DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT

June 30, 2011
Public limited liability company
Common stock, nominal value €1 per share: 120,868,122 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 July 29, 2011 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, July 29, 2011

"I hereby declare that, to the best of my knowledge, the 2011 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”, 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 is the world leader of the global Product Lifecycle Management (“PLM”) market based upon end-user software revenue (source: CIMDATA). The PLM software market is comprised of 3D software for design, simulation, digital manufacturing, product data management and collaboration.

The Dassault Systèmes vision is to enable everyone – from product designers, engineers, companies, suppliers to end-use consumers, and their respective communities – to create, share, and experience in 3D, and to maximize the value of their intellectual property and digital assets.

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’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;
- create, manufacture and maintain products and production facilities more cost effectively;
- simulate their end-customers’ experiences; and
- to capture and re-use digital data, whether from internal sources or from the Internet for design, business intelligence or logistics.

The Company’s software applications, which accounted for 91% and 90% of its total revenue in the 2011 and 2010 First Half, respectively, 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, industrial equipment, aerospace, consumer goods, consumer packaged goods, energy, high-tech, shipbuilding, life sciences, construction, and business services. For its latest full fiscal year, the composition of end-user software revenue by major industry was approximately as follows: automotive about 30%, industrial equipment about 21%, aerospace about 14%, high-tech about 10% and business services (including engineering services companies) about 10%. Newer industries, comprised of high-tech, life sciences, consumer goods, energy and consumer packaged goods, represented approximately 23% of end-user software sales.

In addition, 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 has research facilities located primarily in France, the United States and India (including the employees of 3D PLM), as well as in Germany and the United Kingdom.

Important trends in business practices globally which underpin the Company's current research directions include:

- the increasing importance of virtual design, simulation and manufacturing;
- the increasing importance of communities in product creation;
- globalization, which continues to drive new business models and global collaborative innovation;
- current product trends with the growth of complex embedded systems and smart products;
- critical issues around intellectual property creation, management and protection;
- the increasing importance of search-based applications to help companies gain a 360 view of their business and products by being able to search and organize both structured and unstructured data, internally and externally;
- the increasing importance of end-user input into the product creation process, through lifelike experiences with virtual products and mass customization;
- and an increased focus on environmental issues globally in connection with product creation, manufacturing, maintenance and retirement.

The Company has three principal sales channels. For the PLM market, the Company principally addresses large enterprises with its PLM Business Transformation Channel, which represented about 56% of total revenue in the 2011 First Half. The Company undertook a major evolution of its PLM Business Transformation Channel, with the March 31, 2010 acquisition of IBM PLM (encompassing the sales, marketing, services and client support operations, as well as customer contracts and related assets). In addition for the PLM market, the Company primarily addresses small- to mid-size enterprises with its PLM Value Solutions Channel, which represented about 24% of total revenue in the 2011 First Half. For the Mainstream 3D market, the Company's marketing and sales activity is conducted through its Professional Channel with sales through this channel accounting for 20% of 2011 First Half revenue.

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 2010 *Document de référence* filed with the *Autorité des Marchés Financiers* ("AMF", the French Financial Markets Authority) on April 1, 2011, 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 PLM solution may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environments in which the customers operate. Continuing unstable global economic conditions may cause some customers to reduce, postpone or terminate their investments in information technology, or to reduce or terminate 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 impacted by the current economic context; and

– the sales cycle of PLM products – already relatively long due to the strategic nature of such investments for customers – could further lengthen due to the unstable global economic context.

The Company's current outlook for 2011 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. In this regard, the impact of the earthquake of March 11, 2011, in Japan remains difficult to evaluate, but may be expected to have a negative impact on the Japanese economic recovery. 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.

The current economic context and high exchange rate volatility may also adversely impact the financial situation or financing capabilities 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 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 continues to further diversify its customer base through expanding its presence in new industrial sectors and new geographic markets, and it is also continuing to control costs throughout the Company.

- ***Challenges to the Company's intellectual property rights***

The Company's success is heavily dependent upon its proprietary software technology. The Company relies on a combination of copyright, patent, trademark, trade secret law and contractual restrictions to protect the proprietary aspects of its technology. These legal protections afford only limited protection. In addition, effective copyright, patent, trademark and trade secret protection may be unavailable or limited in certain countries where intellectual property ("IP") rights are less protected than in the United States or Western Europe.

If, despite the Company's strategies for protecting its intellectual property, certain third parties are able to develop similar technology, a reduction in the Company's software revenues may result. Furthermore, although the Company enters into confidentiality and license agreements with its employees, distributors, customers and potential customers, and limits access to and carefully controls the distribution of its software, documentation and other proprietary information, the measures taken may not be adequate to deter misappropriation or prevent independent third-party development of the Company's technology.

In addition, like most of its competitors, the Company faces an increasing level of piracy of its lead products, by both individuals and groups acting worldwide, which could potentially affect the Company's growth in specific markets.

Litigation may be necessary to enforce the Company's intellectual property rights and determine the validity and scope of the proprietary rights of third parties. Any litigation could result in substantial costs and diversion of Company resources and could seriously harm the Company's operating results. The Company may not prevail in any such litigation and its intellectual property rights may be found invalid or unenforceable.

In order to protect its intellectual property, the Company regularly registers patents for its most advanced innovation and systematically registers copyrights. The Company has also strengthened its anti-pirating initiative, which is proving effective.

- ***Development of a new services offering for "cloud computing"***

On June 29, 2011 Dassault Systèmes launched its first services offering for the on-line use of its products (Software as a Service) based on a "cloud computing" infrastructure. As a result, Dassault Systèmes will manage certain hardware and data hosting on behalf of its customers. The Company is thus responsible for the solutions provided and has increased responsibility toward its clients, particularly as concerns uninterrupted access to the on-line service and confidentiality for hosted data. In addition, the facilities used to provide these services are subject to the risks described under "Security of internal systems and facilities".

The progressive roll out of these services and their distribution also involves the deployment of new support and management processes (for example, processing orders and billing). The Company will also become exposed to a complex legal environment and could have increased risk regarding regulatory compliance in the countries where it has operations.

In case of difficulties in providing its clients with on-line services under satisfactory conditions, the Company's revenues, results of operations and competitive position, as well as the reputation of Dassault Systèmes, could be negatively affected.

The Company is seeking to minimize these risks by developing alliances with partners with recognized technical capabilities, and by simulating and controlling, to the extent possible, the technical, legal, and financial consequences of processes put in place to serve its customers.

- ***Infringement of third-party intellectual property rights and licensing of third-party technology***

Third parties, including the Company's competitors, may own or obtain copyrights, patents or other proprietary rights that could restrict the Company's ability to further develop, use, or sell its own product portfolio. Dassault Systèmes has received in the past, and may in the future receive, communications alleging that its products infringe the patents and other intellectual property rights of others. Such claims could cause the Company to incur substantial costs to defend itself in any litigation which may be brought, regardless of its merits. If the Company fails to prevail in intellectual property litigation, it may be required to:

- cease making, licensing or using the products or services that incorporate the challenged intellectual property;
- obtain and pay for licenses from the holder of the infringed intellectual property right, which might not be available on acceptable terms for Dassault Systèmes, if at all; or
- redesign its products, which could involve substantial costs and require the Company to interrupt product licensing and product releases, or which might not be feasible at all.

In addition, the Company embeds in its products an increasing number of third-party components selected either by the Company itself or by companies which it acquires. Although Dassault Systèmes has implemented strict approval processes to certify the originality of third-party components and verify any corresponding licensing terms, the same approval processes may not have been adopted by companies acquired by Dassault Systèmes. As a result, the use of third-party embedded components in the Company's products generates exposure to the risk that a third party will claim that these components infringe their intellectual property rights. Also, due to the use of third-party components, there is also a risk that such license(s) might expire or terminate without renewal affecting certain Company products.

The Company seeks to limit this risk through a process for certifying the origins of its products with respect to intellectual property.

However, if any of the above situations were to occur for a significant product, it could have a material adverse impact on the Company's financial condition and results of operations.

- ***Currency fluctuations***

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

The Company's net financial revenue can also be significantly affected by changes in exchange rates between the time the revenue is recognized and when cash payments are received, and between the time an expense is recorded and when it is paid. Any such differences are accounted for in the "Exchange gain/loss" portion of the Company's financial revenue.

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see Section 4.2.2 "Foreign Currency Exchange Risk" of the 2010 Annual Report).

Since market growth rates for the Company's software applications and the revenue growth rates of its significant competitors are computed in U.S. dollars, such growth rates from period to period may not be comparable to the Company's euro-computed revenue growth rates for the same periods.

Please see the Company's 2010 *Document de référence*, filed with the AMF (the French Financial Markets Authority) on April 1, 2011, for a detailed discussion of the risk factors related to the following points:

- ***Security of internal systems and facilities***
- ***Productions of industrial products***
- ***Product errors or defects***
- ***Integration of IBM PLM and Evolution of IBM relationship***

- ***Rapidly changing and complex technologies***
- ***Retention of key personnel and executives***
- ***Difficulties in relationships with extended enterprise partners***
- ***Legal proceedings***
- ***Complex regulatory environment***
- ***Variability in quarterly operating results***
- ***Competition and pricing pressure***
- ***Organizational and management 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 2011 under International Financial Reporting Standards ("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 condensed 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, 2011 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, 2010, prepared in accordance with 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, 2011.

The interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2010, 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 2010.

Other new standards and interpretations effective beginning on January 1, 2011 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, 2012 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,
- amortization of acquired intangibles, including amortization of acquired software,
- share-based compensation expense,
- Other operating income and expense, net
- certain one-time gains in financial revenue and other, net, in the 2011 First Half, related to acquisitions or legal structure rationalization, 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 2010.

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.

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 investment plans. 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 timing and level of mergers and acquisition activities, including divestitures; the size of software transactions, the method of software licensing, and the timing and size of service engagements. 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, 2011 and 2010 and provides growth rates on an as reported basis and in constant currencies.

The Company's 2011 First Half and 2010 First Half financial results reflect the inclusion of the IBM PLM acquisition commencing April 1, 2010. This acquisition and the subsequent integration led to a significant increase in the number of direct customer accounts being managed by the Company and was an important contributor to growth in revenue and expenses for both the total Company and the PLM segment for the 2011 First Half compared to the prior year period. For the three months from January 1 to March 31, 2010, after payment of software royalties to the Company, IBM PLM's software revenue portion was estimated at approximately €50 million and was not consolidated with the Company's revenue during this period prior to acquisition.

	First half ended June 30,			
(in millions, except percentages)	**2011**	**Variation**	**Variation in constant currencies**	**2010**
Total Revenue	**838.1**	20.2%	22%	**697.5**
Total revenue by activity				
Software revenue	760.6	21.5%	23%	626.1
Services and other revenue	77.5	8.5%	10%	71.4
Total revenue by geography				
Europe	375.2	19.3%	19%	314.6
Americas	237.1	14.0%	21%	207.9
Asia	225.8	29.0%	28%	175.0
Total revenue by segment				
PLM revenue	672.6	22.6%	24%	548.6
Mainstream 3D revenue	165.5	11.1%	14%	148.9

Total IFRS and non-IFRS revenue increased 22% and 21%, respectively, on software revenue growth of 23% and 22% (non-IFRS), respectively, and service revenue growth of 10%, all figures in constant currencies. Currency was a headwind during the 2011 First Half reducing reported total revenue growth rates by approximately 2 percentage points.

During the 2011 First Half the Company continued to see an improvement in its business, with the highest growth in the faster developing countries. By region and in constant currencies, total revenue increased 28% in Asia, 21% in the Americas and 19% in Europe. High growth countries represented 14% of total revenue, up approximately two points from the 2010 First Half. Following the natural disasters in Japan, the Company is seeing a lower level of new activity with its Japanese customers, particularly with larger companies.

The Company saw a strong increase in new business activity during the 2011 First Half leading to new licenses revenue growth of 32% in constant currencies. New licenses revenue growth also benefited from the inclusion of IBM PLM.

The Company saw a continuation of the 2010 trends in recurring revenue in the 2011 First Half, with growth reflecting the inclusion of the IBM PLM acquisition as well as reflecting strong renewal rates on maintenance and higher new licenses activity and growth in rental licensing. For the 2011 First Half recurring software revenue increased 20% and 19% (non-IFRS) in constant currencies. Recurring software revenue represented a large majority of total software revenue, accounting for approximately 72% of total software revenue in the 2011 First Half compared to 74% in the 2010 First Half.

The trends in new licenses revenue and recurring software revenue growth (as well as the important contribution of the IBM PLM acquisition to the PLM segment) were reflected in the financial results of the Company's business segments, PLM and Mainstream 3D. PLM software revenue increased 26% in constant currencies. PLM non-IFRS software revenue rose 25% with CATIA up 26%, ENOVIA up 25% and Other PLM higher by 21% (all figures in constant currencies). Mainstream 3D software revenue increased 14% in constant currencies.

Reflecting revenue growth, expense management, and the resulting operating margin expansion, net income per diluted share increased 43.1% to €1.03 and 26.7% to €1.28 (non-IFRS) per share. Operating income increased 51.4% to €184.0 million and the operating margin improved to 22.0%. On a non-IFRS basis, operating income increased 32.3% to €236.3 million and the non-IFRS operating margin expanded 280 basis points to 28.2%.

Other Financial Highlights

IFRS net operating cash flow was €281.4 million for the first half ended June 30, 2011, compared to €265.6 million for the 2010 First Half. During the 2011 First Half the Company used cash to fund acquisitions totaling €29.5 million, including Intercim and Enginuity, distributed cash dividends aggregating €65.8 million and repurchased shares in the amount of €172.3 million to offset the dilutive effect from stock options exercised. Capital expenditures amounted to €22.3 million, including €17.6 million in fixed assets compared to €20.1 million, including €16.8 million in fixed assets in the 2010 First Half.

The Company's net financial position, representing cash and short-term investments, net of long-term debt, was €973.1 million at June 30, 2011, compared to €845.7 million at December 31, 2010. Cash and short-term investments totaled €1.25 billion and long-term debt totaled €274.8 million at June 30, 2011, compared to €1.14 billion and €293.4 million, respectively, at December 31, 2010. Proceeds received from stock options exercised during the first half of 2011 totaled €179.0 million principally in connection with the expiration of ten year stock option programs during the 2011 First Half.

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, certain one-time gains in financial revenue and other, 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.

							Increase (Decrease)	
	For the First Half Ended June 30,							
(in millions, except percentages and per share data)	**2011 IFRS**	**Adjustment[(1)]**	**2011 non-IFRS**	**2010 IFRS**	**Adjustment[(1)]**	**2010 non-IFRS**	**IFRS**	**non-IFRS[(2)]**
Total Revenue	**€838.1**	**€0.4**	**€838.5**	**€697.5**	**€6.4**	**€703.9**	**20.2%**	**19.1%**
Total revenue by activity								
Software revenue	760.6	0.4	761.0	626.1	6.4	632.5	21.5%	20.3%
New licences	*209.4*	*-*	*209.4*	*161.5*	*-*	*161.5*	*29.7%*	*29.7%*
Periodic licences, maintenance and product developpment	*551.2*	*0.4*	*551.6*	*464.6*	*6.4*	*471.0*	*18.6%*	*17.1%*
Services and other revenue	77.5	-	77.5	71.4	-	71.4	8.5%	8.5%
Total revenue by geography								
Europe	375.2	-	375.2	314.6	1.4	316.0	19.3%	18.7%
Americas	237.1	0.1	237.2	207.9	1.1	209.0	14.0%	13.5%
Asia	225.8	0.3	226.1	175.0	3.9	178.9	29.0%	26.4%
Total revenue by segment								
PLM revenue	672.6	0.4	673.0	548.6	6.4	555.0	22.6%	21.3%
Mainstream 3D revenue	165.5	-	165.5	148.9	-	148.9	11.1%	11.1%
Total Operating Expenses	**€(654.1)**	**€51.9**	**€(602.2)**	**€(576.0)**	**€50.7**	**€(525.3)**	**13.6%**	**14.6%**
Share-based compensation expense	(7.8)	7.8	-	(11.7)	11.7	-	(33.3)%	-
Amortization of acquired intangibles	(41.8)	41.8	-	(27.4)	27.4	-	52.6%	-
Other operating revenue and expense, net	(2.3)	2.3	-	(11.6)	11.6	-	(80.2)%	-
Operating Income	**€184.0**	**€52.3**	**€236.3**	**€121.5**	**€57.1**	**€178.6**	**51.4%**	**32.3%**
PLM Operating income	110.9	52.1	163.0	62.1	56.8	118.9	78.6%	37.1%
Mainstream 3D Operating income	73.1	0.2	73.3	59.4	0.3	59.7	23.1%	22.8%
Operating Margin	**22.0%**		**28.2%**	**17.4%**		**25.4%**		
PLM Operating margin	16.5%		24.2%	11.3 %		21.4%		
Mainstream 3D Operating margin	44.2%		44.3%	39.9%		40.0%		
Income before Income Taxes	**€188.4**	**€47.3**	**€235.7**	**€123.9**	**€57.1**	**€181.0**	**52.1%**	**30.2%**
Income tax expense	(60.2)	(17.0)	(77.2)	(37.4)	(22.0)	(59.4)	61.0%	30.0%
Income tax effect of adjustments above	*(17.0)*	*17.0*	*-*	*(22.0)*	*22.0*	*-*		
Minority interest	(0.1)	-	(0.1)	(0.1)	-	(0.1)		
Net Income attributable to shareholders	**€128.1**	**€30.3**	**€158.4**	**€86.4**	**€35.1**	**€121.5**	**48.3%**	**30.4%**
Diluted Net Income Per Share[(3)]	**€1.03**	**€0.25**	**€1.28**	**€0.72**	**€0.29**	**€1.01**	**43.1%**	**26.7%**

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

	For the First Half Ended June 30,					
(in millions)	**2011 IFRS**	**Adjustment**	**2011 Non-IFRS**	**2010 IFRS**	**Adjustment**	**2010 Non-IFRS**
Cost of software and services	€(123.7)	€0.3	€(123.4)	€(105.9)	€0.4	€ (105.5)
Research and development	(160.0)	3.7	(156.3)	(160.6)	6.8	(153.8)
Marketing and sales	(259.5)	2.0	(257.5)	(213.6)	2.4	(211.2)
General and administrative	(66.8)	1.8	(65.0)	(56.9)	2.1	(54.8)
Total stock-based compensation expense	(7.8)	7.8	-	(11.7)	11.7	-

(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 124.0 million diluted shares for the 2011 First Half and 120.2 million diluted shares for the 2010 First Half.

2.4 Financial review of operations as of June 30, 2011

2.4.1 Revenue

Total revenue increased to €838.1 million in the 2011 First Half compared to €697.5 million in the 2010 First Half and non-IFRS total revenue increased to €838.5 million in the 2011 First Half compared to €703.9 million in the 2010 period on growth of both software and services revenue.

IFRS and non-IFRS total revenue increased 22% (20.2% as reported) and 21% (19.1% as reported), respectively, in constant currencies. Reported revenue growth rates were lower than constant currency revenue growth by approximately 2 percentage points principally due to the Euro strengthening approximately 5% against the US dollar, leading to an average 2011 First Half US dollar to euro exchange rate of $1.40 compared to the 2010 First Half average of $1.33 per euro. With respect to the Japanese yen, the Euro weakened approximately 5% against the Japanese yen.

All three regions saw improving trends in new licenses activity and strong maintenance renewal trends. By geographic region and in constant currencies, revenue in Europe increased 19% (increased 19.3% as reported), reflecting the inclusion of IBM PLM and growth across the Company’s three sales channels. In the Americas total revenue increased 21% (increased 14.0% as reported) benefiting in part by the IBM PLM, increased activity in the aerospace industry and broad growth across the Company’s three sales channels. Asia total revenue increased 28% (increased 29.0% as reported) reflecting the inclusion of IBM PLM and geographic diversification into higher growth countries, particularly China, India and Korea.

As a percentage of total revenue as reported, Europe represented 45% (45% in 2010 First Half), the Americas accounted for 28% (30% in 2010 First Half) and Asia represented 27% (25% in 2010 First Half). The lower percentage contribution from the Americas in part reflects the acquisition of IBM PLM which had a higher composition of revenue from Europe and Asia compared to the Company.

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)	**2011**	**2010**
Software revenue		
New licenses revenue	€209.4	€161.5
Periodic licenses, maintenance and product development revenue	551.2	464.6
Total software revenue	**€760.6**	**€626.1**
(as a % of total revenue)	90.8%	89.8%

For the 2011 First Half, IFRS software revenue increased 21.5% and 23% in constant currencies. The increase in IFRS software revenue of €134.5 million was comprised of an increase in periodic licenses, maintenance, and product development revenue of €86.6 million (representing growth of 20% in constant currencies) and an increase in new licenses revenue of €47.9 million (representing growth of 32% in constant currencies). On a non-IFRS basis, software revenue increased 20.3% and 22% in constant currencies.

IFRS PLM software revenue increased 24.7% and 26% in constant currencies and non-IFRS PLM software revenue increased 23.1% and 25% 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 and periodic licenses and maintenance revenue; (ii) new customer activity and expansion of activity with existing customers and (iii) an increase in rental activity.

IFRS and non-IFRS Mainstream 3D software revenue increased 11.1% as reported and 14% in constant currencies, reflecting growth in both new license revenue and maintenance revenue. New SolidWorks commercial seats licensed during the 2011 First Half increased 22% to 24,021 seats, compared to 19,613 in the 2010 First Half.

New licenses revenue increased 29.7% as reported and 32% in constant currencies and represented 27.5% of total software revenue for the 2011 First Half compared to 25.8% for the 2010 First Half.

Recurring software revenue increased 18.6% as reported and 20% in constant currencies and totaled €551.2 million for the 2011 First Half, compared to €464.6 million in the 2010 First Half. The increase in recurring software revenue of €86.6 million principally reflected the IBM PLM acquisition, higher maintenance renewal rates and higher new license sales in comparison to the 2010 First Half and growth in rental licensing. Recurring software revenue represented 72% and 74% of software revenue in the First Half of 2011 and 2010, respectively. Similarly, non-IFRS recurring software revenue increased 19% in constant currencies and totaled €551.6 million for the 2011 First Half compared to €471.0 million in the 2010 First Half.

Product development revenue totaled €1.1 million for the 2011 First Half compared to €0.3 million in 2010 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)	**2011**	**2010**
Services and other revenue	**€77.5**	**€71.4**
(as a % of total revenue)	9.2%	10.2%

Services and other revenue increased 8.5% as reported and 10% in constant currencies principally due to a higher number of Version 6 service engagements.

2.4.2 Operating expenses

Overall, the growth in operating expenses reflects the inclusion of the IBM PLM acquisition for a six-month period in the 2011 First Half compared to three months in the 2010 First Half. In total, operating expenses increased 13.6% or €78.1 million in the 2011 First Half compared to the 2010 First Half, principally due to (i) a €45.9 million increase in marketing and sales expense, principally reflecting a 15.8% increase in average marketing and sales personnel largely in connection with the IBM PLM acquisition, as well as higher salaries and commissions; (ii) an increase in cost of services of €15.8 million primarily related to Version 6 service projects in their initial phases and several large deployments in progress. In addition, cost of services was negatively impacted in the quarter ended June 30, 2011 by the one-time effect of forecasted overruns on inappropriately priced agreements which resulted in cost accruals, (iii) a €14.4 million increase in amortization of acquired intangibles principally reflecting the IBM PLM and Exalead acquisitions; and (iv) an increase of €9.9 million in G&A principally reflecting the average headcount growth of 13.1% in connection with expanding the Company's finance, legal and associated functions to support the larger base of activity following the IBM PLM acquisition. Currency had a net positive effect of approximately 2 percentage points on operating expense growth.

Non-IFRS operating expenses increased 14.6% or €76.9 million in the 2011 First Half in comparison to the 2010 First Half.

	For the First Half Ended June 30,	
(in millions)	**2011**	**2010**
Operating expenses	**€654.1**	**€576.0**
Adjustments(1)	(51.9)	(50.7)
Non-IFRS operating expenses(1)	**€602.2**	**€525.3**

(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, (iii) other operating income and expense, net and (iv) certain one-time gains in financial revenue and other, net. For the reconciliation of this non-IFRS financial information with information set forth in its financial statements and the notes thereto, see "Supplemental non-IFRS Financial Information" above.*

2.4.3 Operating income

	For the First Half Ended June 30,	
(in millions)	**2011**	**2010**
Operating income	**€184.0**	**€121.5**

For the 2011 First Half, operating income increased 51.4% or €62.5 million and the operating margin increased to 22.0% from 17.4% and principally reflected an increase in total revenue of 20.2%, offset in part by an increase in total operating expenses of 13.6%. Similarly, on a non-IFRS basis, operating income increased 32.3% to €236.3 million from €178.6 million in the prior year period and the non-IFRS operating margin increased to 28.2%, compared to 25.4% in the 2010 First Half.

2.4.4 Financial revenue and other, net

	For the First Half Ended June 30,	
(in millions)	**2011**	**2010**
Financial revenue and other, net	**€3.7**	**€1.4**

2011 First Half financial revenue and other, net was principally comprised of net financial interest income of €1.8 million, exchange losses of €3.1 million, and one-time gains of €3.2 million on previously held interest in Intercim and of €1.8 million realized in conjunction with the sale of TransCAT AG (a distributor of PLM solutions in Switzerland). The decrease in financial revenue, net primarily reflected foreign exchange losses on financial operations in the 2011 First Half, compared to exchange gains of €2.5 million in the prior year period. This negative effect is partially offset by a €2.7 million increase in net interest income due to an increase in interest rates on investments held principally in Euro and US dollars. On a non-IFRS basis, financial revenue and other, net totaled €(1.3) million for the 2011 First Half compared to €2.4 million in the 2010 First Half and excluded the one-time gains on Intercim and TransCAT AG.

2.4.5 Income tax expense

	For the First Half Ended June 30,	
(in millions, except percentages)	**2011**	**2010**
Income tax expense	**€60.2**	**€37.4**
Effective consolidated tax rate	32.0%	30.2%

Income tax expense increased by €22.8 million or by 61.0%, principally reflecting an increase in pre-tax income of 52.1% and a 1.8 percentage point increase in the consolidated effective tax rate, mainly due to the positive impact of certain tax restructurations in the 2010 First Half.

On a non-IFRS basis, the effective consolidated tax rate was stable at 32.8% for the 2011 and 2010 First Half.

2.4.6 Net income and diluted net income per share

	For the First Half Ended June 30,	
(in millions, except per share data)	**2011**	**2010**
Net income attributable to shareholders	**€128.1**	**€86.4**
Diluted net income per share	€1.03	€0.72
Diluted weighted average shares outstanding	124.0	120.2

Diluted net income per share increased 43.1% principally reflecting an increase in operating income of 51.4%. Non-IFRS net income per diluted share increased 26.7% to €1.28 per share from €1.01 per share, principally reflecting an increase in non-IFRS operating income of 32.3%.

2.4.7 Cash flow

Net cash provided by operating activities amounted to €281.4 million for the 2011 First Half.

Net cash used in investing activities totaled €175.9 million, primarily reflecting purchases of short term investments for €121.6 million as well as cash paid for the acquisitions of Intercim and Enginuity.

Net cash used in financing activities was €71.9 million, principally reflecting share repurchases in the amount of €172.3 million, and the payment of dividends for an aggregate amount of €65.8 million, offset by proceeds received from the exercise of stock options for €179.0 million. The cash dividend was paid on June 16, 2011.

Cash and short-term investments totaled €1.25 billion and total debt amounted to €299.8 million at June 30, 2011.

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, 2011, in Chapter 19, *"Related-Party Transactions"*.

Except those described in the 2010 *Document de référence*, no new related party transactions occurred during the 2011 First Half.

In particular, the transactions entered into with Dassault Aviation and 3D PLM Software Solutions Ltd during the first six months of 2011 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 2011 First Half.

On July 1, 2011, pursuant to the announcement made on November 9, 2010, Dassault Systèmes finalized the strengthening of its R&D activities in India by increasing its share in 3DPLM from 30% to 42% and by combining under 3DPLM all DELMIA, ENOVIA, CATIA, SIMULIA and SolidWorks Research & Development activities, currently based in Bangalore and Chennai.

2.6 2011 First Half Business Highlights

<u>Product and Technology Announcements</u>

On June 29, 2011, Dassault Systèmes announced its new online Version 6 platform, its new store, a 3DStore online (swym.3ds.com/#3DStore) for lifelike experiences and applications, and its first online cloud business services. Dassault Systèmes also announced its strategic investment in Outscale, a start-up to provide SaaS (software as a service) operator services. . The Company's Version 6 cloud-based solutions have been designed to enable users to can get what they need, when they need it. Offered as a flexible subscription model, without upfront investments in additional infrastructure, long-term volume commitments or administrative burden, Version 6 Online solutions are designed to adapt to the needs of organizations or projects of any scale.

On June 29, 2011, Dassault Systèmes and Amazon Web Services (AWS), an Amazon.com company, announced that they are working together to enable companies of all sizes to get started quickly with 3DS Version 6 solutions on AWS.

On June 29, 2011, the Company launched its Version 6 Release 2012, introducing new levels of Openness and Lifelike Experience. Release 2012 introduces new interoperability solutions between Version 6 and other PDM systems, and new levels of integration between Version 6 and ERP solutions. At the same time, the new release also offers new solutions including 3DVIA Shopper, which realistically simulate retail settings inside immersive 3D environments and has been designed to enable retailers and merchandisers to easily visualize and better assess store layouts and comparative product positioning, while analyzing consumer shopping behavior to enhance sales potential and DELMIA Global Production System Planning solution which delivers a single data repository to digitize all manufacturing capabilities across the physical supply chain and link plants in a coordinated network of global manufacturing operations to help optimize the performance of a company's global production system.

Management Announcements

On January 5, 2011, Dassault Systèmes announced the promotion of Jeff Ray to Executive Vice President, Geographic Operations, and member of the Dassault Systèmes' executive committee. In this newly created position, Jeff Ray oversees the Company's geographies in order to empower the Dassault Systèmes local teams to serve customers' and partners' growing needs and fully exploit the market growth potential.

On April 27, 2011, the following appointments were announced: Etienne Droit, member of the Executive Committee, as Chief Executive Officer CATIA; Bruno Latchague, member of the Executive Committee, as Executive Vice President, PLM Value Solutions; Sylvain Laurent has been promoted to Executive Vice President, PLM Business Transformation and new member of the Executive Committee; Ken Clayton as Vice-President, Professional Channel and Laurent Couillard as Exalead CEO.

Acquisitions

On March 17, 2011, Dassault Systèmes acquired Intercim, LLC, offering manufacturing and production operations management software solutions for advanced and highly regulated industries to integrate with its V6 DELMIA software applications. The combining values of DELMIA and Intercim bring together the factory communities with the manufacturing and product engineers, for an immediate common understanding of the products being built with their potential non-conformance and deviations. The Company believes that this translates for customers into faster turn-around time to correct issues, improved product quality, higher production efficiency and conformity information for certification purposes.

On April 27, 2011, Dassault Systèmes announced the acquisition of Enginuity, to accelerate innovation for formulated products**.** Demonstrating its broad industry focus, the addition of Enginuity expands Dassault Systèmes' suite of collaborative business process solutions based on the ENOVIA V6 platform. Using ENOVIA V6, formula-centric companies in the pharmaceutical, personal care, cosmetics, food and beverage, flavor/fragrance industries will be able to accelerate product innovation and product launches while successfully navigating complex regulatory requirements and more effectively managing and leveraging their formula, packaging and consumer Intellectual Property in a single, global PLM solution**.**

Version 6 Customer Announcements

On February 10, 2011, Dassault Systèmes announced that BMW has selected its V6 PLM solutions to develop the future electrical, electronics, and embedded software (E/E) architecture of BMW cars. BMW chose Dassault Systèmes'V6 solution for thousands of engineers because of its flexible PLM backbone, and the large degree of out-of-the-box, specialized functionality for systems engineering.

On February 23, 2011, the Company jointly announced with Jaguar Land Rover an agreement to enter into a strategic partnership. The agreement, signed by Dassault Systèmes President and CEO Bernard Charlès and Jaguar Land Rover CEO Dr. Ralf Speth, will see advanced digital 3D simulation and development tools transform Jaguar Land Rover's Product Development processes. The two companies will work together to jointly develop industry-leading product creation solutions. Jaguar Land Rover will deploy Dassault Systèmes' V6 solutions for Product Lifecycle Management - the process which drives and controls all vehicle creation processes - to increase operational efficiency and reduce complexity through enhanced innovation and accelerated development capabilities.

On March 15, 2011, the Company announced that CLAAS, one of the world's leading manufacturers of agricultural equipment and products, has committed to shaping its entire product creation process worldwide – from design, construction and simulation to system validation and production planning – with CATIA V6, ENOVIA V6, DELMIA V6, and SIMULIA V6.

On April 27, 2011, Dassault Systèmes announced that Embraer SA, the world's fourth-largest plane maker, is deploying a complete 3D solution for the design and manufacturing of its Phenom and Legacy 500 executive jets at its Melbourne, Florida, US and Sao Jose dos Campos, Brazil plants. Digital Factory is a 3D source for product information aimed to reduce design and manufacturing costs by creating a single set of plans, design models and work and product instructions, all integrated into a secure, collaborative platform.

On May 10, 2011, Dassault Systemes announced Benetton Group's selection of its Version 6 PLM solution as Benetton Group's platform for global development and sourcing. Dassault Systèmes' ENOVIA Version 6 will provide Benetton with deep domain-specific apparel design and production capabilities and industry-leading global sourcing management that will enable Benetton to achieve lead time reduction, optimize its sourcing operations, streamline product line complexities and enhance collaboration while accommodating the Benetton Group's diverse product portfolio.

On June 6, 2011 the Company announced that Alstom, a world leader in transport infrastructure, power generation and transmission, has selected the Company's Version 6 PLM platform to improve end to end business processes. As a first step in this major transformation, Alstom Transport will leverage Dassault Systèmes' ENOVIA Version 6 to unify its different sites under a unique, worldwide platform enabling its employees to efficiently collaborate on customer projects. Alstom is consolidating its PLM system in order to streamline information sharing, increase its manufacturing capacity and reduce time-to-market.

2.7 Other corporate events

On May 26, at the Annual Shareholders' Meeting, shareholders approved the Board of Directors recommendation for a 17% increase in the annual cash dividend equivalent to €0.54 per share for the fiscal year ended December 31, 2010, compared to €0.46 per share for the fiscal year ended December 31, 2009. The cash dividend was paid on June 16, 2011.

During the 2011 First Half Dassault Systèmes SA repurchased 3,079,920 common shares under the share repurchase program authorized by the Annual Shareholders' Meeting of May 27, 2010. 1,850,000 of these treasury shares were cancelled following a decision to decrease share capital made by the Board of Directors on March 25, 2011.

On July 1, 2011, Dassault Systèmes announced that it had been notified that, in accordance with Articles 787 B and 885 I bis of the French Tax Code, joint share lockup agreements had been entered into for a two-year period on June 21, 2011 by Groupe Industriel Marcel Dassault, Charles Edelstenne, Bernard Charlès and related persons. These agreements cover 34,029,003 Dassault Systèmes shares in total representing 27.6% of share capital and 38.9% of voting rights.

On July 18, 2011, Dassault Systèmes announced that it had been notified that, in accordance with Article 787 B of the French Tax Code, joint share lock-up agreements had been entered into for a two-year period on July 11, 2011 by Groupe Industriel Marcel Dassault, Charles Edelstenne and Bernard Charlès. These agreements cover 36,432,938 Dassault Systèmes shares representing 29.6% of share capital and 41.8% of voting rights.

These joint share lock-up agreements do not replace the joint share lock-up agreements entered into on December 22, 2010 (which were released on December 23, 2010), as the same shares can be the object of several joint lock-up agreements.

2.8 Outlook

Set forth below are the Company's updated 2011 non-IFRS financial objectives, as communicated on July 28, 2011, when the 2011 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.

Based upon the Company's full year 2011 financial objectives, it believes year-over- year growth rate comparisons for the second half of the year will be lower than the 2011 First Half principally reflecting the following factors: i) the impact of the IBM PLM acquisition on revenue as it only affected the first quarter of 2011; ii) one-time benefits to recurring software revenue in the 2010 Second Half from certain customers coming back under maintenance; iii) anticipated increased currency headwinds in the second half of 2011 compared to what the Company experienced in the 2011 First Half and iv) more demanding year over year comparisons for new licenses revenue as the business climate improved significantly beginning in the second half of 2010.

Such forward-looking statements are based on Dassault Systèmes management's current views and assumptions as of July 28, 2011 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. The Company's current outlook for 2011 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. In this regard, the impact of the earthquake of March 11, 2011, in Japan is difficult to evaluate at this time, but may be expected to have a negative impact on the Japanese economic recovery. Furthermore, due to factors affecting sales of the Company's products and services, 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 preparing such forward-looking statements, the Company has in particular assumed an average U.S. dollar to euro exchange rate of US$1.43 per €1.00 and an average Japanese yen to euro exchange rate of JPY117 to €1.00 for 2011; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates.

The non-IFRS objectives set forth below exclude the following accounting elements and are estimated based upon the 2011 currency exchange rate assumptions outlined below: deferred revenue write-downs currently estimated at approximately €1 million for 2011; share-based compensation expense currently estimated at approximately €15 million for 2011; and amortization expense for acquired intangibles currently estimated at approximately €80 million for 2011. 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 28, 2011 or any one-time tax effects.

- 2011 non-IFRS revenue growth objective range of about 11% to 12% in constant currencies (€1.70 to €1.72 billion based upon the 2011 currency exchange rate assumptions below);

- 2011 non-IFRS operating margin slightly in excess of 29%; and

- 2011 non-IFRS earnings per share (EPS) range of about €2.70 to €2.80.

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

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2011

CONSOLIDATED STATEMENTS OF INCOME

		Six months ended June 30,	
		2011	**2010**
(*in thousands, except per share data*)	**Notes**	(unaudited)	(unaudited)
New licenses revenue		€209,398	€161,534
Periodic licenses, maintenance and product development revenue		551,155	464,574
Software revenue	6	760,553	626,108
Services and other revenue		77,527	71,411
Total revenue		**838,080**	**697,519**
Cost of software revenue		(37,809)	(35,878)
Cost of services and other revenue		(85,864)	(70,058)
Research and development		(159,966)	(160,595)
Marketing and sales		(259,551)	(213,615)
General and administrative		(66,830)	(56,950)
Amortization of acquired intangibles		(41,796)	(27,395)
Other operating income and expense, net	9	(2,287)	(11,575)
Operating income		**183,977**	**121,453**
Financial revenue and other, net	10	3,720	1,431
Income from equity investees		722	1,007
Income before income taxes		**188,419**	**123,891**
Income tax expense		(60,243)	(37,469)
Net income		**€128,176**	**€86,422**
Attributable to:			
Equity holders of the Company		€128,133	€86,353
Non-controlling interest		€43	€69
Earnings per share			
Basic net income per share		€1.06	€0.73
Diluted net income per share		€1.03	€0.72

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	**Six months ended June 30, 2011 (unaudited)**	**Year ended December 31, 2010 (audited)**	**Six months ended June 30, 2010 (unaudited)**
Net income	**€128,176**	**€220,697**	**€86,422**
Available for sale securities	65	(11)	(12)
Derivative gains (losses) on cash flow hedges	9,668	(33,777)	(37,282)
Foreign currency translation adjustment	(83,288)	80,188	175,801
Tax on items taken directly to or transferred from equity	(3,372)	11,678	12,836
Other comprehensive income, net of tax	**(76,927)**	**58,078**	**151,343**
Total comprehensive income, net of tax	**€51,249**	**€278,775**	**€237,765**
Attributable to:			
Equity holders of the Company	€51,206	€278,622	€237,696
Non-controlling interest	€43	€153	€69

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

CONSOLIDATED BALANCE SHEETS

(in thousands) Assets	Notes	June 30, 2011 (unaudited)	December 31, 2010 (audited)
Cash and cash equivalents		€966,239	€976,482
Short-term investments		281,666	162,646
Trade accounts receivable, net	11	362,511	413,447
Income tax receivable		38,376	36,348
Other current assets		90,360	84,273
Total current assets		**1,739,152**	**1,673,196**
Property and equipment, net		69,947	66,395
Investments and other non-current assets		27,771	26,161
Deferred tax assets		71,344	72,766
Intangible assets, net	12	580,076	616,697
Goodwill	12	599,061	616,619
Total non-current assets		**1,348,199**	**1,398,638**
Total assets		**€3,087,351**	**€3,071,834**

Liabilities			
Trade accounts payable		€87,103	€93,169
Accrued compensation and other personnel costs		148,102	170,873
Unearned revenue		460,065	386,996
Income tax payable		21,327	21,819
Other current liabilities		111,509	102,252
Total current liabilities		**828,106**	**775,109**
Deferred tax liabilities		53,061	57,222
Borrowings	14	274,839	293,419
Other non-current liabilities		147,274	154,277
Total non-current liabilities		**475,174**	**504,918**
Common stock		123,243	121,332
Share premium		296,485	229,866
Treasury stock		(76,699)	(7,172)
Retained earnings and other reserves		1,600,016	1,529,721
Other items		(159,883)	(82,956)
Parent shareholders’ equity		**1,783,162**	**1,790,791**
Non-controlling interest		909	1,016
Total equity	15	**1,784,071**	**1,791,807**
Total equity and liabilities		**€3,087,351**	**€3,071,834**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Six months ended June 30,	
		2011	2010
(*in thousands*)	**Notes**	(unaudited)	(unaudited)
Net income attributable to equity holders of the Company		**€128,133**	**€86,353**
Non-controlling interest		43	69
Net income		128,176	86,422
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment		12,175	11,423
Amortization of intangible assets	12	43,671	29,393
Deferred income taxes		(6,718)	(19,730)
Non-cash share-based payment expense	7	7,761	10,054
Exchange loss on financial instruments		(1,999)	12,990
Other		1,428	(1,409)
Net cash from operations before changes in working capital		**184,494**	**129,143**
Changes in operating assets and liabilities:			
Decrease in trade accounts receivable		32,964	29,605
(Increase) in other current assets		(10,126)	(15,835)
(Decrease) increase in accounts payable and accrued expenses		(24,960)	29,603
(Decrease) increase in income tax payable		(3,274)	36,972
Increase in unearned revenue		94,595	46,163
Increase in other liabilities		7,659	9,922
NET CASH PROVIDED BY OPERATING ACTIVITIES		**281,352**	**265,573**
Proceeds from sale of property and equipment		143	721
Additions to property, equipment and intangibles		(22,300)	(20,115)
Purchases of short-term investments		(251,205)	(17,324)
Proceeds from sales and maturities of short-term investments		129,646	59,586
Payment for acquisition of businesses, net of cash acquired	5	(29,510)	(464,694)
Other		(2,655)	65
NET CASH USED IN INVESTING ACTIVITIES		**(175,881)**	**(441,761)**
Proceeds from exercise of stock-options		179,020	24,836
Cash dividends paid	15	(65,777)	(54,497)
Repurchase of common stock	15	(172,315)	(1,539)
Borrowings	14	-	115,042
Repayment of borrowings	14	(12,804)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		**(71,876)**	**83,842**
Effect of exchange rate changes on cash		(43,838)	92,594
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(10,243)**	**248**
Cash and cash equivalents at beginning of period		**976,482**	**939,057**
Cash and cash equivalents at end of period		**€966,239**	**€939,305**
SUPPLEMENTAL DISCLOSURE			
Income taxes paid		€32,291	€1,234
Cash paid for interest, net		€5,376	€5,013

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, 2010	**€118,368**	**€125,439**	**€(5,629)**	**€1,350,506**	**€(141,034)**	**€1,447,650**	**€1,113**	**€1,448,763**
Comprehensive income, net of tax	-	-	-	86,353	151,343	237,696	69	237,765
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**
Comprehensive income, net of tax	-	-	-	134,191	(93,265)	40,926	84	41,010
Exercise of stock-options	2,077	78,539	-	-	-	80,616	-	80,616
Treasury stock transactions	-	-	(4)	(5,629)	-	(5,633)	-	(5,633)
Share-based payments	-	-	-	9,038	-	9,038	-	9,038
Other changes	-	-	-	616	-	616	-	616
January 1, 2011	**€121,332**	**€229,866**	**€(7,172)**	**€1,529,721**	**€(82,956)**	**€1,790,791**	**€1,016**	**€1,791,807**
Comprehensive income, net of tax	-	-	-	128,133	(76,927)	51,206	43	51,249
Cash dividends paid	-	-	-	(65,627)	-	(65,627)	(150)	(65,777)
Exercise of stock-options	3,761	167,557	-	-	-	171,318	-	171,318
Treasury stock transactions	(1,850)	(100,938)	(69,527)	-	-	(172,315)	-	(172,315)
Share-based payments	-	-	-	7,761	-	7,761	-	7,761
Other changes	-	-	-	28	-	28	-	28
June 30, 2011 (unaudited)	**€123,243**	**€296,485**	**€(76,699)**	**€1,600,016**	**€(159,883)**	**€1,783,162**	**€909**	**€1,784,071**

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; industrial equipment; aerospace; 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 NYSE Euronext Paris. These consolidated financial statements were approved by the Board of Directors on July 27, 2011.

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, 2011 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 annual financial statements. They should be read in conjunction with the Company's financial statements as of December 31, 2010, 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 and all values are rounded to the nearest thousand 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, 2010:

- 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 2010.

New standards and interpretations effective beginning on January 1, 2011 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, 2012 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 effects. Historically, revenue, operating income and net income tend to be 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, 2011			
(in thousands)	**PLM**	**Mainstream 3D**	**Elim.**	**Total**
Revenue	€672,734	€165,504	€(158)	€838,080
Operating income	110,857	73,120	-	183,977

	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

NOTE 5. BUSINESS COMBINATIONS

INTERCIM

On March 17, 2011, the Company completed its acquisition of 82% of the outstanding common shares of Intercim LLC for cash consideration of approximately €24.7 million (including €2.5 million to be paid in 2012). As a result of this transaction, the Company increased its percentage of interest from 18% to 100%. Intercim LLC, a U.S.-based company, provides manufacturing and production operations management software solutions for advanced and highly regulated industries.

As a result of this transaction, a gain of €3.2 million on the previously held interest was recorded in financial revenue and other, net. The allocation of the purchase price resulted in €7.7 million of goodwill, which has been 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**	**Estimated weighted-average useful life**
Customer relationships	€1,786	14 years
Technology	21,143	11 years
Total amortizable intangible assets acquired	**€22,929**	

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

ENGINUITY

On March 21, 20011, the Company acquired 100% of Enginuity PLM for cash consideration of approximately €7.2 million. Enginuity PLM provides formula-based product PLM to formula-centric industries. This transaction resulted in €3.1 million of goodwill, which has been assigned to the PLM segment.

NOTE 6. SOFTWARE REVENUE

Software revenue is comprised of the following:

	Six months ended June 30,	
(in thousands)	**2011**	**2010**
New licenses revenue	€209,398	€161,534
Periodic licenses and maintenance revenue	550,088	464,299
Product development revenue	1,067	275
Software revenue	**€760,553**	**€626,108**

NOTE 7. SHARE-BASED PAYMENTS

As of June 30, 2011, compensation expense related to share-based payment awards of €7.8 million is recorded respectively in cost of services and other revenue for €0.3 million, in research and development for €3.7 million, in marketing and sales for €2.0 million, and in general and administrative for €1.8 million.

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.

A reconciliation of changes during the six months ended June 30, 2011 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, 2011	**3,750,964**
Granted	-
Vested	-
Forfeited	(11,367)
Unvested at June 30, 2011	**3,739,597**

As of June 30, 2011, total compensation cost related to unvested awards expected to vest but not yet recognized was €25.1 million, and the Company expects to recognize this expense over a weighted average period of 2.2 years.

NOTE 8. GOVERNMENT GRANTS

Government grants and other government assistance amounting to €15.3 million and €15.4 million were recorded as a reduction of research and development expenses as of June 30, 2011 and 2010, respectively. Government grants and other government assistance amounting to €2.1 million and €0.6 million were recorded as a reduction of cost of services and other revenue expenses as of June 30, 2011 and 2010, respectively.

NOTE 9. OTHER OPERATING INCOME AND EXPENSE, NET

(in thousands)	Six months ended June 30, 2011	2010
Acquisition costs [1]	€(331)	€(5,488)
Restructuring costs	-	(230)
Costs incurred in connection with relocation activities [2]	(618)	(302)
Other [3]	(1,338)	(5,555)
Other operating income and expense, net	**€(2,287)**	**€(11,575)**

(1) In 2010, transaction costs relating primarily to the acquisition of IBM PLM.

(2) Costs related to the relocation of certain of the Company's activities in connection with the decision to rationalize the organization of certain operational locations.

(3) In 2010, one-time integration costs relating to the acquisition of IBM PLM.

NOTE 10. FINANCIAL REVENUE AND OTHER, NET

Financial revenue and other, net for the six months ended June 30, 2011 and 2010 are as follows:

(in thousands)	Six months ended June 30, 2011	2010
Interest income [1]	€5,579	€2,925
Interest expense	(3,822)	(3,905)
Foreign exchange (losses) gains, net [2]	(3,127)	2,490
Other, net [3]	5,090	(79)
Financial revenue and other, net	**€3,720**	**€1,431**

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

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

(3) Includes a gain of €3.2 million on previously held interest in Intercim LLC and a gain of €1.8 million realized in conjunction with the sale of TransCAT AG.

NOTE 11. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable are measured at amortized cost.

(in thousands)	June 30, 2011	December 31, 2010
Trade accounts receivable	€370,710	€421,830
Allowance for trade accounts receivable	(8,199)	(8,383)
Trade accounts receivable, net	**€362,511**	**€413,447**

The maturities of trade accounts receivable, net, were as follows as of June 30, 2011 and December 31, 2010:

(in thousands)	June 30, 2011	December 31, 2010
Less than 3 months past due	€79,243	€60,972
3 to 6 months past due	21,779	17,384
More than 6 months past due	2,565	5,528
Trade accounts receivable past due	103,587	83,884
Trade accounts receivable not yet due	258,924	329,563
Total trade accounts receivable, net	**€362,511**	**€413,447**

NOTE 12. INTANGIBLE ASSETS, NET AND GOODWILL

Intangible assets as of June 30, 2011 and December 31, 2010 consist of the following:

	June 30, 2011			December 31, 2010		
(in thousands)	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Software	€407,031	€(216,248)	€190,783	€390,776	€(209,559)	€181,217
Customer relationships	524,546	(141,069)	383,477	551,330	(123,432)	427,898
Other intangible assets	19,737	(13,921)	5,816	20,642	(13,060)	7,582
Total intangible assets	**€951,314**	€(371,238)	**€580,076**	**€962,748**	€(346,051)	**€616,697**

The change in the carrying amount of intangible assets as of June 30, 2011 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	**Total intangible assets**
Net intangible assets as of January 1, 2011	**€181,217**	**€427,898**	**€7,582**	**€616,697**
Additions from business combinations	25,754	1,785	-	27,539
Other additions	4,516	-	160	4,676
Amortization for the period	(16,473)	(25,499)	(1,704)	(43,676)
Exchange differences	(4,231)	(20,707)	(222)	(25,160)
Net intangible assets as of June 30, 2011	**€190,783**	**€383,477**	**€5,816**	**€580,076**

The change in the carrying amount of goodwill as of June 30, 2011 is as follows:

(in thousands)	
Goodwill as of January 1, 2011	**€616,619**
Additions from business combinations	11,661
Exchange differences	(29,219)
Goodwill as of June 30, 2011	**€599,061**

NOTE 13. DERIVATIVES

Fair values

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

All financial instruments that relate to the Company's foreign currency hedging strategy usually have maturity dates of less than 19 months while the maturity of interest rate swap instruments is less than four years. Management believes that 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 2010 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 table below, the derivative instruments held by the Company are designated as accounting hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During the first half of 2011, the portion of hedging instruments' gains or losses excluded from the assessment of effectiveness and the ineffective portions of hedges amounted to €1.7 million (June 30, 2010: €(3.2) million) and was recorded in financial revenue and other, net in the statement of income.

No cash flow hedges were discontinued for the periods ended June 30, 2011 and June 30, 2010.

At June 30, 2011 and December 31, 2010, the fair value of instruments used to manage currency exposure was as follows:

(in thousands)	**June 30, 2011**		**December 31, 2010**	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Forward exchange contract Japanese yen/euros - sale (1)	€117,784	€(1,649)	€79,681	€(5,851)
Forward exchange contract Japanese yen/ U.S. dollars - sale(1)	26,579	(686)	30,124	(1,087)
Collars Japanese yen/euros (1)	46,004	297	78,650	(3,264)
Forward exchange contract Japanese yen/euros - purchase (2)	12,464	(181)	1,987	11
Forward exchange contract British pounds/euros - sale (2)	7,313	199	22,969	467
Forward exchange contract British pounds/euros - purchase (2)	2,770	(47)	554	(6)
Forward exchange contract U.S. dollars/euros - sale(2)	15,097	785	-	-
Forward exchange contract Canadian dollars/euros - purchase (2)	2,849	4	-	-
Forward exchange contract Swedish krona/euros - sale (2)	1,769	(13)	-	-
Forward exchange contract British pounds/euros – sale (3)	-	-	2,323	(102)

(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 expense in the statement of income.

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

Interest rate risk

In 2005, the Company entered into a five year, €200 million multicurrency revolving loan facility which bears interest at variable rates and which was extended for two additional years (see Note 14. Borrowings). 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 became 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.

Cash flow hedges related to the period from June 15, 2010 to September 15, 2010 were discontinued. Losses were recorded in financial expense in the statement of income for an amount of 0.2 million. No cash flow hedges were discontinued for the six month period ended June 30, 2011.

In June 2010, the Company entered into interest rate swap agreements for a total 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, 2011 and December 31 2010, the fair value of instruments used to manage interest rate risk was as follows:

(in thousands)	**June 30, 2011**		**December 31, 2010**	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swaps in euros (from 2010 to 2012)	€200,000	€(3,000)	€200,000	€(6,152)
Interest rate basis swaps in euros (from 2010 to 2012)	200,000	156	200,000	54
Interest rate swaps in Japanese yen (from 2010 to 2015)	99,785	(445)	120,110	(476)

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 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) 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.

The table below provides a breakdown of total borrowings by contractual maturity date as of June 30, 2011:

(in thousands)	**Payments due by period**				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Revolving loan facility in euro	€200,000	-	200,000	-	-
Term loan facility in Japanese yen	€99,785	24,946	49,893	24,946	-
Total	**€299,785**	**€24,946**	**€249,893**	**€24,946**	**€-**

NOTE 15. SHAREHOLDERS' EQUITY

Shareholders' equity

As of June 30, 2011, Dassault Systèmes had 123,243,708 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, 2011 and December 31, 2010.

Shareholders' equity includes foreign currency translation adjustment of €(179.3) and €(96.0) million as of June 30, 2011 and December 31, 2010, respectively.

Dividend Rights

A dividend on ordinary shares relating to the periods ended December 31, 2010 amounting to €65.6 million was paid in June 2011.

A dividend of €0.2 million was paid to non-controlling interests in 2011.

Stock repurchase programs

On May 26, 2011, the general meeting of shareholders authorized the Board to implement a share repurchase program limited to 10% of Dassault Systèmes' share capital. Under this authorization, the Company may not buy shares at a price exceeding €85 per share or above a maximum aggregate amount of €500 million. Under the Company's share repurchase program, Dassault Systèmes SA held 1,379,920 treasury shares out of which 1,229,920 were repurchased during the six month period ended June 30, 2011, for an aggregate amount of €69.5 million.

Components of other comprehensive income

	Six months ended June 30,	
(in thousands)	**2011**	**2010**
Cash flow hedges:		
Gains (losses) arising during the year	€9,377	€(40,531)
Less: reclassification adjustments for losses included in the income statement	(291)	(3,249)
	€9,668	€(37,282)
Available-for-sale financial assets:		
Gains (losses) arising during the year	€65	€(12)
Less: reclassification adjustments for gains (losses) included in the income statement	-	-
	€65	€(12)

NOTE 16. EVENTS AFTER THE REPORTING PERIOD

Effective July 1, 2011, the Company obtained the regulatory approvals required for the merger of the activities of its Indian subsidiary Delmia Solutions Private Limited into 3DPLM and increased its share in 3D PLM from 30% to 42%.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 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 ended June 30, 2011,
- 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, July 28, 2011

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Pierre Marty	Jean-François Ginies