DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT

June 30, 2012
Public limited liability company
Common stock, nominal value €1 per share: 125,059,208 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 30, 2012 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.

Table of Contents

s

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 26, 2012

"I hereby declare that, to the best of my knowledge, the 2012 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

2.1 Summary description of Dassault Systèmes

As used herein, "Dassault Systèmes", the "Company" or the "Group" refers to Dassault Systèmes SA and all the companies included in the scope of the consolidation. "Dassault Systèmes SA" refers only to the French parent company of the Group.

Dassault Systèmes, the **3D**EXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The group brings value to over 150,000 customers of all sizes, in all industries, in more than 80 countries.

The Company's software solutions and consulting services 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;
- capture and leverage information intelligence, whether from internal sources and/or from the Internet; and
- simulate their end-customers' experiences.

<u>History and Market Leadership</u>

Dassault Systèmes was established in 1981 through the spin-off of a small team of engineers from Dassault Aviation, which was developing software to design wind tunnel models and therefore reduce the cycle time for wind tunnel testing, using surfacing modeling in three dimensions ("3D"). The Company entered into a distribution agreement with IBM the same year and started to sell its software under the CATIA brand. With the introduction of its Version 3 release, the foundations of 3D modeling for product design were established in 1986.

Through its work with large industrial customers, the Company learned how important it was for them to have a software solution that would support the design of highly diversified parts in 3D. The growing adoption of 3D design for all components of complex products, such as airplanes and cars, triggered the vision for transforming 3D part design process to a systematic integrated product design. Version 4 ("V4") architecture was created, opening new possibilities to realize full digital mock-ups of any product. V4 helped customers reduce the number of physical prototypes and realize substantial savings in product development cycle times, and it made global engineering possible as engineers were able to share their ongoing work across the globe virtually.

In order to fulfill the mission to provide a robust product lifecycle management solution supporting the entire product lifecycle, the Company developed a new software platform, Version 5 ("V5"), 3D Product Lifecycle Management, spanning virtual design to virtual manufacturing, which it first introduced in 1999. In conjunction with its development plans around its V5 software platform the Company undertook a series of targeted acquisitions expanding its software applications portfolio offering to include digital manufacturing, realistic simulation, product data management and enterprise business process collaboration.

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 social collaboration.

Current Technology Platform: V6 for 3DExperience Platform

The Company's current technology platform is Version 6 ("V6"), for 3DExperience. First introduced in 2008, this next generation, online application platform is Dassault Systèmes' major step forward to harness social innovation from online communities and enable users to imagine, share and experience products in the universal language of 3D. Over the last few years, working closely with its largest customers, the Company has enriched its V6 platform with the addition of intelligent information search-based technologies, collaboration and social innovation capabilities and realistic 3D virtual experiences. With Version 6, the Company is expanding its presence in 12 industries, going from its core Automotive Aerospace and Industrial Equipement sectors to Life Science, Consumer Goods, Energy, Process & Utilities, Financial & Business Services and most recently adding Natural Resources with the initial foray into mining with the acquisition of Gemcom Software International ("Gemcom") and the creation of a new brand, GEOVIA. In order to accelerate its diversification, thanks to a deep understanding of each targeted industry, the Company recently reorganized to strengthen and expand its Industryfocused resources. The Company further enriched its social business applications with intelligent dashboarding technologies through its acquisition of Netvibes.

Industry Focus

The Company's software applications address a wide range of products, from apparel, consumer goods, machine parts and semiconductors to automobiles, aircraft, ships and factories. Its global customer base includes companies primarily in 11 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-tech; Architecture, Engineering & Construction; Consumer Goods – retail; Consumer Packaged Goods – retail; Life Sciences; Energy, Process & Utilities and Financial & Business Services. Most recently the Group added the Natural Resources industry following the acquisition of Gemcom in July 2012 (see section 2.7 Other corporate events), bringing the total number of industries served to 12. For its latest full fiscal year, the composition of end-user software revenue by major industry was approximately as follows: transportation & mobility about 31%, industrial equipment about 21%, aerospace & defense about 14%, financial & business services about 11% and new industries, including high tech, about 23% of end-user software sales in 2011. The Company sees opportunities for growth within all its targeted industries. It groups together the following sectors under New Industries: High-tech; Life Sciences; Consumer Goods -retail; Consumer Packaged Goods - retail; Architecture, Engineering & Construction; Energy, Process & Utilities as these are industries in which the Company is seeking to diversify its revenue mix and increase its market presence.

Business Segments

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 SOLIDWORKS market, which is primarily focused on product design.

Sales Channels and Educational Outreach

The Company's customer base is comprised of a wide range of companies, from start-ups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all its customers, the Company has developed three sales channels, with sales teams combining individuals with deep knowledge of their respective industries with brand specialists.

Sales to large companies and government entities are generally conducted through the Company's direct sales channel, the PLM Enterprise Business Transformation channel. Direct sales represented 57% of total revenue during 2011. The Company completed a major transformation of this sales channel, bringing sales to large customers entirely under its management, with the acquisition and integration of IBM PLM on March 31, 2010. Sales to small and mid-sized companies in the PLM market are generally conducted indirectly through the Company's PLM Value Solutions channel, a global network of value-added resellers ("VARs"). This channel represented 24% of the Company's total revenue in 2011. For the SolidWorks market, the Company has a second indirect channel, the Professional Channel, which is comprised of a network of VARs and distributors worldwide providing local training, services and support to customers. Sales through its Professional Channel represented 19% of the Company's total revenue in 2011.

In addition to its sales channels the Company is actively developing and expanding relationships with system integrators, including IBM Global Services, and more recently with Capgemini.

The Company has an active educational program with universities and schools around the world where its software is used as engineering learning tools.

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 2011 *Document de référence* filed with the *Autorité des Marchés Financiers* ("AMF", the French Financial Markets Authority) on March 29, 2012, under sections 4.1 "Risks Related to the Company's Business" and 4.2 "Market Risk". They include, but are not limited to the following risks:

- ***Uncertain global economic environment***

In light of the highly uncertain economic, business and social conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis, due in particular to the following factors:

– the deployment of a Product Lifecycle Management ("PLM") solution may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environments in which the customers operate. Uncertain global economic conditions and the lack of visibility 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 2012 takes into consideration, among other things, an uncertain macroeconomic outlook, but if global economic and business conditions further deteriorate, the Company's business results may not develop as currently anticipated and may decline below their earlier levels for an extended period of time. Furthermore, due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

The current economic context together with high exchange rate volatility and tighter credit conditions 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. In addition, the uncertain 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. Price pressure may have particularly negative consequences in geographic markets subject to inflation.

Finally, given the increased stresses on public finances, an increase in tax pressure resulting from either the modification or application of current tax structures, or the creation of new taxes could have a negative effect on the Company's business results.

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 business 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.

- ***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, and may in the future receive, letters of complaint 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 over time. 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.

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.

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

Security of internal systems and facilities

The Company's research and development ("R&D") facilities are computer-based and rely entirely on the proper functioning of complex software and integrated hardware systems. However, it is not possible to guarantee the uninterrupted operation and complete security of these systems. For example, the invasion of the Company's computer-based systems by either computer hackers or industrial pirates could interfere with their proper functioning and cause substantial damage, loss of data or delays in on-going research and development activities. Computer viruses, whether deliberately or unintentionally introduced, could also cause similar damage, loss or delays. As many of the Company's systems include advanced or state-of-the-art functionalities, computer bugs or design errors could also cause malfunctions.

In addition, because the Company's key facilities are located in a limited number of sites, including Japan and California, which may be exposed to earthquakes, substantial physical damage to any one of the Company sites, by natural causes or by attack or local violence, could materially reduce its ability to continue its normal business operations.

If any of these circumstances were to arise, the resulting damage, loss or delays could have a material negative impact on the Company's business, results of operations and financial condition.

The Company therefore maintains an IT security framework, including intrusion protection, data storage back-up and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see section 4.3 "Insurance" of the 2011 Annual Report).

Product errors or defects

Sophisticated software often contains errors, defects or other performance problems when first introduced or when new versions or enhancements are released. If the Company is not able to correct in a timely manner errors or defects discovered in its current or future products or provide an adequate response to its customers, the Company may need to expend significant financial, technical and management resources, or divert some of its development resources, to resolve or work around those defects. The Company may also incur an increase in its service and warranty costs.

Errors, defects or other performance problems in the Company's products may also result in the loss of, or delay in, the market acceptance of its products or postponement of customer deployment. Such difficulties could also cause the Company to lose customers and, particularly in the case of its largest customers, the potentially substantial associated revenues which would have been generated by its sales to companies participating in the customer's supply chain. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage the Company's own business reputation and cause the loss of new business opportunities.

Because errors, defects or other performance problems in the Company's software could result in significant financial or other damage to its customers, such customers could pursue claims against the Company. A product liability claim brought against Dassault Systèmes, even if not successful, would likely be time consuming for its management and costly to defend and could adversely affect the Company's marketing efforts.

To reduce the risk of product errors or defects, the Company carries out advanced testing on its new products, releases, and versions prior to market launch, sometimes in cooperation with carefully selected customers and partners.

The Company also subscribes to an "Errors & Omissions" insurance policy covering possible defects in its products, although insurance carried by the Company may only partially offset the cost of correcting significant errors (see section 4.3 "Insurance" of the 2011 Annual Report).

Please see the Company's 2011 *Document de référence*, filed with the AMF (the French Financial Markets Authority) on March 29, 2012, for a detailed discussion of the risk factors related to the following points:

- ***Currency fluctuations***
- ***Development of a new services offering for "cloud computing"***
- ***Retention of key personnel and executives***
- ***Rapidly changing and complex technologies***
- ***Competition and pricing pressure***
- ***Legal proceedings***
- ***Complex regulatory environment***
- ***Difficulties in relationships with extended enterprise partners***
- ***Organizational and management challenges arising from the evolution of the Company***
- ***International operations***
- ***Variability in quarterly operating results***
- ***Technology stock volatility***
- ***Shareholder base***
- ***Market risk***

2.3 General presentation

2.3.1 Basis of presentation of financial information

The summary below highlights selected aspects of the Company's financial results for the first half of 2012 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, 2012 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, 2011, 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 March 29, 2012.

The interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2011, 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 2011.

Other new standards and interpretations effective beginning on January 1, 2012 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, 2013 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 items included in financial income and other, net.

A reconciliation of this supplementary non-IFRS financial information with information set forth in the Company's consolidated financial statements and the notes thereto is presented below under "Supplemental Non-IFRS Financial Information" and a description of this supplemental non-IFRS financial information can be found in the Company's *Document de référence* for 2011.

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 "prior" period have first been recalculated using the average exchange rates of the comparable period in the current year, and then compared with the results of the comparable period in the current 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 new licenses revenue has varied significantly and is likely to vary significantly in the future. The Company's total revenue is subject to less quarterly variation due to the Company's significant level of recurring software revenue. As was evident during the 2009 global recession, the Company's high level of recurring software revenue acted as a stabilizing factor, helping to mitigate the impact of the significant decrease in new licensing activity on revenue and net income.

Nonetheless, it is possible that the Company's quarterly total revenue could vary significantly and that its net income could vary significantly 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 and number of larger software transactions occurring in the same quarter, 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, 2012 and 2011 and provides growth rates on an as reported basis and in constant currencies.

	First Half ended June 30,			
(in millions, except percentages)	**2012**	**2011**	**Variation**	**Variation in constant currencies**
Total Revenue	**965.3**	**838.1**	**15.2%**	**10%**
Total revenue by activity				
Software revenue	877.7	760.6	15.4%	10%
Services and other revenue	87.6	77.5	13.0%	8%
Total revenue by geography				
Europe	432.3	375.2	15.2%	14%
Americas	265.6	237.1	12.0%	4%
Asia	267.4	225.8	18.4%	11%
Total revenue by segment				
PLM revenue	765.4	672.6	13.8%	9%
SOLIDWORKS revenue	199.9	165.5	20.8%	14%

- IFRS and non-IFRS total revenue and software revenue growth reflected broad-based contributions from the Company's principal software brands. Services and other revenue growth principally reflected an increasing level of V6 services activities.

- Total IFRS and non-IFRS revenue increased 15%, respectively, on software revenue growth of 15% (IFRS and non-IFRS) and service revenue growth of 13%. Currency was a tailwind during the 2012 First Half increasing reported total IFRS and non-IFRS revenue growth rates by approximately 5 percentage points.

- IFRS operating income increased 26.4% to €232.6 million and the operating margin improved 210 basis points to 24.1%. On a non-IFRS basis, operating income increased 19.5% to €282.3 million. The non-IFRS operating margin improved 100 basis points to 29.2% for the 2012 First Half, principally reflecting operating leverage.

- Principally reflecting revenue growth and operating margin expansion, IFRS net income per diluted share increased 21.4% to €1.25 and non-IFRS net income increased 14.8% to €1.47 per share.

- The Company saw a strong increase in new business activity during the 2012 First Half, with new licenses revenue increasing 18.5% as reported and 13% in constant currencies as well as double-digit growth in rental licensing activity. From a regional perspective new licenses revenue growth was led by Asia and well supported by Europe, both delivering double-digit new licenses revenue growth as reported and in constant currencies. High growth countries had a mixed revenue performance during the 2012 First Half, growing 15.6% as reported and 6% in constant currencies led by China and Korea.

- For the 2012 First Half IFRS and non-IFRS recurring software revenue increased 13.7% and 9% in constant currencies reflecting new licenses activity and growth in rental licensing. The Company continued to experience high renewal rates on maintenance. Recurring software revenue represented a large majority of total software revenue, accounting for approximately 71% of total software revenue in the 2012 First Half compared to 72% in the 2011 First Half.

- IFRS and non-IFRS PLM software revenue increased 14% as reported and 9% in constant currencies, led by ENOVIA and Other PLM with non-IFRS software revenue growth of 19.2% and 18.3%, respectively, as reported and 13% and 12%, respectively, in constant currencies. CATIA new licenses revenue increased double-digits and its total non-IFRS software revenue increased 10.6% as reported and 7% in constant currencies.

- SOLIDWORKS software revenue increased 20.8% as reported and 14% in constant currencies on double-digit growth in new licenses revenue as well as recurring software revenue. New commercial seats licensed totaled 27,252, representing an increase of 13%.

2012 Business Outlook

The Company's full year financial objectives continue to incorporate a more cautious view on growth during the second half of the year, in particular, the fourth quarter, reflecting the uncertainty in the macroeconomic environment, see section 2.8 "2012 Outlook".

Other Financial Highlights

Net operating cash flow was €353.8 million for the First Half ended June 30, 2012, compared to €281.4 million for the 2011 First Half. During the 2012 First Half the Company sold short term investments for €86.9 million, net and used cash to fund acquisitions totaling €19.1 million, including Netvibes, distributed cash dividends aggregating €86.5 million and repurchased shares in the amount of €71.9 million to offset in part the dilutive effect from stock options exercised. Capital expenditures amounted to €23.7 million, including €20.6 million in fixed assets compared to €22.3 million, including €17.6 million in fixed assets in the 2011 First Half.

The Company ended the 2012 First Half with a net financial position of €1.39 billion, up from €1.15 billion at the end of 2011. The net financial position is comprised of cash, cash equivalents and short-term investments less long-term debt and less the €200 million debt which became short-term as of December 31, 2011. Cash and cash equivalents and short-term investments increased to €1.64 billion as of June 30, 2012, compared to €1.42 billion as of December 31, 2011.

Proceeds received from stock options exercised during the First Half of 2012 totaled €74.2 million compared to €179.0 million in the 2011 First Half which were principally in connection with the expiration of ten year stock option programs.

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 presented above in section 2.3.1 "Basis of presentation of financial information", 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 items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments. 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.

			For the First Half Ended June 30,				Increase (Decrease)	
(in millions, except percentages and per share data)	**2012 IFRS**	**Adjust-ment**	**2012 non-IFRS**	**2011 IFRS**	**Adjust-ment**	**2011 non-IFRS**	**IFRS**	**non-IFRS[2]**
Total Revenue	**€965.3**	**-**	**€965.3**	**€838.1**	**€0.4**	**€838.5**	**15.2%**	**15.1%**
Total revenue by activity								
Software revenue	877.7	-	877.7	760.6	0.4	761.0	15.4%	15.3%
Services and other revenue	87.6	-	87.6	77.5	-	77.5	13.0%	13.0%
Total revenue by geography								
Europe	432.3	-	432.3	375.2	-	375.2	15.2%	15.2%
Americas	265.6	-	265.6	237.1	0.1	237.2	12.0%	12.0%
Asia	267.4	-	267.4	225.8	0.3	226.1	18.4%	18.3%
Total revenue by segment								
PLM revenue	765.4	-	765.4	672.6	0.4	673.0	13.8%	13.7%
SOLIDWORKS revenue	199.9	-	199.9	165.5	-	165.5	20.8%	20.8%
Total Operating Expenses	**€(732.7)**	**€49.7**	**€(683.0)**	**€(654.1)**	**€51.9**	**€(602.2)**	**12.0%**	**13.4%**
Share-based compensation expense[1]	(10.5)	10.5	-	(7.8)	7.8	-	34.6%	-
Amortization of acquired intangibles	(43.3)	43.3	-	(41.8)	41.8	-	3.6%	-
Other operating income and expense, net	4.1	(4.1)	-	(2.3)	2.3	-	(278.3)%	-
Operating Income	**€232.6**	**€49.7**	**€282.3**	**€184.0**	**€52.3**	**€236.3**	**26.4%**	**19.5%**
PLM Operating income	144.6	49.7	194.3	110.9	52.1	163.0	30.4%	19.2%
SOLIDWORKS Operating income	88.0	-	88.0	73.1	0.2	73.3	20.4%	20.1%
Operating Margin	**24.1%**		**29.2%**	**22.0%**		**28.2%**		
PLM Operating margin	18.9 %		25.4%	16.5 %		24.2%		
SOLIDWORKS Operating margin	44.0%		44.0%	44.2%		44.3%		
Financial income (expense) and other, net	5.1	(2.4)	2.7	3.7	(5.0)	(1.3)		
Income before Income Taxes	**€237.7**	**€47.3**	**€285.0**	**€188.4**	**€47.3**	**€235.7**	**26.2%**	**20.9%**
Income tax expense	(79.2)	(19.3)	(98.5)	(60.2)	(17.0)	(77.2)	31.6%	27.6%
Minority interest	(2.1)	-	(2.1)	(0.1)	-	(0.1)		
Net Income attributable to shareholders	**€156.4**	**€28.0**	**€184.4**	**€128.1**	**€30.3**	**€158.4**	**22.0%**	**16.4%**
Diluted Net Income Per Share[3]	**€1.25**	**€0.22**	**€1.47**	**€1.03**	**€0.25**	**€1.28**	**21.4%**	**14.8%**

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

			For the First Half Ended June 30,			
(in millions)	**2012 IFRS**	**Adjustment**	**2012 Non-IFRS**	**2011 IFRS**	**Adjustment**	**2011 Non-IFRS**
Cost of software, services and other revenue	€(130.4)	€0.3	€(130.1)	€(123.7)	€0.3	€ (123.4)
Research and development	(179.3)	5.0	(174.3)	(160.0)	3.7	(156.3)
Marketing and sales	(310.5)	2.7	(307.8)	(259.5)	2.0	(257.5)
General and administrative	(73.3)	2.5	(70.8)	(66.8)	1.8	(65.0)
Total stock-based compensation expense	**(10.5)**	**10.5**	**-**	**(7.8)**	**7.8**	**-**

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

(3) *Based on a weighted average 125.5 million diluted shares for the 2012 First Half and 124.0 million diluted shares for the 2011 First Half.*

2.4 Financial review of operations as of June 30, 2012

2.4.1 Revenue

Total revenue increased 15.2% and 10% in constant currencies to €965.3 million in the 2012 First Half compared to €838.1 million in the 2011 First Half. Non-IFRS total revenue increased 15.1% and 10% in constant currencies to €965.3 million in the 2012 First Half compared to €838.5 million in the 2011 First Half. By region, Europe was the strongest contributor to the revenue increase with growth of 14% in constant currencies reflecting a good dynamic in a number of countries in the region, led by Germany. In Asia total revenue increased 11% in constant currencies principally reflecting strong growth in Korea, well supported by growth in China and improving results in Japan following the natural disasters in the 2011 First Half. In the Americas, total revenue increased 4% in constant currencies principally driven by growth in recurring software revenue and to a lesser extent new licenses revenue.

Total reported revenue and software revenue growth rates were higher than constant currency revenue growth by approximately 5 percentage points principally due to the Euro weakening approximately 8% against the US dollar and 10% against the Japanese yen. The average 2012 First Half US dollar to euro exchange rate was $1.30 compared to the 2011 First Half average of $1.40 per euro. With respect to the Japanese yen, the average 2012 First Half JPY to euro exchange rate was 103.3 compared to 115.0 in the year-ago First Half.

As a percentage of total revenue as reported, Europe represented 45% (45% in 2011 First Half), the Americas accounted for 27% (28% in 2011 First Half) and Asia represented 28% (27% in 2011 First Half).

2.4.1.1 Software revenue

Software revenue is comprised of new licenses revenue and periodic licenses, maintenance and product development revenue. Periodic licenses and maintenance revenue are referred to together as ‘‘recurring revenue’’.

The Company’s PLM products are mainly licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial fee for a perpetual license or (ii) periodic (rental) licenses, for which the customer pays equal periodic fees (generally equal) to keep the license active. Access to maintenance and product updates or upgrades requires the payment of a fee, which is recorded as maintenance revenue. 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.

	For the First Half Ended June 30,	
(in millions, except percentages)	**2012**	**2011**
Software revenue		
New licenses revenue	€248.2	€209.4
Periodic licenses, maintenance and product development revenue	629.5	551.2
Total software revenue	**€877.7**	**€760.6**
(as a % of total revenue)	90.9%	90.8%

For the 2012 First Half, IFRS software revenue increased 15.4% and 10% in constant currencies on broad-based contributions by brands, industries and sales channels. The increase in IFRS software revenue of €117.1 million was comprised of increases in new licenses revenue of €38.8 million and periodic licenses, maintenance, and product development revenue of €78.3 million. On a non-IFRS basis, software revenue increased 15.3% and 10% in constant currencies.

New licenses revenue growth was 18.5% as reported and 13% in constant currencies for the 2012 First Half. New licenses revenue represented 28.3% and 27.5% of total software revenue for the 2012 and 2011 First Half, respectively. All of the Company's principle brands grew new licenses revenue double-digits in constant currencies during the 2012 First Half, led principally by its largest brand, CATIA.

Recurring software revenue increased 13.7% as reported and 9% in constant currencies and totaled €625.7 million for the 2012 First Half, compared to €550.1 million in the 2011 First Half. The increase in recurring software revenue of €75.6 million principally reflected single-digit growth in maintenance from new licenses activity and double-digit growth in rental revenue. Maintenance renewal rates continued to be high stable. Recurring software revenue represented 71% and 72% of software revenue in the First Half of 2012 and 2011, respectively. Similarly, non-IFRS recurring software revenue increased 13.7% and 9% in constant currencies and totaled €625.7 million for the 2012 First Half compared to €550.5 million in the 2011 First Half.

Product development revenue totaled €3.8 million for the 2012 First Half compared to €1.1 million in 2011 First Half.

PLM software revenue increased 14% and 9% in constant currencies. Similarly, non-IFRS PLM software revenue increased 14.0% and 9% in constant currencies with double-digit growth in new licenses revenue and single-digit growth in periodic licenses and maintenance revenue, also in constant currencies.

IFRS and non-IFRS SOLIDWORKS software revenue increased 20.8% as reported and 14% in constant currencies, reflecting double-digit growth in both new license revenue and maintenance revenue. New SOLIDWORKS commercial seats licensed during the 2012 First Half increased 13% to 27,252 seats, compared to 24,021 in the 2011 First Half.

2.4.1.2 Services and other revenue

Services and other revenue is largely comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. 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)	**2012**	**2011**
Services and other revenue	**€87.6**	**€77.5**
(as a % of total revenue)	9.1%	9.2%

Services and other revenue increased 13.0% as reported and 8% in constant currencies principally due to growth of Version 6 service engagements.

2.4.2 Operating expenses

Operating expenses increased 12.0% or €78.6 million in the 2012 First Half compared to the 2011 First Half, principally driven by growth in total headcount and investments in branding and market awareness. Excluding the negative impact of currency of about 4 percentage points, operating expenses increased approximately 8%.

Specifically, total expense growth of €78.6 million was comprised of the following principal items: (i) a €51.0 million increase in marketing and sales expense, principally reflecting a significant increase in marketing costs for advertising, a 5% increase in average marketing and sales personnel costs including hirings, industry organization implementation as well as higher salaries, bonus and commissions; (ii) a €19.4 million increase in R&D principally reflecting a 6% increase in average R&D personnel and higher salaries and incentive compensation; (iii) an increase of €6.6 million in G&A principally reflecting average headcount growth of 8%, higher salaries and related benefits; (iv) an increase of €6.4 million in cost of software principally reflecting higher royalty fees; and (v) the positive contribution from Other operating income and expense, net of €6.3 million.

Non-IFRS operating expenses increased 13.4% or €80.8 million in the 2012 First Half in comparison to the 2011 First Half and excluding currency effects, increased approximately 9%.

	For the First Half Ended June 30,	
(in millions)	**2012**	**2011**
Operating expenses	**€732.7**	**€654.1**
Adjustments(1)	(49.7)	(51.9)
Non-IFRS operating expenses(1)	**€683.0**	**€602.2**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles, (ii) stock-based compensation expense, and (iii) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in its financial statements and the notes thereto, see section 2.3.3 "Supplemental non-IFRS Financial Information" above.

2.4.3 Operating income

	For the First Half Ended June 30,	
(in millions)	**2012**	**2011**
Operating income	**€232.6**	**€184.0**

For the 2012 First Half, operating income increased 26.4% or €48.6 million principally reflecting an increase in total revenue of 15.2% and operating leverage. The operating margin increased to 24.1% from 22.0% in the 2011 First Half, as the Company continued to focus on improving operational efficiencies.

Similarly, on a non-IFRS basis, operating income increased 19.5% to €282.3 million from €236.3 million in the prior year period and the non-IFRS operating margin increased to 29.2%, compared to 28.2% in the 2011 First Half.

2.4.4 Financial income (expense) and other, net

(in millions)	For the First Half Ended June 30, **2012**	 **2011**
Financial income (expense) and other, net	**€5.1**	**€3.7**

2012 First Half financial revenue and other, net was principally comprised of net financial interest income of €6.1 million (2011: €1.8 million), exchange losses of €(3.3) million (2011: €(3.1) million), and certain one-time items of €2.4 million related to the sale of an investment in the 2012 First Half and of €5.0 million in the 2011 First Half representing principally one-time gains of €3.2 million on the sale of a previously held interest. The increase in financial revenue, net primarily reflected higher interest income reflecting higher levels of cash invested, offset in part by lower one-time items.

On a non-IFRS basis, financial income (expense) and other, net totaled €2.7 million for the 2012 First Half compared to €(1.3) million in the 2011 First Half and excluded the one-time items in the 2012 and 2011 First Half, respectively.

2.4.5 Income tax expense

(in millions, except percentages)	For the First Half Ended June 30, **2012**	 **2011**
Income tax expense	**€79.2**	**€60.2**
Effective consolidated tax rate	33.3%	32.0%

Income tax expense increased by €19.0 million or 31.6%, principally due to the increase in pre-tax income of 26.2%. The consolidated effective tax rate increased 1.3 points, mainly due to higher local statutory tax rates, notably in France.

On a non-IFRS basis, the effective consolidated tax rate increased to 34.6% for the 2012 First Half compared to 32.8% for the 2011 First Half.

2.4.6 Net income and diluted net income per share

(in millions, except per share data)	For the First Half Ended June 30, **2012**	 **2011**
Net income attributable to shareholders	**€156.4**	**€128.1**
Diluted net income per share	€1.25	€1.03
Diluted weighted average shares outstanding	125.5	124.0

Diluted net income per share increased 21.4% principally reflecting an increase in operating income of 26.4% partially offset by an increase in the effective tax rate. Non-IFRS net income per diluted share increased 14.8% to €1.47 per share from €1.28 per share, principally reflecting an increase in non-IFRS operating income of 19.5% offset in part by a higher non-IFRS effective tax rate.

2.4.7 Cash flow

Net cash provided by operating activities amounted to €353.8 million for the 2012 First Half, compared to €281.4 million for the 2011 First Half.

Net cash provided by investing activities totaled €31.9 million for the 2012 First Half, primarily reflecting sales of short term investments for €86.9 million, net offset in part by capital expenditures for €23.7 million and by cash used to fund acquisitions, including Netvibes, totalling €19.1 million. For the 2011 First Half net cash used in investing activities totaled €175.9 million, with short term investments purchases of €121.6 million and cash paid for the acquisitions of Intercim and Enginuity.

Net cash used in financing activities was €98.2 million for the 2012 First Half, principally reflecting share repurchases in the amount of €71.9 million, and the payment of dividends for an aggregate amount of €86.5 million, offset by proceeds received from the exercise of stock options for €74.2 million. The cash dividend was paid on June 26, 2012. Net cash used in financing activities was €71.9 million in total for the 2011 First Half, with share repurchases of €172.3 million and cash dividends of €65.8 million reduced by €179.0 million in cash received from stock options exercised.

Cash and short-term investments totaled €1.64 billion and €1.25 billion and total short and long-term debt amounted to €286.9 million and €299.8 million at June 30, 2012 and June 30 2011, respectively.

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 March 29, 2012, in Chapter 19, “Related-Party Transactions”.

Related party transactions are described in the 2011 *Document de référence*. No new related party transactions occurred during the 2012 First Half with the exception of the sale of Transcat GmbH described in Note 8. Other operating income and expense, net in Chapter 3. Condensed Consolidated Financial Statements for the Half Year Ended June 30, 2012.

The transactions entered into with Dassault Aviation during the first six months of 2012 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 2012 First Half.

2.6 2012 First Half Business Highlights

Product and Technology Announcements

On June 20, 2012 Dassault Systèmes announced V6-Release-2013 of its **3D**EXPERIENCE Platform, bringing continued openness and industry-specific solutions to deliver rapid value across industry experience. This release delivers enhancements for all of the Company’s Brand Applications. V6-Release-2013 brings new capabilities to numerous industries such as aerospace and defense, transportation and mobility, marine and offshore, consumer goods and consumer packaged goods.

Acquisitions

On February 9, 2012, Dassault Systèmes acquired Netvibes, an award-winning dashboarding technologies company for approximately €21.2 million. Netvibes helps Fortune 500 brands, agencies and enterprises understand the real-time Web and everything inside and outside the organization with Dashboard Intelligence: dashboard technologies that connect everything together for better decision-making. Netvibes’ dashboard publishing platform and Universal Web App technology enable Social Enterprises to integrate all internal Enterprise platforms, databases and systems together with external cloud apps, social feeds and live sentiment from across the real-time Web, and deploy it seamlessly across all desktop and mobile platforms with native-like user interfaces.

On April 26, 2012, Dassault Systèmes announced the creation a new brand, GEOVIA, which aims to model and simulate the planet. As a first step in this initiative, Dassault Systèmes and Gemcom Software International, a leading software company in the mining industry, signed a definitive agreement pursuant to which Dassault Systèmes would acquire Gemcom Software International. The acquisition was completed on July 11, 2012 for cash consideration of approximately €292 million, less assumed liabilities. Gemcom now champions the further development of Dassault Systèmes' strategy of modeling the natural world, expanding 3DEXPERIENCE to Nature. Based upon the anticipated financial contribution of Gemcom in the 2012 second half, the acquisition is expected to be accretive to Dassault Systèmes non-IFRS earnings in 2012.

2.7 Other corporate events

On February 9, 2012, Dassault Systèmes announced the appointment of brand equity expert Monica Menghini to drive industry solutions and the new **3D**EXPERIENCE Value Creation Framework.

On June 7, 2012, at the Annual Shareholders' Meeting, shareholders approved the Board of Directors recommendation for a 30% increase in the annual cash dividend equivalent to €0.70 per share for the fiscal year ended December 31, 2011, compared to €0.54 per share for the fiscal year ended December 31, 2010. Since 2009, the Company has raised its annual cash dividend per share by 52%. The cash dividend was paid on June 26, 2012.

On June 15, 2012 in conjunction with its Capital Markets Day, Dassault Systèmes issued a press release reaffirming its 2014 financial growth target to more than double its non-IFRS EPS to about €3.70 to €4.00 in 2014 from €1.86 in 2009. The 2014 goal was first outlined on June 15, 2010.

During the 2012 First Half Dassault Systèmes SA repurchased 1 million common shares under the share repurchase program authorized by the Annual Shareholders' Meeting of May 26, 2011. 643,600 of these treasury shares have been earmarked for cancellation.

On July 6, 2012, Dassault Systèmes announced that it had been notified that, in accordance with Articles 787 B of the French Tax Code, a joint share lock-up agreement had been entered into for a period of at least two years on June 25 and June 26, 2012 by Groupe Industriel Marcel Dassault, Charles Edelstenne and Bernard Charlès. This undertaking globally covers 33,852,003 Dassault Systèmes shares in total representing 27.1% of the share capital and 40.1% of the voting rights based on the number of voting rights on May 31, 2012. This joint share lock-up agreement does not replace the joint share lock-up agreements entered into in 2010 and 2011, as the same shares can be the object of several joint lock-up agreements.

On July 11, 2012 Dassault Systèmes acquired Gemcom for cash consideration of approximately €292 million, less assumed liabilities (see section 2.6, "Acquisitions").

On July 25, 2012 Dassault Systèmes issued 23,412 new shares to compensate the contribution of 5% of the share capital of Dassault Data Services subsidiary, from Mr Edelstenne to Dassault Systèmes SA.

2.8 2012 Outlook

The Company's 2012 revenue growth objective incorporates the assumption that customers are continuing to make new investments in the Company's software applications, although it assumes a lower rate of new licenses revenue growth in constant currencies in 2012 compared to 2011. The revenue growth outlook assumes continued growth in recurring software revenue with maintenance renewal rates similar to current levels as well as continued growth in rental licensing activity.

At the same time, the Company's revenue growth objective for 2012 takes into consideration the uncertain economic context globally, including tighter credit markets which could cause extended sales cycles, postponements or cancellations in investment spending or reduced levels of investment spend by customers. In particular, since the inception of its initial 2012 financial objectives in February of this year, the Company has assumed that total revenue and new licenses revenue in the second half of the year will show a lower rate of growth year over year compared to that experienced in the 2012 First Half potentially reflecting increased uncertainty and slower rates of growth in GDP in various geographic regions.

The Company's updated 2012 non-IFRS financial objectives, including Gemcom, as communicated on July 26, 2012, are as follows:

- 2012 non-IFRS total revenue growth objective range of about 8% to 9% in constant currencies (€1.99 to €2.01 billion based upon the 2012 currency exchange rate assumptions below);

- 2012 non-IFRS operating margin of about 31%; and

- 2012 non-IFRS earnings per share (EPS) range of about €3.20 to €3.30, representing growth of 10% to 13% in comparison to 2011.

- These financial objectives are based upon an assumed average U.S. dollar to euro exchange rate of US$1.30 per €1.00 and an average Japanese yen to euro exchange rate of JPY107 to €1.00 for 2012.

The Company's financial objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below. The non-IFRS objectives set forth above exclude the following accounting elements and are estimated based upon the 2012 currency exchange rate assumptions outlined above: share-based compensation expense currently estimated at approximately €20 million for 2012; and amortization expense for acquired intangibles currently estimated at approximately €85 million for 2012. The above non-IFRS adjustments do not take into account the impact of the Gemcom acquisition, for which the accounting elements will be finalized and included in the Company's third quarter earnings announcement. These objectives do not include any impact from other operating income and expense, net, (comprised principally of acquisition, integration and restructuring expenses representing a €4.1 million gain in the 2012 First Half). These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings which may be completed after July 26, 2012 or any one-time tax effects.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on Dassault Systèmes management's current views and assumptions as of July 26, 2012 and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors including global economic and business conditions; changes in customers' investment plans or investment horizons; growth in market share by the Company's competitors; new product developments and technological changes; difficulties or adverse changes affecting the Company's partners or its relationships with its partners; errors or defects in the Company's products; and the realization of any risks related to the integration of any newly acquired company and in particular related to the integration of Gemcom Software International and internal reorganizations. The exchange rates mentioned above constitute a working hypothesis; currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates if actual exchange rates are different.

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, 2012

CONSOLIDATED STATEMENTS OF INCOME

		Six months ended June 30,	
		2012	**2011**
(*in thousands, except per share data*)	**Notes**	(unaudited)	(unaudited)
New licenses revenue		€248,180	€209,398
Periodic licenses, maintenance and product development revenue		629,544	551,155
Software revenue	5	877,724	760,553
Services and other revenue		87,553	77,527
Total revenue		**965,277**	**838,080**
Cost of software revenue		(44,343)	(37,809)
Cost of services and other revenue		(85,990)	(85,864)
Research and development		(179,301)	(159,966)
Marketing and sales		(310,496)	(259,551)
General and administrative		(73,339)	(66,830)
Amortization of acquired intangibles		(43,282)	(41,796)
Other operating income and expense, net	8	4,061	(2,287)
Operating income		**232,587**	**183,977**
Interest income, net	9	6,135	1,757
Other financial income and expense, net	9	(1,006)	1,963
Income from equity investees		-	722
Income before income taxes		**237,716**	**188,419**
Income tax expense		(79,229)	(60,243)
Net income		**€158,487**	**€128,176**
Attributable to:			
Equity holders of the Company		€156,356	€128,133
Non-controlling interest		€2,131	€43
Earnings per share			
Basic net income per share		€1.27	€1.06
Diluted net income per share		€1.25	€1.03

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	**Notes**	**Six months ended June 30,** **2012** (unaudited)	**2011** (unaudited)
Net income		**€158,487**	**€128,176**
Gains on available for sale securities	15	47	65
Derivative gains on cash flow hedges	15	2,788	9,668
Foreign currency translation adjustment		33,725	(83,288)
Tax on items taken directly to or transferred from equity		(1,549)	(3,372)
Other comprehensive income, net of tax		**35,011**	**(76,927)**
Total comprehensive income, net of tax		**€193,498**	**€51,249**
Attributable to:			
Equity holders of the Company		€194,779	€51,206
Non-controlling interest		€(1,281)	€43

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

CONSOLIDATED BALANCE SHEETS

(in thousands) **Assets**	**Notes**	**June 30, 2012** (unaudited)	**December 31, 2011** (audited)
Cash and cash equivalents		€1,461,330	€1,154,275
Short-term investments		182,633	268,693
Trade accounts receivable, net	10	431,036	494,341
Income tax receivable		52,467	65,020
Other current assets		81,802	74,384
Total current assets		**2,209,268**	**2,056,713**
Property and equipment, net		110,927	106,601
Investments and other non-current assets		34,994	28,619
Deferred tax assets		96,664	82,995
Intangible assets, net	12	572,275	593,866
Goodwill	12	665,173	647,990
Total non-current assets		**1,480,033**	**1,460,071**
Total assets		**€3,689,301**	**€3,516,784**
Equity and Liabilities			
Trade accounts payable		€91,512	€99,844
Accrued compensation and other personnel costs		165,726	183,849
Unearned revenue		578,704	492,036
Income tax payable		35,726	19,568
Borrowings, current	14	228,962	228,942
Other current liabilities		97,707	113,926
Total current liabilities		**1,198,337**	**1,138,165**
Deferred tax liabilities		59,086	59,350
Borrowings, non-current	14	57,925	72,355
Other non-current liabilities		170,482	163,255
Total non-current liabilities		**287,493**	**294,960**
Common stock		125,036	123,093
Share premium		333,781	263,875
Treasury stock		(99,997)	(36,524)
Retained earnings and other reserves		1,837,569	1,763,065
Other items		(8,893)	(47,316)
Parent shareholders' equity		**2,187,496**	**2,066,193**
Non-controlling interest		15,975	17,466
Total equity	15	**2,203,471**	**2,083,659**
Total equity and liabilities		**€3,689,301**	**€3,516,784**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Six months ended June 30,	
		2012	**2011**
(*in thousands*)	**Notes**	(unaudited)	(unaudited)
Net income		**158,487**	**128,176**
Adjustments for non-cash items	16	62,709	56,318
Changes in operating assets and liabilities	16	132,567	96,858
NET CASH PROVIDED BY OPERATING ACTIVITIES		**353,763**	**281,352**
Additions to property, equipment and intangibles		(23,727)	(22,300)
Purchases of short-term investments		(70,950)	(251,205)
Proceeds from sales and maturities of short-term investments		157,900	129,646
Payment for acquisition of businesses, net of cash acquired	11	(19,128)	(29,510)
Other		(12,191)	(2,512)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**31,904**	**(175,881)**
Proceeds from exercise of stock options		74,207	179,020
Cash dividends paid	15	(86,502)	(65,777)
Repurchase of common stock	15	(71,860)	(172,315)
Repayment of borrowings	14	(14,037)	(12,804)
NET CASH USED IN FINANCING ACTIVITIES		**(98,192)**	**(71,876)**
Effect of exchange rate changes on cash		19,580	(43,838)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**307,055**	**(10,243)**
Cash and cash equivalents at beginning of period		**1,154,275**	**976,482**
Cash and cash equivalents at end of period		**€1,461,330**	**€966,239**
SUPPLEMENTAL DISCLOSURE			
Income taxes paid		€35,718	€32,291
Cash paid for interest, net		€3,814	€5,376

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	Parent share-holders' equity	Non controlling interest	Total Equity
January 1, 2011	**€121,333**	**€229,865**	**€(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)	**€123,244**	**€296,484**	**€(76,699)**	**€1,600,016**	**€(159,883)**	**€1,783,162**	**€909**	**€1,784,071**
Comprehensive income, net of tax	-	-	-	161,051	112,567	273,618	139	273,757
Exercise of stock options	1,429	53,196	-	-	-	54,625	-	54,625
Treasury stock transactions	(1,580)	(85,805)	40,175	(7,172)	-	(54,382)	-	(54,382)
Share-based payments	-	-	-	9,529	-	9,529	-	9,529
Other changes	-	-	-	(359)	-	(359)	16,418	16,059
January 1, 2012	**€123,093**	**€263,875**	**€(36,524)**	**€1,763,065**	**€(47,316)**	**€2,066,193**	**€17,466**	**€2,083,659**
Comprehensive income, net of tax	-	-	-	156,356	38,423	194,779	(1,281)	193,498
Cash dividends paid	-	-	-	(86,292)	-	(86,292)	(210)	(86,502)
Exercise of stock options	1,943	69,906	-	-	-	71,849	-	71,849
Treasury stock transactions	-		(63,473)	(8,387)	-	(71,860)	-	(71,860)
Share-based payments	-	-	-	12,797	-	12,797	-	12,797
Other changes	-	-	-	30	-	30	-	30
June 30, 2012 (unaudited)	**€125,036**	**€333,781**	**€(99,997)**	**€1,837,569**	**€(8,893)**	**€2,187,496**	**€15,975**	**€2,203,471**

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS

The ‘‘Company’’ refers to Dassault Systèmes SA and its subsidiaries. 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; create, manufacture and maintain products more cost effectively; simulate their end-customers’ experiences; support product related business processes; and capture and leverage information intelligence, whether from internal sources and/or from the internet.

The Company’s global customer base includes companies primarily in 11 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-Tech; Architecture, Engineering & Construction; Consumer Goods – Retail; Consumer Packaged Goods – Retail; Life Sciences; Energy, Process & Utilities; and Financial & Business Services. Most recently the Group added the Natural Resources industry following the acquisition of Gemcom in July 2012 (see Note 17. Events After the Reporting Period), bringing the total number of industries served to 12. 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, Virtual Manufacturing and Production, Collaborative Innovation, Lifelike Experiences and Information Intelligence.

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 SOLIDWORKS 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 interim condensed consolidated financial statements were approved by the Board of Directors on July 25, 2012.

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, 2012 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, 2011, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the European Union.

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

Summary of Significant Accounting Policies

Except as described below, the interim condensed consolidated financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2011:

- 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 2011.

New standards and interpretations effective beginning on January 1, 2012 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, 2013 were not early adopted by the Company.

The Company's significant accounting policies are summarized in the notes to the annual consolidated 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 SOLIDWORKS segment. The PLM market serves customers seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance. The SOLIDWORKS 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, 2012			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Revenue	€765,538	€199,824	€(85)	€965,277
Operating income	144,605	87,982	-	232,587

	Six months ended June 30, 2011			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Revenue	€672,734	€165,504	€(158)	€838,080
Operating income	110,857	73,120	-	183,977

NOTE 5. SOFTWARE REVENUE

Software revenue is comprised of the following:

	Six months ended June 30,	
(in thousands)	**2012**	**2011**
New licenses revenue	€248,180	€209,398
Periodic licenses and maintenance revenue	625,744	550,088
Product development revenue	3,800	1,067
Software revenue	**€877,724**	**€760,553**

NOTE 6. SHARE-BASED PAYMENTS

Compensation expense related to share-based payments is recorded in the consolidated statements of income as follows:

(in thousands)	Six months ended June 30, 2012	 2011
Research and development	€(4,914)	€(3,738)
Marketing and sales	(2,687)	(1,995)
General and administrative	(2,561)	(1,797)
Cost of services and other revenue	(300)	(231)
Total compensation expense related to share-based payments	**€(10,462)**	**€(7,761)**

A reconciliation of changes during the six months ended June 30, 2012 of unvested options and free performance shares to which IFRS 2, "Share-based Payment" is applicable is as follows:

	Number of awards		
	Free performance shares	**Stock option plans**	**Total share-based payments**
Unvested at January 1, 2012	**706,400**	**2,976,600**	**3,683,000**
Granted	-	-	-
Vested	(150,000)	-	(150,000)
Forfeited	-	(35,300)	(35,300)
Unvested at June 30, 2012	**556,400**	**2,941,300**	**3,497,700**

As of June 30, 2012, total compensation cost related to unvested awards expected to vest but not yet recognized was €32.8 million, and the Company expects to recognize this expense over a weighted average period of 1.6 years, no later than September 29, 2015.

NOTE 7. GOVERNMENT GRANTS

Government grants and other government assistance were recorded in the consolidated statements of income as a reduction to research and development expenses and to cost of services and other revenue expenses, as follows:

(in thousands)	Six months ended June 30, 2012	 2011
Research and development	€12,934	€15,348
Cost of services and other revenue	1,050	2,091
Total government grants	**€13,984**	**€17,439**

Government grants include research and development tax credits received in France.

NOTE 8. OTHER OPERATING INCOME AND EXPENSE, NET

Other operating income and expense, net are comprised of the following:

(in thousands)	Six months ended June 30, 2012	2011
Gain on sale of subsidiary (1)	€8,460	€-
Restructuring costs (2)	(2,624)	-
Acquisition costs (3)	(1,957)	(331)
Costs incurred in connection with relocation activities	182	(618)
Other, net (4)	-	(1,338)
Other operating income and expense, net	**€4,061**	**€(2,287)**

(1) In 2012, includes a €8.5 million gain recognized following the sale of Transcat PLM GmbH, a consolidated entity, to a German holding company held by two of the directors of Transcat PLM GmbH and a member of Dassault Systèmes' senior management.

(2) In 2012, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Europe and the reorganization of one of its R&D labs in France.

(3) In 2012, transaction costs primarily relating to the acquisition of Gemcom Software International (see Note 17. Events after the Reporting Period).

(4) In 2011, included IBM PLM integration costs.

NOTE 9. INTEREST INCOME, NET AND OTHER FINANCIAL INCOME AND EXPENSE, NET

Interest income, net and other financial income and expense, net for the six months ended June 30, 2012 and 2011 are as follows:

(in thousands)	Six months ended June 30, 2012	2011
Interest income (1)	€10,730	€5,579
Interest expense	(4,595)	(3,822)
Interest income, net	**€6,135**	**€1,757**
Foreign exchange losses, net (2)	(3,370)	(3,127)
Other, net (3)	2, 364	5,090
Other financial income and expense, net	**€(1,006)**	**€1,963**

(1) The increase in interest income is due primarily to the increase in cash invested during the period.

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

(3) In 2012, mainly includes a gain of €2.4 million on a sale of investment. In 2011, mainly includes a gain of €3.2 million on previously held interests.

NOTE 10. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable are measured at amortized cost.

(in thousands)	**June 30, 2012**	**December 31, 2011**
Trade accounts receivable	€441,162	€503,827
Allowance for trade accounts receivable	(10,126)	(9,486)
Trade accounts receivable, net	**€431,036**	**€494,341**

The maturities of trade accounts receivable, net, were as follows as of June 30, 2012 and December 31, 2011:

(in thousands)	**June 30, 2012**	**December 31, 2011**
Less than 3 months past due	€78,206	€65,074
3 to 6 months past due	17,469	10,459
More than 6 months past due	8,032	6,910
Trade accounts receivable past due	**103,707**	**82,443**
Trade accounts receivable not yet due	327,329	411,898
Total trade accounts receivable, net	**€431,036**	**€494,341**

NOTE 11. BUSINESS COMBINATIONS

NETVIBES

On February 9, 2012, the Company completed its acquisition of 100% of Netvibes Ltd for cash consideration of approximately €21.2 million. Netvibes is an internet platform that offers dashboard intelligence technologies for the business world and consumers.

The allocation of the purchase price resulted in €5.9 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**
Technology	€13,000
Trademark	1,304
Total amortizable intangible assets acquired	**€14,304**

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.

NOTE 12. INTANGIBLE ASSETS, NET AND GOODWILL

Intangible assets consist of the following:

	June 30, 2012			December 31, 2011		
(in thousands)	**Gross**	Accumulated amortization	**Net**	**Gross**	Accumulated amortization	**Net**
Software	€455,418	€(258,495)	€196,923	€440,414	€(244,190)	€196,224
Customer relationships	579,583	(209,422)	370,161	574,294	(181,750)	392,544
Other intangible assets	21,466	(16,275)	5,191	20,969	(15,871)	5,098
Total intangible assets	**€1,056,467**	€(484,192)	**€572,275**	**€1,035,677**	€(441,811)	**€593,866**

The change in the carrying amount of intangible assets as of June 30, 2012 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	**Total intangible assets**
Net intangible assets as of January 1, 2012	**€196,224**	**€392,544**	**€5,098**	**€593,866**
Netvibes acquisition	13,000	-	1,304	14,304
Other additions	3,196	-	-	3,196
Amortization for the period	(17,312)	(27,143)	(1,258)	(45,713)
Exchange differences	1,815	4,760	47	6,622
Net intangible assets as of June 30, 2012	**€196,923**	**€370,161**	**€5,191**	**€572,275**

The change in the carrying amount of goodwill as of June 30, 2012 is as follows:

(in thousands)	
Goodwill as of January 1, 2012	**€647,990**
Netvibes acquisition	5,885
Exchange differences	11,298
Goodwill as of June 30, 2012	**€665,173**

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 foreign currency hedging strategy of the Company usually have maturity dates of less than 24 months when the maturity of interest rate swap instruments is less than three years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

The Company's policy with respect to market risks is described in the 2011 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 2012, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil (June 30, 2011: €1.7 million, recorded in Other financial income and expense, net in the statement of income).

At June 30, 2012 and December 31, 2011, the fair value of instruments used to manage currency exposure was as follows:

(in thousands)	**June 30, 2012**		**December 31, 2011**	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Forward exchange contract Japanese yen/euros - sale (1)	€189,455	€(10,851)	€212,141	€(18,105)
Forward exchange contract Japanese yen/ U.S. dollars - sale(1)	26,720	(965)	16,099	(909)
Collars Japanese yen/euros (1)	-	-	14,909	(1,293)
Forward exchange contract U.S. dollars/Indian rupees - sale(1)	50,389	(7,744)	3,626	(439)
Forward exchange contract U.S. dollars/ euros - sale (2)	25,997	(246)	-	-
Forward exchange contract British pounds/euros - sale (2)	24,490	191	5,673	18
Forward exchange contract Japanese yen/euros - sale(2)	-	-	9,385	165
Forward exchange contract Japanese yen/ Chinese yuan - sale(2)	-	-	248	9
Forward exchange contract Japanese yen/ U.S. dollars - sale(2)	-	-	15	5

(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 Other financial income and expense, net in the statement of income.

Interest rate risk

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility which bears interest at variable rates and which was extended for two additional years (see Note 14. Borrowings). 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 fix the underlying interest payable at 3.18% and 2.98% starting September 15, 2010 and continuing through December 3, 2012. In April 2010, the Company entered into interest rate basis swap agreements for a nominal amount of €200 million converting variable rates at Euribor 3 months into Euribor 1 month.

In June 2010, the Company entered into interest rate swap agreements for a 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, 2012 and December 31 2011, the fair value of instruments used to manage interest rate risk was as follows:

(in thousands)	**June 30, 2012**		**December 31, 2011**	
	Nominal amount	**Fair value**	**Nominal amount**	**Fair value**
Interest rate swaps in euros	€200,000	€(1,928)	€200,000	€(3,405)
Interest rate basis swaps in euros	200,000	(62)	200,000	(188)
Interest rate swaps in Japanese yen	86,887	(395)	101,297	(446)

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, with repayment due in December of 2012.

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, 2012:

(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	86,887	28,962	57,925	-	-
Total	€286,887	€228,962	€57,925	€-	€-

NOTE 15. SHAREHOLDERS' EQUITY

Shareholders' equity activity

As of June 30, 2012, Dassault Systèmes had 125,035,797 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, 2012 and December 31, 2011.

Shareholders' equity includes foreign currency translation adjustment of €(23.0) and €(56.7) million as of June 30, 2012 and December 31, 2011, respectively.

Dividend Rights

A dividend on ordinary shares relating to the period ended December 31, 2011 amounting to €86.3 million was paid in June 2012.

A dividend of €0.2 million was paid to non-controlling interests in 2012.

Stock repurchase programs

The general meeting of shareholders authorized the Board to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €85 per share or above a maximum aggregate amount of €500 million. Under the Company's share repurchase program, the Company held 1,500,000 treasury shares out of which 1,000,000 were repurchased during the six month period ended June 30, 2012, for an aggregate amount of €71.9 million.

Components of other comprehensive income

	Six months ended June 30,	
(in thousands)	**2012**	**2011**
Cash flow hedges:		
(Losses) gains arising during the year	€(4,893)	€9,377
Less: reclassification adjustments for losses included in the income statement	(7,681)	(291)
	€2,788	**€9,668**
Available-for-sale financial assets:		
Gains arising during the year	€47	€65
Less: reclassification adjustments for gains (losses) included in the income statement	-	-
	€47	**€65**

NOTE 16. CONSOLIDATED STATEMENTS OF CASH FLOWS

Adjustments for non-cash items consist of the following:

		Six month ended June, 30	
(in thousands)	**Notes**	**2012**	**2011**
Depreciation of property and equipment		€16,125	€12,175
Amortization of intangible assets	12	45,713	43,671
Deferred income taxes		(13,164)	(6,718)
Non-cash share-based payment expense	6	10,462	7,761
Other		3,573	(571)
Adjustments for non-cash items		**€62,709**	**€56,318**

Changes in operating assets and liabilities consist of the following:

		Six month ended June, 30	
(in thousands)	**Notes**	**2012**	**2011**
Decrease in trade accounts receivable		€66,910	€32,964
Increase (Decrease) in accounts payable		5,944	(5,314)
(Decrease) in accrued compensation		(29,169)	(19,646)
Increase (Decrease) in income tax payable		30,100	(3,274)
Increase in unearned revenue		84,827	94,595
(Decrease) in other assets and liabilities		(26,045)	(2,467)
Changes in operating assets and liabilities		**€132,567**	**€96,858**

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

In April 2012, the Company and Gemcom Software International (Gemcom), a leading software company in the mining industry, signed a definitive agreement whereby the Company would acquire Gemcom. The Company completed the acquisition on July 11, 2012 for total cash consideration of approximately €292 million, less assumed liabilities. This acquisition contributes to expand the Company's 3DEXPERIENCE platform to the world of nature.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2012 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, 2012,
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

Neuilly-sur-Seine and Paris-La Défense, July 26, 2012

The Statutory Auditors

French original signed by

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