, including divestitures. 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, 2010 and 2009 and provides growth rates on an as reported basis and in constant currencies.

	First half ended June 30,			
(in millions, except percentages)	**2010**	**Variation**	**Variation in constant currencies**	**2009**
Total Revenue	**697.5**	12.4%	10%	**620.6**
Total revenue by activity				
Software revenue	626.1	15.3%	13%	543.1
Services and other revenue	71.4	(7.9%)	(10%)	77.5
Total revenue by geography				
Americas	207.9	7.2%	7%	193.9
Europe	314.6	11.6%	11%	281.8
Asia	175.0	20.8%	12%	144.9
Total revenue by segment				
PLM revenue	548.6	13.2%	12%	484.6
Mainstream 3D revenue	148.9	9.5%	7%	136.0

2010 First Half financial results and financial comparison to the 2009 First Half reflect several important factors:

- The Company began to see some improvement in new licenses revenue during the 2010 First Half following the significant decrease during the economic downturn in 2009. Nonetheless, the Company continues to expect that the global economic recovery will be gradual in nature and that there continues to be mixed economic signals as to the stage of the global economic recovery.
- In addition to reporting improvement in new licenses revenue, the Company is also seeing a progressive improvement in subscription renewal rates, which are trending toward historical levels for both its PLM and Mainstream 3D business segments.
- These trends were noted in both the Company's PLM business segment and in its Mainstream 3D business segment.
- The Company completed the acquisition of IBM PLM on March 31, 2010 and its activities have been integrated into the Company's PLM business segment commencing April 1, 2010. The IBM PLM acquisition was a significant contributor to growth in revenue and earnings during the 2010 First Half.
- While overall currency movements did not have a material impact on the Company's operating results for the 2010 First Half, the strengthening of the Japanese yen was an important contributor to reported revenue results and reported revenue growth rates for Asia during this period.
- The Company is focused on driving operating leverage, benefiting from the IBM PLM acquisition as well as from its previously completed restructurings to enhance the efficiency of its operations in R&D and services as well as cost initiatives undertaken during the 2009 global recession which the Company is continuing.
- While the Company made significant cash acquisitions during the 2010 First Half, it continues to maintain a strong financial position. At June 30, 2010, the Company's net financial position, representing cash and short-term investments,

net of long-term debt of €306.8 million, was €714.1 million, compared to a net financial position of €858.0 million at December 31, 2009.

Other Financial Highlights

IFRS net operating cash flow was €265.6 million for the first half ended June 30, 2010, compared to €177.3 million for the 2009 First Half. The acquisition of the IBM PLM operations is presented net of payments received from IBM in connection with the settlement of royalties due as of March 31, 2010. As a result, reported cash flows from operations were lower in the period ended June 30, 2010 than they would have been had this transaction not occurred (and will continue to be lower for the remainder of fiscal 2010).

Cash and short-term investments totaled €1.02 billion at June 30, 2010, compared to €1.06 billion at December 31, 2009. On March 31, 2010, the Company acquired IBM PLM for $600 million in cash, less assumed liabilities, using cash available to the Company. In April the Company entered into a loan facility in Japan for JPY 14.5 billion (the equivalent of $150 million), in order to finance a portion of the IBM PLM acquisition. In the second quarter 2010, the Company paid cash dividends totaling €54.5 million (including €0.3 million paid to non-controlling interests). In June, 2010 the Company acquired Exalead for a cash purchase price of €130.3 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, the Company's 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. As further explained above in section 2.3.1, the supplemental non-IFRS financial information excludes: deferred revenue adjustments for acquired companies, amortization of acquired intangibles, share-based compensation expense, other operating income and expense, net and certain one-time tax effects. 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, make operating decisions, conduct planning 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 the information for comparing the Company's 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 financial information, together with the comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

(in millions, except percentages and per share data)	2010 IFRS	Adjustment[1]	2010 non-IFRS	2009 IFRS	Adjustment[1]	2009 non-IFRS	IFRS	non-IFRS[2]
	For the First Half Ended June 30,						Increase (Decrease)	
Total Revenue	**€697.5**	**€6.4**	**€703.9**	**€620.6**	**€1.3**	**€621.9**	**12%**	**13%**
Total revenue by activity								
Software revenue	626.1	6.4	632.5	543.1	1.3	544.4	15%	16%
Services and other revenue	71.4	-	71.4	77.5	-	77.5	(8%)	(8%)
Total revenue by geography								
Americas	207.9	1.1	209.0	193.9	0.5	194.4	7%	8%
Europe	314.6	1.4	316.0	281.8	0.1	281.9	12%	12%
Asia	175.0	3.9	178.9	144.9	0.7	145.6	21%	23%
Total revenue by segment								
PLM revenue	548.6	6.4	555.0	484.6	1.3	485.9	13%	14%
Mainstream 3D revenue	148.9	-	148.9	136.0	-	136.0	9%	9%
Total Operating Expenses	**€(576.0)**	**€50.7**	**€(525.3)**	**€(538.0)**	**€44.6**	**€(493.4)**	**7%**	**6%**
Share-based compensation expense	(11.7)	11.7	-	(12.8)	12.8	-	(9%)	n/a
Amortization of acquired intangibles	(27.4)	27.4	-	(22.6)	22.6	-	21%	n/a
Other operating revenue and expense, net	(11.6)	11.6	-	(9.2)	9.2	-	26%	n/a
Operating Income	**€121.5**	**€57.1**	**€178.6**	**€82.6**	**€45.9**	**€128.5**	**47%**	**39%**
PLM Operating income	62.1	56.8	118.9	30.0	45.6	75.6	107%	57%
Mainstream 3D Operating income	59.4	0.3	59.7	52.6	0.3	52.9	13%	13%
Operating Margin	**17.4%**		**25.4%**	**13.3%**		**20.7%**		
PLM Operating margin	11.3 %		21.4%	6.2 %		15.6%		
Mainstream 3D Operating margin	39.9%		40.0%	38.7%		38.9%		
Income before Income Taxes	**€123.9**	**€57.1**	**€181.0**	**€78.4**	**€45.9**	**€124.3**	**58%**	**46%**
Income tax expense	(37.4)	(22.0)	(59.4)	(23.9)	(13.0)	(36.9)	n/c	n/c
Income tax effect of adjustments above	*(22.0)*	*22.0*	-	*(13.0)*	*13.0*	-	n/c	n/a
Minority interest	(0.1)	-	(0.1)	(0.1)	-	(0.1)		
Net Income attributable to shareholders	**€86.4**	**€35.1**	**€121.5**	**€54.4**	**€32.9**	**€87.3**	**59%**	**39%**
Diluted Net Income Per Share[3]	**€0.72**	**€0.29**	**€1.01**	**€0.46**	**€0.28**	**€0.74**	**57%**	**36%**

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

(in millions)	2010 IFRS	Adjustment	2010 Non-IFRS	2009 IFRS	Adjustment	2009 Non-IFRS
	For the First Half Ended June 30,					
Cost of services and other revenue	€(70.1)	€0.4	€ (69.7)	€(73.5)	€0.3	€(73.2)
Research and development	(160.6)	6.8	(153.8)	(162.4)	7.4	(155.0)
Marketing and sales	(213.6)	2.4	(211.2)	(185.4)	2.5	(182.9)
General and administrative	(56.9)	2.1	(54.8)	(56.8)	2.6	(54.2)
Total stock-based compensation expense	(11.7)	11.7	-	(12.8)	12.8	-

(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 120.2 million diluted shares for the 2010 First Half and 118.1 million diluted shares for the 2009 First Half.

2.4 Financial review of operations as of June 30, 2010

2.4.1 Revenue

Total revenue increased 12% to €697.5 million in the 2010 First Half compared to €620.6 million in the 2009 First Half. Non-IFRS total revenue increased 13% to €703.9 million in the 2010 First Half compared to €621.9 million in the 2009 period. IFRS and Non-IFRS total revenue increased 10% and 11%, respectively, in constant currencies. Reported revenue growth rates benefited from the strengthening of the Japanese yen in comparison to the Euro during the first half of 2010 compared to the 2009 First Half, with the Japanese yen strengthening 5% compared to the Euro. The average US dollar to euro exchange rate was similar in both periods (2010 First Half average of $1.33 compared to 2009 First Half average of $1.33 per euro).

By geographic region and in constant currencies unless otherwise noted, revenue in Europe increased 11% (increased 12% as reported), the Americas increased 7% (increased 7% as reported) and Asia increased 12% (increased 21% as reported).

As a percentage of total revenue as reported, Europe represented 45% (46% in 2009 First Half), the Americas accounted for 30% (31% in 2009 First Half) and Asia represented 25% (23% in 2009 First Half).

2.4.1.1 Software revenue

Software revenue is comprised of new licenses revenue and periodic licenses, maintenance and product development revenue. Periodic licenses and maintenance revenue are referred to together as ‘‘recurring 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 and product updates, 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. “Periodic license” revenue includes software revenue generated from new customers, or from new business with existing customers, 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)	**2010**	**2009**
Software revenue		
New licenses revenue	€161.5	€134.0
Periodic licenses, maintenance and product development revenue	464.6	409.1
Total software revenue	**€626.1**	**543.1**
(as a % of total revenue)	89.8%	87.5%

For the 2010 First Half, IFRS software revenue increased 15.3% and 13% in constant currencies. The increase in IFRS software revenue of €83.0 million was comprised of an increase in periodic licenses, maintenance, and product development revenue of €55.5 million (representing growth of 13.6%) and an increase in new licenses revenue of €27.5 million (representing growth of 20.5%). On a non-IFRS basis, software revenue increased 16.2% and 14% in constant currencies.

IFRS PLM software revenue increased 17.2% and 15% in constant currencies and non-IFRS PLM software revenue increased 18.4% and 16% in constant currencies with growth in new licenses revenue as well as periodic licenses and maintenance revenue. The increase in PLM software revenue principally reflected (i) the inclusion of the IBM PLM acquisition, benefiting year-over-year growth rates for both PLM new licenses revenue as well as periodic licenses and maintenance revenue; (ii) improvement in subscription renewal rates trending towards historical averages, (iii) new customer activity and expansion of activity with existing customers.

IFRS and non-IFRS Mainstream 3D software revenue increased 9.6% as reported and 7% in constant currencies, reflecting growth in both new license revenue and maintenance revenue. New SolidWorks commercial seats licensed during the 2010 First Half increased 14% to 19,613 seats.

Recurring software revenue increased 14.2% as reported and 12% in constant currencies and totaled €464.3 million for the 2010 First Half, compared to €406.5 million in the 2009 First Half. The increase in recurring software revenue of €57.8 million principally reflected the IBM PLM activity, higher maintenance renewal rates in comparison to the 2009 First Half and growth in SIMULIA software revenue. Recurring software revenue represented 74% and 75% of software revenue in the First Half of 2010 and 2009, respectively. Similarly, non-IFRS recurring software revenue increased 13% in constant currencies to €470.7 million for the 2010 First Half compared to €407.8 million in the prior year period.

Product development revenue totaled €0.3 million for the 2010 First Half compared to €2.6 million in 2009 First Half.

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.

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

	For the First Half Ended June 30,	
(in millions, except percentages)	**2010**	**2009**
Services and other revenue	**€71.4**	**€77.5**
(as a % of total revenue)	10.2%	12.5%

Services and other revenue decreased 7.9% as reported and 10% in constant currencies principally reflecting the impact of the global recession, resulting in lower consulting revenue as the recession lengthened.

2.4.2 Operating expenses

Operating expenses increased 7.1% or €38.0 million in the 2010 First Half compared to the 2009 First Half, principally due to (i) a €28.2 million increase in marketing and sales expense, principally in connection with the addition of approximately 670 personnel following completion of the IBM PLM acquisition, higher salaries and commissions; (ii) a €7.7 million increase in cost of software; (iii) a €4.8 million increase in amortization of acquired intangibles largely due to the IBM PLM acquisition, offset in part by (iv) lower cost of services, an increase in government grants partially offset by higher R&D costs, and the impact of the 2010 French business tax reform. Currency had a slightly net negative effect of less than 1 percentage point.

Non-IFRS operating expenses increased 6.5% or €31.9 million in the 2010 First Half in comparison to the 2009 First Half.

	For the First Half Ended June 30,	
(in millions)	**2010**	**2009**
Operating expenses	**€576.0**	**€538.0**
Adjustments(1)	(50.7)	(44.6)
Non-IFRS operating expenses(1)	**€525.3**	**€493.4**

(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

(in millions)	For the First Half Ended June 30, 2010	2009
Operating income	**€121.5**	**€82.6**

For the 2010 First Half, operating income increased 47.1% or €38.9 million and the operating margin increased to 17.4% from 13.3% and principally reflected an increase in total revenue of 12.4%, offset in part by an increase in total operating expenses of 7.1%. On a non-IFRS basis, operating income increased 39.0% to €178.6 million from €128.5 million in the prior year period and the non-IFRS operating margin increased to 25.4%, compared to 20.7% in the 2009 First Half.

2.4.4 Financial revenue and other, net

(in millions)	For the First Half Ended June 30, 2010	2009
Financial revenue (expense) and other, net	**€1.4**	**€(4.7)**

2010 First Half financial revenue and other, net was principally comprised of exchange gains of €2.5 million and financial interest net expense of (€1.0) million. The increase in financial revenue and other, net primarily reflected the favorable impact on trade receivables and financial operations in the 2010 First Half of movements in USD/euro and JPY/euro exchange rates, compared to exchange losses of €7.0 million in the prior year period. This positive effect is partially offset by a €3.5 million reduction in net interest income due to a decrease in interest rates on investments held in Euro and US.

2.4.5 Income tax expense

(in millions, except percentages)	For the First Half Ended June 30, 2010	2009
Income tax expense	**€37.4**	**€23.9**
Effective consolidated tax rate	30.2%	30.5%

Income tax expense increased by €13.5 million or by 56.5%, principally reflecting an increase in pre-tax income of 58.0%. The effective consolidated tax rate remained stable with the positive impact of certain restructurations partially offset by the effect of the French business tax reform applicable from January 1, 2010. This tax reform abolished the previous business tax, which was included in operating results and introduced two new taxes: the CVAE (*Cotisation sur la Valeur Ajoutée*) which is based on the Company's value added (measured as the difference between certain elements of income and expense); and the CFE (*Cotisation Foncière des Entreprises*) which is assessed on the rental value of properties. The Company determined that the CVAE is based upon a measure of income and results in income tax accounting while the CFE is accounted for as a non-income tax.

On a non-IFRS basis, the effective consolidated tax rate increased to 32.8% for the 2010 First Half, compared to 29.7% for the 2009 First Half, principally reflecting the effect of the French business tax reform.

2.4.6 Net income and diluted net income per share

	For the First Half Ended June 30,	
(in millions, except per share data)	**2010**	**2009**
Net income attributable to shareholders	**€86.4**	**€54.4**
Diluted net income per share	€0.72	€0.46
Diluted weighted average shares outstanding	120.2	118.1

Diluted net income per share increased 56.5% principally reflecting an increase in operating income of 47.1%. Non-IFRS net income per diluted share increased 36.5% to €1.01 per share from €0.74 per share, principally reflecting an increase in non-IFRS operating income of 39.0%.

2.4.7 Cash flow

Net cash provided by operating activities amounted to €265.6 million for the 2010 First Half.

Net cash used in investing activities represented €441.8 million, primarily reflecting cash paid for the acquisition of IBM PLM (approximately €330.9 million) and Exalead (cash paid of approximately €130.3 million).

Net cash provided by financing activities represented €83.8 million, principally composed of proceeds from the drawdown of a loan in Japanese yen to finance part of the IBM PLM acquisition, offset by the payment of dividends for an aggregate amount of €54.5 million. At the Annual Shareholders' Meeting held on May 27, 2010, Dassault Systèmes stockholders approved the payment of a cash dividend in the amount of €0.46 per share (equal in amount to the prior year) and €54.2 million in the aggregate for the fiscal year ended December 31, 2009. The cash dividend was paid on June 17, 2010.

Cash and short-term investments totaled €1.02 billion and long-term debt totaled €306.8 million at June 30, 2010.

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 1, 2010, in Chapter 19, *"Related-Party Transactions"*.

Except those described in the 2009 *Document de référence*, no new related party transactions occurred during the 2010 First Half.

In particular, the transactions entered into with Dassault Aviation and 3D PLM Software Solutions Ltd during the first six months of 2010 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 2010 First Half.

2.6 2010 First Half Business Highlights

On March 31, 2010, Dassault Systèmes completed the acquisition of IBM PLM's sales and client support operations, encompassing DS's PLM software application portfolio for $600 million less assumed liabilities. Dassault Systèmes PLM clients will benefit from a strong, unified go-to-market model encompassing the entire DS portfolio and providing a complete PLM value proposition under one umbrella. Fully integrated R&D, sales and support teams will bring DS closer to its customers. This move will streamline customer engagements, improving their overall experience. As explained above, the acquisition of IBM PLM in particular had a significant impact on the consolidated financial statements as of June 30, 2010.

Dassault Systèmes and IBM signed a Global Alliance agreement, signaling an expansion of the PLM industry's longest running alliance. The Global Alliance covers flexible financing options, PLM-on-the-cloud, combined infrastructure, software and services solutions, as well as a one-of-a-kind competency center for industrialization of V6 solutions on IBM infrastructure.

On June 8, 2010, Dassault Systèmes acquired Exalead, a French company providing Search Platforms and Search-Based Applications (SBA) for consumer and business users, for an announced price of approximately €135 million. Every month, over 100 million people rely on Exalead for information search, access and reporting, including people in companies like Sanofi-Aventis and World Bank for business use, and Friendster, Lagardère Active and ViaMichelin for contextual consumer search. Exalead provides the industry's only platform designed from the ground up to apply advanced semantic processing to Web-scale data volumes and usage. Exalead brings unique scalability, agility and usability to industries such as banking, retail, publishing, business services, life sciences and consumer services where an easy access to information is essential.

On June 21, 2010, The Company advanced its systems strategy with the acquisition of Geensoft, a French-based company for €5.5 million. Geensoft provides embedded systems development tools and professional services that help engineering teams in the aerospace, automotive, defense, energy, industrial automation, medical and transportation industries to more efficiently manage their engineering processes as well as design, verify and validate their model-based embedded systems applications. With Geensoft, the Company's V6 portfolio is expanded by adding the capacity to model and generate the entire vehicle control software system, allowing a validation loop by connecting the physical equipment with the digital mock-up.

On June 22, 2010, the Company launched V6R2011, the latest release of its PLM 2.0 platform. V6R2011 includes new advances in collaborative creation and collaborative innovation. V6's Lifelike Experience capabilities not only address audiences untapped by traditional PLM, such as education, research and consumers, but continue to enhance the adoption of V6 by the world's leading manufacturers.

BMW and DS have signed a strategic 5-year global agreement to pave the way to meet the automotive market's new challenges. Through this agreement, the companies will establish a close link between their research & development centers that will not only improve the DS automotive product offering but also the BMW development and production process. Dassault Systèmes software solutions support BMW in core areas for design and manufacturing process planning with CATIA as the backbone for product development.

Procter & Gamble, the world's largest consumer goods company, has extended the scope of its V6 PLM implementation to incorporate global packaging and artwork initiatives. This builds on the previously announced strategic selection of DS solutions for an enterprise-wide PLM process. Together, DS and P&G are developing a highly integrated suite of products to help make the packaging process more efficient, improve speed to market, increase shelf impact and, ultimately, create a better experience for consumers. Streamlining these services is another example of how DS is supporting P&G's focus on "Simplify, Scale & Execute" which is one of P&G's key growth strategies.

VF Corporation, a global leader in branded lifestyle apparel, has selected DS' ENOVIA V6 PLM solution as its platform for global apparel development and sourcing. DS ENOVIA was chosen after a competitive review of leading PLM vendors and specialist apparel technology providers. VF sought a proven solution that would enhance collaboration while accommodating the company's diverse product portfolio, global presence and growth plans.

MEYER WERFT, one of the world's leading cruise ship builders, has selected DS' V6 PLM platform for collaborative product development. Building cruise ships requires design and production logistics to manage more than 10 million different parts, putting exceptionally high requirements on the features and performance of a PLM system. IBM Global Business Services will provide transformation consulting, implementation and integration services to improve time, quality and cost in the yard's engineering and manufacturing processes.

Dong Fang Boiler Group CO., LTD. (DBC), one of the largest power station boiler suppliers in China, has selected DS' ENOVIA V6 solution to build the first collaborative data management platform in China's power station boiler industry. The solution will enable DBC to perform collaborative data management throughout its product processes, from design and construction to customer services and improve its overall design and production efficiency.

InnerPulse, a medical device company pioneering a novel technology for those patients with cardiac rhythm disorders, has selected Abaqus finite element analysis (FEA) software from SIMULIA to assist in the development of their technology designed in SolidWorks CAD software.

2.7 Other corporate events

A the beginning of July, 2010, Dassault Systèmes SA repurchased 112,778 common shares under the share repurchase program authorized by the Annual Shareholders' Meeting of May 27, 2010.

2.8 Outlook

Set forth below are the Company's updated 2010 non-IFRS financial objectives, as communicated on July 29, 2010, when the 2010 half year results were released. The Company's financial objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below.

The Company currently assumes that there will be a slow recovery from the global economic recession. The Company's visibility on software revenue, particularly new license activity, while improving, is still less than it was prior to this global economic downturn due to uncertainty with respect to customers' purchasing decisions.

The objectives below take into account the IBM PLM acquisition and its integration into the Company's results for a nine-month period commencing April 1, 2010. These objectives are subject to revision as market conditions change during 2010 or if there are any changes related to the IBM PLM integration plans. In addition, the objectives include the acquisitions of Exalead and Geensoft for a six-month period, commencing July 1, 2010.

The non-IFRS objectives set forth below exclude the following accounting elements and are estimated based upon the 2010 currency exchange rate assumptions outlined below: deferred revenue write-downs currently estimated at approximately €17 million for 2010; share-based compensation expense currently estimated at approximately €21 million for 2010; and amortization expense for acquired intangibles currently estimated at approximately €66 million for 2010. These objectives do not include any impact from other operating income and expense, net, (comprised principally of acquisition, integration and restructuring expenses) or the impact of any new stock option or share grants, or any new acquisitions or restructurings which may be completed after July 29, 2010 or any one-time tax effects.

- 2010 non-IFRS revenue growth objective range of about 16% to 18% in constant currencies (€1.495 to €1.515 billion based upon the 2010 currency exchange rate assumptions below);
- 2010 non-IFRS operating margin of about 26% to 27%; and
- 2010 non-IFRS earnings per share (EPS) range of about €2.25 to €2.35.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on DS management'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, including the risk factors set forth above under Section 2.2 ''Risk Factors'', and in particular ''Difficult global economic environment'' and ''Integration of IBM PLM and Evolution of the IBM relationship''. In preparing such forward-looking statements, the Company has in particular assumed an average U.S. dollar to euro exchange rate of US$1.35 per €1.00 and an average Japanese yen to euro exchange rate of JPY125 to €1.00 for 2010; 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 environment on its full year objectives, but conditions may not improve as the Company has anticipated or could worsen. Further the Company has assumed that its increased responsibility for its direct PLM sales, in particular resulting from the integration of the IBM PLM acquisition which was completed on March 31, 2010, 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 IBM PLM within DS and of any newly acquired company and internal reorganizations.

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

3 CONDENSED CONSOLIDATED FINANCIAL ACCOUNTS FOR THE HALF YEAR ENDED JUNE 30, 2010

CONSOLIDATED STATEMENTS OF INCOME

(*in thousands, except per share data*)	**Notes**	**Six months ended June 30, 2010** (unaudited)	**2009** (unaudited)
New licenses revenue		€161,534	€134,026
Periodic licenses, maintenance and product development revenue		464,574	409,027
Software revenue	6	626,108	543,053
Services and other revenue		71,411	77,523
Total revenue		**697,519**	**620,576**
Cost of software revenue		(35,878)	(28,123)
Cost of services and other revenue		(70,058)	(73,464)
Research and development		(160,595)	(162,376)
Marketing and sales		(213,615)	(185,341)
General and administrative		(56,950)	(56,842)
Amortization of acquired intangibles		(27,395)	(22,548)
Other operating income and expense, net	9	(11,575)	(9,239)
Operating income		**121,453**	**82,643**
Financial revenue (expense) and other, net	10	1,431	(4,708)
Income from equity investees		1,007	503
Income before income taxes		**123,891**	**78,438**
Income tax expense		(37,469)	(23,958)
Net income		**€86,422**	**€54,480**
Attributable to:			
Equity holders of the Company		€86,353	€54,374
Non-controlling interest		€69	€106
Earnings per share			
Basic net income per share		€0.73	€0.46
Diluted net income per share		€0.72	€0.46

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	**Six months ended June 30, 2010 (unaudited)**	**Year ended December 31, 2009 (audited)**	**Six months ended June 30, 2009 (unaudited)**
Net income	**€86,422**	**€170,014**	**€54,480**
Available for sale securities	(12)	(20)	(65)
Derivative (losses) gains on cash flow hedges	(37,282)	21,281	15,158
Foreign currency translation adjustment	175,801	(28,443)	(14,261)
Tax on items taken directly to or transferred from equity	12,836	(7,328)	(5,302)
Other comprehensive income, net of tax	**151,343**	**(14,510)**	**(4,470)**
Total comprehensive income, net of tax	**€237,765**	**€155,504**	**€50,010**
Attributable to:			
Equity holders of the Company	€237,696	€155,231	€49,904
Non-controlling interest	€69	€273	€106

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

CONSOLIDATED BALANCE SHEETS

(in thousands) **Assets**	**Notes**	**June 30, 2010** (unaudited)	**December 31, 2009** (audited)
Cash and cash equivalents		€939,305	€939,057
Short-term investments		81,636	118,902
Trade accounts receivable, net	11	331,036	322,313
Income tax receivable		25,801	38,934
Other current assets		94,047	82,536
Total current assets		**1,471,825**	**1,501,742**
Property and equipment, net		68,410	59,559
Investments and other non-current assets		24,395	26,630
Deferred tax assets		125,670	50,997
Intangible assets, net	12	659,264	229,392
Goodwill	12	662,990	431,388
Total non-current assets		**1,540,729**	**797,966**
Total assets		**€3,012,554**	**€2,299,708**

Liabilities			
Trade accounts payable		€96,215	€67,682
Accrued compensation and other personnel costs		143,105	117,658
Unearned revenue		435,774	243,694
Income tax payable		37,055	11,096
Other current liabilities		94,332	45,592
Total current liabilities		**806,481**	**485,722**
Deferred tax liabilities		86,695	47,103
Borrowings	14	306,627	200,000
Other non-current liabilities		146,591	118,120
Total non-current liabilities		**539,913**	**365,223**
Common stock		119,255	118,368
Share premium		151,327	125,439
Treasury stock		(7,168)	(5,629)
Retained earnings and other reserves		1,391,505	1,350,506
Other items		10,309	(141,034)
Parent shareholders' equity		**1,665,228**	**1,447,650**
Non-controlling interest		932	1,113
Total equity	15	**1,666,160**	**1,448,763**
Total equity and liabilities		**€3,012,554**	**€2,299,708**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Notes	Six months ended June 30, 2010 (unaudited)	Six months ended June 30, 2009 (unaudited)
Net income attributable to equity holders of the Company		**€86,353**	**€54,374**
Non-controlling interest		69	106
Net income		86,422	54,480
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment		11,423	11,493
Amortization of intangible assets	12	29,393	24,636
Deferred income taxes		(19,730)	(10,090)
Non-cash share-based payment expense	7	10,054	12,689
Exchange loss (Gain) on financial instruments		12,990	(3,392)
Other		(1,409)	3,491
Net cash from operations before changes in working capital		**129,143**	**93,307**
Changes in operating assets and liabilities:			
Decrease in trade accounts receivable		29,605	59,497
(Increase) Decrease in other current assets		(15,835)	936
Increase (Decrease) in accounts payable and accrued expenses		29,603	(18,241)
Increase in income tax payable		36,972	45,273
Increase (Decrease) in unearned revenue		46,163	(2,865)
Increase (Decrease) in other liabilities		9,922	(612)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**265,573**	**177,295**
Proceeds from sale of property		721	458
Additions to property, equipment and intangibles		(20,115)	(10,346)
Purchases of short-term investments		(17,324)	(65,340)
Proceeds from sales and maturities of short-term investments		59,586	23,231
Payment for acquisition of businesses, net of cash acquired	5	(464,694)	-
Purchases of financial assets		-	(6,468)
Other		65	39
NET CASH USED IN INVESTING ACTIVITIES		**(441,761)**	**(58,426)**
Proceeds from exercise of stock-options		24,836	514
Cash dividends paid	15	(54,497)	(54,782)
Repurchase of common stock	15	(1,539)	-
Borrowings	14	115,042	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**83,842**	**(54,268)**
Effect of exchange rate changes on cash		92,594	(13,566)
INCREASE IN CASH AND CASH EQUIVALENTS		**248**	**51,035**
Cash and cash equivalents at beginning of period		**939,057**	**794,145**
Cash and cash equivalents at end of period		**€939,305**	**€845,180**
SUPPLEMENTAL DISCLOSURE			
Income taxes paid		€1,234	€(1,230)
Cash paid for interest, net		€5,013	€3,926

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other items	Equity holders	Non controlling interest	Total Equity
January 1, 2009	**€118,862**	**€141,980**	**€(43,933)**	**€1,218,530**	**€(126,524)**	**€1,308,915**	**€1,638**	**€1,310,553**
Net income				54,374		54,374	106	54,480
Net losses 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)	38,304	(5,749)		-		-
Share-based payments				12,689		12,689		12,689
Other changes				304		304		304
June 30, 2009 (unaudited)	**€117,884**	**€110,913**	**€(5,629)**	**€1,226,116**	**€(130,994)**	**€1,318,290**	**€994**	**€1,319,284**
Net income				115,367		115,367	167	115,534
Net losses recognized directly in equity					(10,040)	(10,040)		(10,040)
Exercise of stock-options	484	14,526				15,010		15,010
Share-based payments				9,753		9,753		9,753
Other changes				(730)		(730)	(48)	(778)
January 1, 2010	**€118,368**	**€125,439**	**€(5,629)**	**€1,350,506**	**€(141,034)**	**€1,447,650**	**€1,113**	**€1,448,763**
Net income				86,353		86,353	69	86,422
Net gains recognized directly in equity					151,343	151,343		151,343
Cash dividends paid				(54,247)		(54,247)	(250)	(54,497)
Exercise of stock-options	887	25,888				26,775		26,775
Treasury stock transactions			(1,539)			(1,539)		(1,539)
Share-based payments				10,054		10,054		10,054
Other changes				(1,161)		(1,161)		(1,161)
June 30, 2010 (unaudited)	**€119,255**	**€151,327**	**€(7,168)**	**€1,391,505**	**€10,309**	**€1,665,228**	**€932**	**€1,666,160**

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

NOTE 1. DESCRIPTION OF BUSINESS

Dassault Systèmes refers to Dassault Systèmes SA and its subsidiaries (the "Company"). The Company provides software solutions and consulting services which enable its customers to: innovate in the design and quality of products and services; reduce design-cycle time to accelerate time-to-market; collaborate with partners and suppliers in product development; create, manufacture and maintain products more cost effectively; and simulate their end-customers' experiences.

The Company's global customer base includes companies primarily in 11 industrial sectors: automotive; aerospace; industrial equipment; consumer goods; consumer packaged goods; energy; high-tech; shipbuilding; life sciences; construction; and business services. To serve these industries, the Company has developed a broad software applications portfolio, organized in brands, in order to provide comprehensive solutions responding to the extensive requirements of product development: Design, Realistic Simulation, Digital Manufacturing and Production, Collaborative Innovation, and Lifelike Experiences.

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

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 Vélizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on Euronext Paris. These interim condensed consolidated financial statements were established under the responsibility of the Board of Directors on July 27, 2010.

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, 2010 were prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", and as such do not include all the information and disclosures required in the annual financial statements. They should be read in conjunction with the Company's financial statements as of December 31, 2009, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union.

The interim condensed consolidated financial statements are presented in euros except where otherwise indicated.

Summary of Significant Accounting Policies

Except as described below, the interim condensed consolidated financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2009:

- 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 2009.

- Effective January 1, 2010, the Company applied for the first time IFRS 3 (Revised), "Business Combinations", mandatory for financial years beginning on or after July 1, 2009, together with the revised IAS 27, "Consolidated and Separate Financial Statements".

In addition, the Company determined that the *Cotisation sur la Valeur Ajoutée* ("CVAE"), a new tax introduced in France as part of the Business tax reform in 2010, which is based on the Company's value added, meets the definition of an income tax expense in accordance with IAS 12, Income Taxes. Accordingly, CVAE in the amount of €3.2 million was included in the consolidated effective tax rate for the six-month period ended June 30, 2010.

Other new standards and interpretations effective beginning on January 1, 2010 did not have a significant impact on the financial position and results of operations of the Company. New standards and interpretations effective beginning on January 1, 2011 were not early adopted by the Company.

The Company's significant accounting policies are summarized in the notes to the annual financial statements.

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, as it is typical in the software application industry.

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 business 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, 2010			
(in thousands)	**PLM**	**Mainstream 3D**	**Elim.**	**Total**
Revenue	€548,478	€149,118	€(77)	€697,519
Operating income	62,119	59,334	-	121,453

	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

NOTE 5. BUSINESS COMBINATIONS

The estimated fair values of assets acquired and liabilities assumed in connection with the IBM PLM, Exalead and Geensoft acquisitions presented below are provisional. The Company is waiting for additional information necessary to finalize these fair values and the provisional measurements of fair value presented are subject to change. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practical and no later than one year from the acquisition date.

IBM PLM

On March 31, 2010, the Company acquired the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM") for a purchase price of approximately €363.4 million. This transaction will enable the Company to complete the transformation of its PLM go-to-market model and to integrate and strengthen its global sales force.

The acquisition of IBM PLM is accounted for by applying the acquisition method as prescribed by IFRS 3 (Revised) "Business Combinations". The preliminary allocation of the purchase price resulted in €100.6 million of goodwill, which will be assigned to the PLM segment. The primary items that generated goodwill include, but are not limited to, the value of the synergies between IBM PLM and the Company's activities and the acquired assembled workforce, neither of which qualifies as an amortizable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

The purchase price was determined as follows:

(in thousands)	
Cash	€330,900
Receivable from IBM	(26,100)
Prepayment of royalties	58,600
Total purchase price	**€363,400**

The purchase price of the acquisition has been preliminarily allocated to identifiable acquired assets and liabilities on the basis of estimated fair values, as follows:

(in thousands)	
Customer relationships	€283,600
Deferred tax assets	35,900
Other assets	2,300
Unearned revenue [(1)]	(37,100)
Liabilities	(21,900)
Goodwill	100,600
Total purchase price	**€363,400**

(1) The carrying value of IBM PLM unearned revenue was reduced to reflect the fair value of customer support obligations assumed. As a result, approximately €17 million of revenues that would have otherwise been recorded by IBM PLM in fiscal year 2010 had this organization not been acquired by the Company will not be recognized in the Company's consolidated results of operations.

The unaudited pro forma financial information presented in the table below summarizes the combined results of operations for the period ended June 30, 2010 as if the acquisition of IBM PLM had occurred at the beginning of the period. The pro forma information is presented for informational purposes and does not purport to be indicative of the results that will be achieved in the future. The impact of adjustments to reduce IBM PLM's unearned revenue to the fair value of the associated support obligations has not been reflected in the following pro forma financial information as the reduction in revenue represents a material non-recurring charge directly attributable to the transaction.

(in thousands)	**Six months ended June 30, 2010**
Revenue	€752,501
Net income	96,311

In addition, the Company has determined that, due to the integration of IBM PLM into the Company's operations, it is impractical to present the portion of IBM PLM's revenue and profit generated since the acquisition date and included in the Company's financial statements as of June 30, 2010.

Exalead

In June 2010, the Company completed its acquisition of 100% of the outstanding share capital of Exalead for cash consideration of approximately €127.0 million and committed to acquire Exalead shares to be issued to Exalead employees under Exalead's employee benefit plans and arrangements for minimum cash consideration of €5.0 million (including €3.3 million paid into an escrow account). Exalead is a French global software provider dedicated to search engines. Its information access software programs are dedicated to application for both the enterprise and the Web. The preliminary allocation of the purchase price resulted in €68.5 million of goodwill, which will be assigned to the PLM segment. In addition, intangible assets subject to amortization and included in fair value of the net assets acquired are as follows:

(in thousands)	**Fair value**
Technology	109,200
Non-compete agreements	2,400
Total amortizable intangible assets acquired	**€111,600**

Pro forma results of operations reflecting this acquisition have not been presented because the results of operations of the acquired company are not material to the Company's results of operations.

Other acquisitions

Geensoft

In June 2010, the Company acquired Geensoft for cash consideration of approximately €6.1 million. Geensoft is a French company which provides embedded systems development tools. This acquisition will expand the Company's V6 portfolio by adding the capacity to model and generate an entire vehicle control software system, allowing a validation loop by connecting the physical equipment with the digital mock-up. As a result of this transaction, an amount of €1.7 million was recorded in goodwill.

Rand North America's non-controlling interest

In April 2010, the Company increased its ownership in Rand North America from 70 to 100%, for cash consideration of approximately €1.2 million. This transaction was accounted for as an equity transaction. As a result, an amount of €1.2 million was recorded as a reduction to equity.

NOTE 6. SOFTWARE REVENUE

Software revenue is comprised of the following:

	Six months ended June 30,	
(in thousands)	**2010**	**2009**
New licenses revenue	€161,534	€134,026
Periodic licenses and maintenance revenue	464,299	406,441
Product development revenue	275	2,586
Software revenue	**€626,108**	**€543,053**

Historically, the Company generated a significant amount of its licensing revenue through its agreement with IBM (approximately 24% of its total revenue for the 2009 First Half). As a result of the IBM PLM acquisition, the Company expects the amount of revenue generated through its agreement with IBM to decrease significantly in 2010.

NOTE 7. SHARE-BASED PAYMENTS

As of June 30, 2010, compensation expense related to share-based payment awards of €10.5 million is recorded respectively in cost of services and other revenue for €0.4 million, in research and development for €5.9 million, in marketing and sales for €2.1 million, and in general and administrative for €2.1 million.

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.

A reconciliation for changes during the six months ended June 30, 2010 of unvested options and restricted and service awards to which IFRS 2, "Share-based Payment" is applicable is as follows:

	Number of awards
Unvested at January 1, 2010	**4,720,317**
Granted	1,390,000
Vested	(1,187,900)
Forfeited	(110,201)
Unvested at June 30, 2010	**4,812,216**

As of June 30, 2010, total compensation cost related to unvested awards expected to vest but not yet recognized was €33.5 million, and the Company expects to recognize this expense over a weighted average period of 2.7 years.

Stock Option Plans

The Board of Directors has adopted several stock option plans for eligible employees and executives. Options generally vest over various periods ranging from one to four years, subject to continued employment. Options generally expire seven to ten years from grant date or shortly after termination of employment, whichever is earlier. To date options have been granted at an exercise price equal to or greater than the grant-date market value of the Company's share.

The weighted average grand-date fair value of options granted in 2010 was €11.77. The fair value of stock options granted in 2010 was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used in 2010 are as follows: weighted-average expected life of 6 years, expected volatility rate of 28%, expected dividend yield of 1.4% and risk-free interest rate of 2.36%.

The expected volatility was determined using a combination of the historical volatility of the Company's stock and the implied volatility of the Company's exchange-traded options adjusted for other factors, such as a comparison to the Company's peer group.

Executive Stock Grants

Pursuant to an authorization granted by the shareholders at the shareholders' meeting held on May 27, 2010, the Board of Directors decided to grant to the Company's Chief Executive Officer ("CEO") 150,000 shares. Such shares shall be vested at the end of an acquisition period of 2 years, subject to the condition that the CEO be a director of the Company at the acquisition date. In addition, the CEO is required to hold the vested shares until the end of a 2-year lock-up period and may not sell or transfer them during that period.

Stock grants are measured at fair value on the date of grant based on the quoted price of the Company's common stock. As provided for in the Code AFEP-MEDEF and on the basis of the recommendations of the Compensation and Nomination Committee, the Board of Directors made the vesting of the free shares granted to the Company's CEO subject to a performance condition related to variable compensation actually paid to the CEO over two financial years. The level of such variable compensation is itself dependent on achieving performance criteria previously established by the Board. In no case, however, may the number of free shares received exceed the number of free shares initially granted by the Board.

NOTE 8. GOVERNMENT GRANTS

Government grants and other government assistance amounting to €15.4 million and €11.6 million were recorded as a reduction to research and development expenses as of June 30, 2010 and 2009, respectively.

Government grants and other government assistance amounting to €0.6 million and €0.6 million were recorded as a reduction to cost of services and other revenue expenses as of June 30, 2010 and 2009, respectively.

NOTE 9. OTHER OPERATING INCOME AND EXPENSE, NET

	Six months ended June 30,	
(in thousands)	**2010**	**2009**
Acquisition costs (1)	€(11,044)	€-
Restructuring costs (2)	(380)	(7,137)
Headquarter relocation costs (3)	-	(2,102)
Other	(151)	-
Other operating income and expense, net	**€(11,575)**	**€(9,239)**

(1) Transaction and transition costs primarily relating to the acquisition of IBM's PLM operations (see Note 5. Business combinations).

(2) In 2009, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its R&D organization principally in the United States of America and Israel.

(3) In 2009, comprised primarily of rent and operating expenses for vacated premises following relocation of the Company's headquarters in 2008, as well as relocation costs.

NOTE 10. FINANCIAL REVENUE (EXPENSE) AND OTHER, NET

Financial revenue and expenses and other, net for the six months ended June 30, 2010 and 2009 are as follows:

	Six months ended June 30,	
(in thousands)	**2010**	**2009**
Interest income (1)	€2,925	€6,578
Interest expense	(3,905)	(3,947)
Foreign exchange gains (losses), net (2)	2,490	(7,005)
Other, net	(79)	(334)
Financial revenue (expense) and other, net	**€1,431**	**€(4,708)**

(1) The decrease in interest income is due primarily to the decrease in interest rates on investments.

(2) Foreign exchange gains (losses), net are primarily composed of realized and unrealized exchange gains (losses) on receivables and loans denominated in U.S. dollars, Japanese yen, and Korean won.

NOTE 11. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable are measured at amortized cost.

(in thousands)	**June 30, 2010**	**December 31, 2009**
Trade accounts receivable	€339,034	€328,601
Allowance for trade accounts receivable	(7,998)	(6,288)
Trade accounts receivable, net	**€331,036**	**€322,313**

The maturities of trade accounts receivable were as follows at June 30, 2010 and December 31, 2009:

(in thousands)	**June 30, 2010**	**December 31, 2009**
Less than 3 months past due	€64,330	€49,161
3 to 6 months past due	20,470	15,062
More than 6 months past due	13,826	10,983
Trade accounts receivable past due	98,626	75,206
Trade accounts receivable not yet due	240,408	253,395
Total trade accounts receivable	**€339,034**	**€328,601**

NOTE 12. INTANGIBLE ASSETS AND GOODWILL

Intangible assets as of June 30, 2010 and December 31, 2009 consist of the following:

	June 30, 2010			**December 31, 2009**		
(in thousands)	**Gross**	Accumulated amortization	**Net**	**Gross**	Accumulated amortization	**Net**
Software	€400,829	€(202,145)	€198,68	€254,173	€(172,645)	€81,528
Customer	553,398	(102,874)	450,524	215,113	(73,752)	141,361
Other intangible assets	21,833	(11,777)	10,056	15,644	(9,141)	6,503
Total intangible	**€976,060**	€(316,796)	**€659,26**	**€484,930**	€(255,538)	**€229,392**

The change in the carrying amount of intangible assets as of June 30, 2010 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	**Total intangible assets**
Net intangible assets as of January 1, 2010	**€81,528**	**€141,361**	**€6,503**	**€229,392**
IBM PLM acquisition	-	283,600	1,400	285,000
Exalead acquisition	109,200	-	2,400	111,600
Other additions	9,553	-	26	9,579
Amortization for the period	(10,884)	(17,471)	(1,038)	(29,393)
Exchange differences	9,287	43,034	765	53,086
Net intangible assets as of June 30, 2010	**€198,684**	**€450,524**	**€10,056**	**€659,264**

The change in the carrying amount of goodwill as of June 30, 2010 is as follows:

(in thousands)	
Goodwill as of January 1, 2010	**€431,388**
IBM PLM acquisition	100,600
Exalead acquisition	68,452
Other acquisitions	1,747
Exchange differences	60,803
Goodwill as of June 30, 2010	**€662,990**

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 the maturity of interest rate swap instruments is less than 5 years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

The Company's policy with respect to market risks is described in the 2009 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 currency exposure, the Company generally uses foreign exchange forward contracts, currency options and collars. Except as indicated in the below table, 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 2010, the portion of hedging instruments' gains or losses excluded from the assessment of effectiveness and the ineffective portions of hedges amounted to €(3.2) million (June 30, 2009: €(1.6) million) and was recorded in financial expense in the statement of income.
No cash flow hedges were discontinued for the periods ended June 30, 2010 and June 30, 2009.

At June 30, 2010 and December 31, 2009, the fair value of the instrument used to manage the currency exposure was recorded principally as a current or non current liability in the consolidated balance sheet.

At June 30, 2010 and December 31, 2009, the fair value of instruments used to manage the currency exposure was as follows:

(in thousands)	June 30, 2010		December 31, 2009	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Collars Japanese yen/euros (1)	€122,934	€(5,809)	€125,591	€14,899
Forward exchange contract Japanese yen/euros - sale (1)	79,579	(5,753)	-	-
Forward exchange contract British pounds/euros – sale (1)	9,786	(891)	574	24
Forward exchange contract Japanese yen/euros – purchase (2)	150,794	14,991	-	-
Forward exchange contract U.S. dollars/euros - sale (2)	16,299	(1,368)	-	-
Forward exchange contract British pounds/euros – purchase (2)	1,034	(7)	-	-
Forward exchange contract Japanese yen/euros - sale (2)	121,104	(20,708)	5,632	36
Forward exchange contract British pounds/euros - sale (2)	24,185	(2,185)	-	-
Forward swap Japanese yen/euros (2)	-	-	105,136	(136)
Forward swap British pounds/euros (2)	-	-	22,263	16
Forward exchange contract U.S. dollars/Japanese yen – purchase (3)	-	-	133,972	6,600
Forward exchange contract U.S. dollars/euros - purchase (3)	-	-	104,817	3,740
Forward exchange contract U.S. dollars/British pounds - purchase (3)	-	-	22,907	583

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(2) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in financial revenue in the statement of income. These instruments mainly relate to the IBM PLM acquisition.

(3) Instruments entered into by the Company to hedge the foreign currency exchange risk of the firm commitment to acquire the IBM's PLM operations.

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 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 and in July 2009, the Company entered into additional interest rate swap agreements for a nominal amount of €100 and €100 million, respectively that will fix the underlying interest payable at 3.18% and 2.98% starting September 15, 2010 and continuing through December 3, 2012. In April 2010, the Company entered into interest rate basis swap agreements for a nominal amount of €200 million converting variable rates at Euribor 3 months into Euribor 1 month.

In June 2010, the Company entered into interest rate swap agreements for a nominal amount of JPY14,500 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility in Japan (see Note 14. Borrowings) so that the interest payable effectively becomes fixed at 0.41% until June 9, 2015.

At June 30, 2010 and December 31, 2009, 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.

At June 30, 2010 and December 31, 2009, the fair value of instruments used to manage the interest rate risk was as follows:

(in thousands)	**June 30, 2010**		**December 31, 2009**	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swaps in euros (from 2006 to 2010)	€-	€-	€200,000	€(3,416)
Interest rate swaps in euros (from 2010 to 2012)	200,000	(7,276)	200,000	(2,034)
Interest rate basis swaps in euros (from 2010 to 2012)	200,000	(248)	-	-
Interest rate swaps in Japanese yen (from 2010 to 2015)	133,284	(445)	-	-

NOTE 14. BORROWINGS

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility (the "Loan Facility"). This agreement provides for revolving credit for a period of five years, which could be extended twice by one additional year at the Company's option. Borrowings under the Loan Facility bear interest at Euribor plus 0.18% per annum.

In March 2006, the Company drew down €200 million under the Loan Facility. In 2006 and in 2007, the Company exercised its options to extend the revolving loan facility for the two additional years.

In April 2010, the Company used its option under the Loan Facility agreement to pay interest at Euribor 1 month instead of Euribor 3 months.

In April 2010, the Company entered into a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million as of the draw date and €133.3 million as of the balance sheet date, of which €26.6 million are current) in order to finance a portion of the IBM PLM acquisition. The facility bears interest at Japanese Yen Libor plus 0.60% per annum, and is scheduled to be repaid by the Company in ten equal semi-annual installments, with the last payment being due in June of 2015.

NOTE 15. SHAREHOLDERS' EQUITY

Shareholders' equity activity

As of June 30, 2010, Dassault Systèmes had 119,255,470 common shares issued with a nominal value of €1 per share.

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 adjusts 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, 2010 and December 31, 2009.

Shareholders' equity includes foreign currency translation adjustment of €22.6 and €(153.2) million as of June 30, 2010 and December 31, 2009, respectively.

Dividends

A dividend on ordinary shares relating to the period ended December 31, 2009 amounting to €54.2 million was paid in June 2010. A dividend of €0.3 million was paid to non-controlling interests in 2010.

Stock repurchase programs

The general meeting of shareholders authorized the Board to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €60 per share or above a maximum aggregate amount of €500 million.

At June 30, 2010, the Company held 187,222 shares of its own shares directly out of which 37,222 were repurchased in January 2010.

Components of other comprehensive income

	Six months ended June 30,	
(in thousands)	**2010**	**2009**
Cash flow hedges:		
(Losses) gains arising during the period	€(40,531)	€17,142
Less: reclassification adjustments for losses included in the income statement	(3,249)	1,984
	€(37,282)	€15,158
Available-for-sale financial assets:		
(Losses) arising during the period	€(12)	€(65)
Less: reclassification adjustments for gains (losses) included in the income statement	-	-
	€(12)	€(65)

4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2010 HALF-YEAR FINANCIAL INFORMATION

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, 2010 to June 30, 2010,
- 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 IFRSs 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 28, 2010

The Statutory Auditors

French original signed by

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