DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT

June 30, 2014
Public limited liability company
Share capital: 127,861,749 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 28, 2014 in accordance with Article L.451-1-2 III of the French Monetary and Financial Code.
Only the French version of the Half Year Report is legally binding.

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1 RESPONSIBILITY

1.1 Person Responsible for the Half Year Financial Report

Bernard Charlès, President and Chief Executive Officer.

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

Vélizy-Villacoublay, July 24, 2014

“I hereby declare that, to the best of my knowledge, the 2014 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

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

2.1 Summary description of Dassault Systèmes

Overview

Dassault Systèmes, the **3D**EXPERIENCE® company, provides end to end software applications and services, designed to support companies' innovation processes to drive successful end-customer experiences. The Company's software applications and services span design from early 3D digital conceptual design drawings to full digital mock-up, from virtual testing of products and virtual production to manufacturing operations management and from digital marketing and sales to end-consumer shopping experience. The Group brings value to over 190,000 customers of all sizes, in all industries, in more than 140 countries. Dassault Systèmes is the world leader of the global Product Lifecycle Management ("PLM") market (design, simulation, manufacturing, collaboration) based upon end-user software revenue (source: CIMdata), a position which it has held since 1999.

Dassault Systèmes' corporate mission is to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life. A growing number of companies in all industry verticals are evolving their innovation processes to imagine the future both with, and for, their end-consumers. Dassault Systèmes, with its **3D**EXPERIENCE platform leveraging its V6 architecture, provides the "linkage" between designers, engineers, marketing managers and other disciplines, enabling decision-makers to create the value that their ultimate consumers are seeking. The Company's **3D**EXPERIENCE portfolio is designed to support 3D realistic virtual experiences representing usage of future products, and is comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications.

In connection with the Company's introduction of its **3D**EXPERIENCE strategy in 2012 and reflecting its broad software applications capabilities, the Company has organized itself along three axis: (i) a go-to-market strategy centered on an industry-focused set of offerings, "Industry Solution Experiences" based upon industry process experiences with processes incorporating the Company's underlying software applications portfolio and services; (ii) a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs; and (iii) a global-local organization in order to leverage its global strengths, while at the same time ensuring a strong local understanding and operations.

3DEXPERIENCE Business Platform

In February 2014, the Company introduced its new **3D**EXPERIENCE platform on premise and on the Cloud offerings for companies of all sizes. The on premise offering includes 41 Industry Process Experiences and 183 processes while the initial Cloud offering is comprised of 14 Industry Process Experiences and 60 processes.

The **3D**EXPERIENCE **Process Portfolio On Premise** expands capabilities already available on the V6 portfolio and unifies the user experience for all Processes and Industries. Built to answer customer- and industry-specific needs for ease of use and lower training costs, the open architecture allows customization and the integration of customer data into a single environment. It provides a single source for truth by integrating all data required to create a Process experience while eliminating costly IT operations, such as database replication.

The **3D**EXPERIENCE R2014x is available to all Version 6 customers as a release update, and migration paths are available to the Version 5 installed base.

The **3D**EXPERIENCE **Process Portfolio On Cloud** is offered as Software as a Service (SaaS) on a public Cloud to provide increased flexibility and fast deployment. In addition to offering the same software applications which are also available on premise for a broad portfolio of 60 Processes, it includes the operation of the Cloud environment. Total cost of ownership is improved by reducing requirements for computing and storage, as well as facility and human resources costs.

A single compass-like interface – the 3D Compass – provides easy-to-use navigation, search, and collaboration in the **3D**EXPERIENCE platform environment that is extensible to any discipline in a company – engineering, manufacturing, simulation, sales, marketing, finance, procurement, and management.

3DEXPERIENCE Software Applications Portfolio

The Company's **3D**EXPERIENCE software applications portfolio is designed to enable the powering of 3D realistic virtual experiences and is comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications.

Since its inception, the Company has focused on creating a portfolio of leading software brands, each focused on a specific critical application market. The Company continues to develop its brands and create new brands to expand its addressable market, and, in addition, has begun the introduction of Industry Solution Experiences. As noted above herein, these solutions are designed on an industry-by-industry basis, and are designed to trigger and connect the value created by each discipline in an industry to ensure that the company value stream is not interrupted.

Dassault Systèmes' investments in research and development as well as targeted acquisitions enable the Company to deepen and broaden its offerings for customers as well as to bring its significant assets to help advance innovation in other target domains and industries. These investments advance the Company's brand portfolio and may lead to the introduction of new brands. Its application coverage has enabled the Company to expand its addressable market to reach new industries, domains and key business processes within the industries served.

Dassault Systèmes believes that its leadership of the global PLM market reflects the fact that it has developed the largest 3D PLM software applications portfolio in the world with leadership positions in 3D design, simulation, digital manufacturing and production and business process management. With the addition of information intelligence, social collaboration and realistic 3D virtual experiences capabilities, the Company is positioned to work with companies from ideation to consumer experience and across departments from research and development, engineering, testing, manufacturing and governance to marketing and sales.

The Company's software applications are focused on helping customers address many of their most critical product issues:

- Innovation to create strong customer experiences;
- Product quality;
- Time-to-market;
- Globalization (design/manufacture anywhere);
- Supply chain collaboration;
- Regulatory compliance;
- IP protection;
- Manufacturing efficiency; and
- Social innovation.

History and Development

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 ("V3") architecture in 1986, the foundations of 3D modeling for product design were established.

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 into a systematic integrated product design. The Version 4 ("V4") architecture was created, opening new possibilities to realize full digital mock-ups ("DMU") of any product. The V4 architected software solutions 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 3D PLM solution supporting the entire product lifecycle from virtual design to virtual manufacturing, the Company developed and introduced its next software architecture in 1999, Version 5 ("V5"). In conjunction with its development plans around its strategy and product portfolio development plans, 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.

Building upon its work in 3D, DMU, and PLM, and in conjunction with the evolution it began to see among its clients in different industry verticals, the Company unveiled in 2012 its next horizon, **3D**EXPERIENCE, designed to support its customers in their innovation processes to deliver truly rewarding experiences for their end users. The Company also expanded its purpose to encompass the harmonization between products, nature and life and moved to an industry go to market strategy. The **3D**EXPERIENCE platform is a business platform which can be used on premise or online, in a public or private Cloud leveraging the Company's technology architecture Version 6 ("V6"). During 2013 the Company undertook an initial limited launch of its new platform, new user interface, the IFWE Compass, and initial Cloud offerings followed by a general availability release in February 2014.

Technology

Dassault Systèmes has a substantial commitment to technological innovation. Important areas of investment in R&D include, among others, the **3D**EXPERIENCE platform foundations and services, Modeling Technologies (3D, systems engineering, natural resources and biosystems), 'Virtual+Real' technologies (for product, production and usage, realistic simulation), intelligent information technologies (indexing and dashboarding) and connectivity technologies (for social and structured collaboration). Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its solution with native Cloud and mobility solutions.

Industries Served

The Company's global customer base includes companies primarily in 12 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; Financial & Business Services; and Natural Resources.

For its latest full fiscal year 2013, the composition of end-user software revenue by major industry or industry grouping was approximately as follows: Transportation & Mobility about 29%; Industrial Equipment about 19%; Aerospace & Defense about 14%; Business Services about 12%; and 26% for Other Target Industries, including Marine & Offshore.

Sales and Marketing

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 and distribution channels, with sales teams combining individuals with deep knowledge of their respective industries with brand and domain specialists. No single customer or sales channel partner represented more than 3% of the Company's total revenue in 2013 and 2012.

- Sales to large companies and government entities are generally conducted through the Company's direct sales channel, the 3DS *Business Transformation channel*. Direct sales represented 56% of total revenue in 2013 and 2012;

- Sales to small and mid-sized companies are conducted indirectly through the Company's 3DS *Value Solutions channel*, a global network of value-added resellers with Industry specialization. This channel represented 24% of the Company's total revenue in 2013 and 2012;

- Volume unit sales are conducted through the 3DS *Professional channel*, which is composed of a network of value-added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 20% of the Company's total revenue in both 2013 and 2012, and were comprised of principally SOLIDWORKS branded products.

In addition to its sales channels the Company is actively developing and expanding relationships with leading global and regional system integrators with industry and domain expertise.

Dassault Systèmes solutions are used in nearly 35,000 schools around the world for teaching and/or research purposes with an estimated 3.5 million students taught with and on the Company's solutions. Dassault Systèmes is also one of the founders of key academic associations such as the Global & European Engineering Deans Councils, the International Federation of Engineering Education Societies or the Cartagena Network of Engineering, and works hand-in-hand with teachers all over the world to develop innovative pedagogical **3D**Experiences which help train the engineers of the future and more broadly contribute to improving the learning experience through enhanced teaching methods.

2.2 Risk factors

The main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2014 are presented in Section 1.6 "Risk Factors" of the Company's 2013 *Document de référence* filed with the *Autorité des marchés financiers* ("AMF", the French Financial Markets Authority) on March 28, 2014, with the exception of foreign currency and interest rate risks which are updated in Note 13 of the Company's half year consolidated condensed financial statements under Chapter 3 of this Half Year Report.

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 2014 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 condensed consolidated financial statements and the related notes included under Chapter 3 of this Half Year Report.

The interim condensed consolidated financial statements for the six months ended June 30, 2014 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 consolidated 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, 2013, prepared in accordance with IFRS as adopted by the European Union and published in the Company's 2013 *Document de référence* filed with the AMF (the French Financial Markets Authority) on March 28, 2014.

The interim financial statements were prepared based on the same accounting policies as those applied in the consolidated financial statements as of December 31, 2013 except for specific standards applicable to interim financial reporting and for new standards, amendments to existing standards and interpretations effective beginning on January 1, 2014:

- 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 the half year 2014;

- The Group has adopted IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements", and IFRS 12 "Disclosures of interests in other entities", mandatory for financial years beginning on or after January 1, 2014. The adoption of these standards had no material impact on the Company's consolidated financial statements.

Other new standards, amendments to existing standards and interpretations effective beginning on January 1, 2014 did not have a significant impact on the financial position and results of operations of the Company. New standards, amendments to existing standards and interpretations effective beginning on January 1, 2015 were not early adopted by the Company.

In discussing and analyzing its results of operations, the Company considers supplemental non-IFRS financial information which adjusts the Company's IFRS financial information to exclude:

- the deferred revenue adjustment of acquired companies;

- amortization of acquired intangibles, including amortization of acquired technology;

- share-based compensation expense;

- other operating income and expense, net;

- certain one-time items included in financial income and other, net; and

- certain one-time tax effects.

A reconciliation of this supplemental non-IFRS financial information with information set forth in the Company's consolidated condensed financial statements and the notes thereto is presented below in section 2.3.3 "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 2013.

When the Company believes it would be helpful for understanding trends in its business, it restates percentage increases or decreases in selected financial data to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed below "in constant currencies", the results of the prior year have first been recalculated using the average exchange rates of the most recent year, and then compared with the results of the most recent year. 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 according to business seasonality and clients' decision process. The Company's total revenue is, however, less sensitive to quarterly variation due to its significant level of recurring software revenue, which serves as a stabilizing factor when new licensing activity is impacting revenue and net income.

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. Software revenue, total revenue, operating income, operating margin and net income have generally been highest in the fourth quarter of each year.

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.

2.3.2 Summary overview

The table below sets forth the Company's revenue by type and geographic region for the half years ended June 30, 2014 and 2013 and provides growth rates on an as reported basis and in constant currencies.

(in millions, except percentages)	**First Half ended June 30,**			
	2014	**2013**	**Variation**	**Variation in constant currencies**
Total Revenue	**€1,059.0**	**€1,007.3**	**5.1%**	**9%**
Total revenue by type				
Software revenue	945.2	920.9	2.6%	7%
Services and other revenue	113.8	86.4	31.7%	36%
Total revenue by geography				
Europe	490.7	446.5	9.9%	11%
Americas	295.3	278.8	5.9%	11%
Asia	273.0	282.0	(3.2%)	6%

First Half 2014 Review (all revenue growth comparisons are in constant currencies)

<u>Summary Overview</u>

Overall, the Company has seen an improving business environment during the 2014 First Half compared to the 2013 First Half and 2013 more generally. In addition, since the introduction two years ago of **3D**EXPERIENCE and its Social Industry Experience strategy, the Company has undergone a deep transformation in its go-to-market strategy, in the packaging of its software applications, and in its regional organization structure to better position itself on the estimated $32 billion market opportunity it sees. See also Section 2.1 Summary Description of Dassault Systèmes.

More specifically, key research and development releases, brand addressable market expansions and organizational strengthening during the first six months of the year included:

- First, in February 2014, the Company announced the general availability of its major new release, the **3D**EXPERIENCE platform based on the V6 architecture with its Release 2014x. With this release it introduces a platform, new User Interface, Industry Solution Experiences and Industry Solution Processes for use on premise, on the Cloud or both with a streamlined set of industry processes experiences, and with Cloud availability covering approximately one-third of the processes available as part of Release 2014x;

- Second, aligned with the Company's expanded mission to provide innovative solutions to harmonize product, nature and life, it introduced a new brand, BIOVIA, in the domain of Life and Material Sciences where Dassault Systèmes can offer to clients a vast portfolio of applications and a collaborative platform, enabling them to manage their scientific innovation thanks to the recent acquisition of Accelrys Inc ("Accelrys") and bio-intelligence investments;

- Third, aligned with its growth drivers, in particular expanding its presence across the enterprise, the Company also unveiled its strategy, based upon the recently acquired Realtime Technologies AG ("RTT") company, to provide digital marketing to customers in core industries and in other verticals;

- Fourth, the Company expanded its worldwide executive management team and continued to align its business on its Social Industry Experience strategy, resulting in further strengthening of both its local regional geographic and sales organizations as well as global organization to address a much broader market opportunity.

<u>Financial Overview</u>

Along with the advancement of its strategic initiatives and business, the Company's financial performance has strengthened, with a re-acceleration of organic new licenses revenue growth during the 2014 First Half and strong software maintenance renewals trends. In addition, the Company's software revenue benefited from the addition of several acquisitions, including Apriso commencing in July 2013, RTT in January 2014, and Accelrys in April 2014, as well as smaller acquisitions. Services and other revenue benefited from acquisitions and the service margin improved significantly reflecting both acquisitions as well as internal efforts.

Due, however, to the significant currency headwinds in the 2014 First Half and the lapse of currency hedges, the difference between reported growth rates for revenue and revenue growth rates excluding currency effects is quite significant.

- Total revenue increased 5.1% as reported while in constant currencies revenue increased 9%. And on a non-IFRS basis total revenue increased 6.2% while it increased 12% in constant currencies;

- On a regional basis, the impact of currency has been more pronounced. In Asia revenue decreased 3.2%, while excluding currency effects, revenue increased 6%. In the Americas reported revenue growth was 5.9% compared to constant currency revenue growth of 11%. In Europe, where most of its business is conducted in the euro, the Company was less negatively impacted with revenue growth of 9.9% and 11% excluding currency effects;

- With respect to the Japanese yen, the average 2014 First Half JPY to euro exchange rate was 140.4 compared to 125.5 in the 2013 First Half. The average 2014 First Half US dollar to euro exchange rate was $1.37 compared to the 2013 First Half average of $1.31 per euro.

Turning to profitability, excluding currency effects, the Company generated strong underlying growth in its operating income, and in non-IFRS earnings per share. Similar to revenue, the strong growth generated was masked by currency depreciation. Furthermore, the Company's focus on operational improvements enabled it to largely offset the dilutive impact of acquisitions on the non-IFRS operating margin. Specifically, excluding currency effects, the Company's non-IFRS operating margin was stable in comparison to the 2013 First Half.

- Non-IFRS operating income as reported increased 1% and 11% excluding currency effects;
- Non-IFRS earnings per share decreased 2% and increased 10% excluding currency impacts;
- And the Company's non-IFRS operating margin decreased to 28.1% from 29.5% and excluding currency effects was essentially stable as the Company focused on driving underlying organic operating margin growth.

More broadly, the Company is focused on driving global operational efficiency leading to non-IFRS organic operating margin expansion. While non-IFRS total expenses increased 8% during the 2014 First Half, or 12% excluding currency impact, excluding acquisitions costs they decreased 3% as reported, and were flat excluding currency impact.

Summary Financial Review (revenue growth figures in constant currencies)

Total revenue: Total IFRS revenue increased 9%, with software up 7%, and services and other revenue, representing 11% of total revenue, higher by 36%. Non-IFRS total revenue increased 12%, on software revenue growth of 9% and services and other revenue growth of 37%. Excluding acquisitions and divestitures, non-IFRS total revenue and software revenue increased 4% and 5%, respectively. First Half results include the acquisitions of RTT since January 13, 2014, Accelrys since April 29, 2014 and Apriso since July 1, 2013.

Industry: From an industry perspective, the Company has seen acceleration in investment by customers in Transportation & Mobility, and High-Tech in particular.

Regional: Non-IFRS revenue in Europe increased 12%, led by the United Kingdom and Germany; revenue in the Americas increased 13%, with an improved business dynamic; and in Asia, revenue increased 10%, led by South Korea and well supported by Japan and China.

Software: Non-IFRS software revenue growth reflected solid dynamic for both new licenses and maintenance renewal trends. New licenses revenue increased 11% benefiting from strong growth in Europe and the Americas as well as from acquisitions. Recurring software revenue increased 5% (IFRS) and 9% (non-IFRS) on growth in maintenance. By product lines, non-IFRS software revenue increased 6% for CATIA on strong growth in Asia and Europe. ENOVIA increased 8% on double-digit growth in two of three regions. SOLIDWORKS increased 6% with new seats licensed totaling 27,049 for the First Half of 2014. Other software revenue was higher by 20%, reflecting the addition of Accelrys, Apriso and RTT and double-digit software growth for SIMULIA.

Headcount: Total headcount increased 19% to 12,156 personnel. Europe represented 45% of the total headcount, with the Americas 29% and Asia 26%.

2014 Business Outlook

For a discussion of the Company's 2014 business outlook, see section 2.8 "2014 Outlook".

The main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2014 are presented in Section 1.6 "Risk Factors" of the Company's 2013 *Document de référence* filed with the *Autorité des marchés financiers* ("AMF", the French Financial Markets Authority) on March 28, 2014, with the exception of foreign currency and interest rate risks which are updated in Note 13 of the Company's half year consolidated condensed financial statements under Chapter 3 of this Half Year Report.

Other Financial Highlights

At June 30, 2014, cash, cash equivalents and short-term investments totaled €1.35 billion and long-term debt was €350.0 million compared to €1.80 billion and €360.0 million, respectively at December 31, 2013.

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 in the Company's most recent Document de référence.

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 the effects of: 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 income and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. Subject to the limitations set forth in its most recent *Document de référence*, the Company believes that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors' understanding of its financial performance.

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

The following table sets forth the Company's supplemental non-IFRS financial information, together with the comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

(in millions, except percentages and per share data)	For the First Half Ended June 30,						Increase (Decrease)	
	2014 IFRS	**Adjust-ment**	**2014 non-IFRS**	**2013 IFRS**	**Adjust-ment**	**2013 non-IFRS**	**IFRS**	**non-IFRS[2]**
Total Revenue	**€1,059.0**	**€13.9**	**€1,072.9**	**€1,007.3**	**€3.4**	**€1,010.7**	**5.1%**	**6.2%**
Total revenue by activity								
Software revenue	945.2	12.9	958.1	920.9	3.4	924.3	2.6%	3.7%
Services and other revenue	113.8	1.0	114.8	86.4	-	86.4	31.7%	32.9%
Total revenue by geography								
Europe	490.7	5.6	496.3	446.5	0.6	447.1	9.9%	11.0%
Americas	295.3	6.0	301.3	278.8	1.0	279.8	5.9%	7.7%
Asia	273.0	2.3	275.3	282.0	1.8	283.8	(3.2)%	(3.0)%
Total Operating Expenses	**€(879.1)**	**€107.9**	**€(771.2)**	**€(783.6)**	**€71.3**	**€(712.3)**	**12.2%**	**8.3%**
Share-based compensation expense[1]	(28.8)	28.8	-	(18.3)	18.3	-		
Amortization of acquired intangibles	(57.5)	57.5	-	(48.8)	48.8	-		
Other operating income and expense, net	(21.6)	21.6	-	(4.2)	4.2	-		
Operating Income	**€179.9**	**€121.8**	**€301.7**	**€223.7**	**€74.7**	**€298.4**	**(19.6)%**	**1.1%**
Operating Margin	**17.0%**		**28.1%**	**22.2%**		**29.5%**		
Financial income and expense, net	7.4	-	7.4	11.8	(0.7)	11.1	(37.3)%	(33.3)%
Income before Income Taxes	**€187.3**	**€121.8**	**€309.1**	**€235.5**	**€74.0**	**€309.5**	**(20.5)%**	**(0.1)%**
Income tax expense	(66.8)	(40.7)	(107.5)	(79.1)	(24.1)	(103.2)	(15.5)%	4.2%
Minority interest	(0.1)	(0.3)	(0.4)	(1.7)	-	(1.7)		
Net Income attributable to shareholders	**€120.4**	**€80.8**	**€201.2**	**€154.7**	**€49.9**	**€204.6**	**(22.2)%**	**(1.7)%**
Diluted Net Income Per Share[3]	**€0.94**	**€0.64**	**€1.58**	**€1.22**	**€0.39**	**€1.61**	**(23.0)%**	**(1.9)%**

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

(in millions)	For the First Half Ended June 30,					
	2014 IFRS	**Adjustment**	**2014 Non-IFRS**	**2013 IFRS**	**Adjustment**	**2013 Non-IFRS**
Cost of software, services and other revenue	€(147.2)	€0.8	€(146.4)	€(129.8)	€0.4	€(129.4)
Research and development	(194.4)	11.2	(183.2)	(191.9)	7.7	(184.2)
Marketing and sales	(362.9)	8.0	(354.9)	(333.4)	6.1	(327.3)
General and administrative	(95.5)	8.8	(86.7)	(75.5)	4.1	(71.4)
Total share-based compensation expense		**28.8**			**18.3**	

(2) The non-IFRS percentage change compares 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 change compares the non-IFRS measure to the relevant IFRS measure;

(3) Based on a weighted average of 127.5 million diluted shares for the 2014 First Half and 127.2 million diluted shares for the 2013 First Half.

2.4 Financial review of operations as of June 30, 2014

2.4.1 Revenue

Total revenue increased 5.1% and 9% in constant currencies to €1.06 billion in the 2014 First Half compared to €1.01 billion in the 2013 First Half. Non-IFRS total revenue increased 6.2% and 12% in constant currencies to €1.07 billion in the 2014 First Half compared to €1.01 billion in the 2013 First Half.

As a percentage of total revenue as reported, Europe represented 46% (44% in 2013 First Half), the Americas accounted for 28% (28% in 2013 First Half) and Asia represented 26% (28% in 2013 First Half). Year-over-year variations in the mix of revenue by region principally reflect the impact of acquisitions, with a higher mix of revenue in Europe and the Americas compared to the overall Company's historic geographic revenue mix.

2.4.1.1 Software revenue

Software revenue is comprised of new licenses revenue and periodic licenses, maintenance and other software-related revenue. Periodic licenses, maintenance revenue and a portion of other software-related revenue are referred to together as ''recurring revenue''.

The Company's software applications 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 licenses (rental or subscription), for which the customer pays 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 and subscription) 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. Other software-related revenue is comprised of the Company's product development revenue relating to the development of additional functionalities of standard products requested by customers.

	For the First Half Ended June 30,	
(in millions, except percentages)	**2014**	**2013**
Software revenue		
New licenses revenue	€257.7	€243.2
Periodic licenses, maintenance and other software-related revenue	687.5	677.7
Total software revenue	**€945.2**	**€920.9**
(as a % of total revenue)	89.3%	91.4%

For the 2014 First Half, IFRS software revenue increased 2.6% and excluding currency effects, increased 7% in constant currencies. Similarly, non-IFRS software revenue increased 3.7% and 9% excluding currency effects and totaled €958.1 million compared to €924.3 million for the 2013 First Half. Excluding acquisitions and currency impacts, non-IFRS software revenue increased 5%.

New licenses revenue increased 6.0% as reported, and 11% in constant currencies for the 2014 First Half benefiting from organic growth estimated at 7% in constant currencies and acquisitions. New licenses revenue represented 27.3% and 26.4% of total software revenue for the 2014 and 2013 First Half, respectively.

Recurring software revenue, comprised of periodic licenses and maintenance, increased 1.2% as reported and 5% in constant currencies and totaled €683.4 million for the 2014 First Half, compared to €675.6 million in the 2013 First Half. The increase in recurring software revenue reflected growth in maintenance as well as rental software revenue. In total maintenance renewal rates continued to be high. Similarly, non-IFRS recurring software revenue increased 2.5% and 9% in constant currencies and totaled

€695.9 million for the 2014 First Half compared to €679.0 million in the 2013 First Half. Non-IFRS recurring software revenue represented 73% of total software revenue for the 2014 and 2013 First Half.

Other software-related revenue totaled €4.1 million for the 2014 First Half compared to €2.1 million in 2013 First Half.

2.4.1.2 Services and other revenue

Services and other revenue have historically been comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. With the acquisition of RTT, service and other revenue also include content-related digital production for use in 3D visualization, advertising, sales and marketing.

	For the First Half Ended June 30,	
(in millions, except percentages)	**2014**	**2013**
Services and other revenue	**€113.8**	**€86.4**
(as a % of total revenue)	10.7%	8.6%

Services and other revenue increased 31.7% as reported and 36% in constant currencies on an increase in services and other revenue from acquisitions. Excluding acquisitions, services and other revenue decreased 13% in constant currencies.

2.4.2 Operating expenses

	For the First Half Ended June 30,	
(in millions)	**2014**	**2013**
Operating expenses	**€879.1**	**€783.6**
Adjustments(1)	(107.9)	(71.3)
Non-IFRS operating expenses(1)	**€771.2**	**€712.3**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles, (ii) share-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.

During the 2014 First Half the Company focused on driving operational efficiencies. These efforts helped mitigate the impact of dilution from acquisitions as well as the negative impact of currency on operating income and operating margin results. In total operating expenses increased 12.2% or €95.5 million in the 2014 First Half compared to the 2013 First Half, with approximately 8 points of growth related to acquisitions. Additional factors included: 2 points of growth due to an increase in other operating income and expense, net comprised of restructuring, related relocation and acquisition costs; 1 point of growth related to an increase in amortization of intangible assets and 1 point of growth from an increase in share-based expense. Share-based expense increased primarily due to the new performance share plan granted in February 2014 which included €13.0 of payroll tax expense requirements associated (no such grant in 2013). On a non-IFRS basis, operating expenses increased 8.3% or €58.9 million. Currency had a net favorable impact of approximately 4 percentage points on IFRS and non-IFRS operating expense growth. Non-IFRS operating expenses were flat organically after excluding currency impacts and acquisitions.

Cost of Revenue

The cost of revenue consists of:

- The cost of software revenue, which includes principally software personnel costs, licensing fees paid for third-party components integrated into the Company's own products, CD costs, preparation costs for user manuals and delivery costs;

- The cost of services and other revenue, which includes principally personnel and other costs related to organizing and providing consulting and educational services.

(in millions)	**For the First Half Ended June 30, 2014**	**2013**
Cost of software revenue (excluding amortization of acquired intangibles)	€52.1	€47.7
Cost of services and other revenue	95.1	82.1
Cost of revenue	**€147.2**	**€129.8**

Cost of software revenue (excluding amortization of acquired intangibles) increased €4.4 million or 9.2%. The increase in cost of software was mainly due to growth in personnel, which increased principally from internal growth and to a lesser extent from acquisitions, and to higher royalty and Cloud costs. The cost of software revenue (excluding amortization of acquired intangibles) represented 4.9% and 4.7% of total revenue in the First Half of 2014 and 2013, respectively.

Cost of services and other revenue increased €13.0 million or 15.8% due to growth in personnel and related costs from acquisitions. Excluding the impact of acquisitions cost of services and other revenue decreased as the Company continues to focus on driving operational improvements in its service organization. The cost of services and other revenue amounted to 9.0% and 8.2% of total revenue in the First Half of 2014 and 2013, respectively.

Research and Development Expenses

The Company believes that its ongoing significant investment in R&D is one of the most important elements of its success. The Company conducts its research primarily in France, the United States and Germany, as well as in India, Poland, the United Kingdom, Australia, Canada, South Korea and Sweden.

Expenses for R&D include primarily personnel costs as well as the rental, depreciation and maintenance expenses for computers and computer hardware used in R&D, development tools, computer networking and communication expenses.

Costs for R&D of software are expensed in the period in which they were incurred. The Company generally does not capitalize any R&D costs. A small percentage of R&D personnel pursue R&D activities in the context of providing clients with software maintenance, and their cost is thus included under cost of software revenue.

Expenses for R&D are recorded net of grants recognized from various governmental authorities to finance certain R&D activities (mainly R&D tax credits in France).

(in millions, except percentages)	**For the First Half Ended June 30, 2014**	**2013**
Research and development expenses	**€194.4**	**€191.9**
(as % of total revenue)	18.4%	19.1%

During the First Half of 2014, research and development expenses benefited from a one-time R&D tax credit benefit, favorably impacting growth in R&D expenses. Before including this one-time benefit, R&D expenses increased €14.5 million or 7.6%, reflecting growth in R&D personnel principally from acquisitions. Currency had a net positive impact estimated at 3 percentage points on R&D expense growth.

Marketing and Sales Expenses

Marketing and sales expenses consist primarily of personnel costs, which include sales commissions and personnel for processing sales transactions; marketing and communications expenses, including advertising; travel expenses; and marketing infrastructure costs, such as information technology resources used for marketing.

(in millions, except percentages)	**For the First Half Ended June 30, 2014**	**2013**
Marketing and sales expenses	**€362.9**	**€333.4**
(as % of total revenue)	34.3%	33.1%

Marketing and sales expenses increased €29.5 million or 8.8% and reflected growth in personnel headcount principally from acquisitions. Currency had a net positive impact estimated at 3 percentage points on marketing and sales expense growth.

General and Administrative Expenses

(in millions, except percentages)	**For the First Half Ended June 30, 2014**	**2013**
General and administrative expenses	**€95.5**	**€75.5**
(as % of total revenue)	9.0%	7.5%

General and administrative expenses increased €20.0 million or 26.5%, largely reflecting an increase in related costs from acquisitions, share-based expense including related payroll tax expense requirements associated with new performance shares granted in 2014 and an increase in headcount. Currency had a net positive impact estimated at 4 percentage points on general and administrative expense growth.

Amortization of Acquired Intangibles

Amortization of acquired intangibles includes mainly amortization of acquired technology and acquired customer relationships.

(in millions)	**For the First Half Ended June 30, 2014**	**2013**
Amortization of acquired intangibles	**€57.5**	**€48.8**

Amortization of acquired intangibles increased €8.7 million, reflecting principally the acquisitions of RTT and Accelrys in the 2014 First Half and Apriso in July 2013.

Other Operating Income and Expense, Net

Other operating income and expense, net, include the impact of events that are unusual, infrequent or generally non-recurring in nature.

(in millions)	**For the First Half Ended June 30, 2014**	**2013**
Other operating income and (expense), net	**€(21.6)**	**€(4.2)**

Other operating income and expense, net, were mainly comprised of direct acquisition costs of €13.1 million (2013 First Half: €2.3 million), relocation costs of €1.1 million (2013 First Half: €1.2 million), and restructuring costs of €7.4 million (2013 First Half: €0.7 million). See Note 8 to the consolidated financial statements.

2.4.3 Operating income

(in millions)	For the First Half Ended June 30, 2014	2013
Operating income	**€179.9**	**€223.7**

Operating income decreased 19.6%, reflecting an increase in revenue of 5.1% more than offset by an increase in operating expenses of 12.2%. The decrease in operating income of €43.8 million is explained by increases in other operating income and expense net, of €17.4 million related to acquisitions costs and restructuring charges, and amortization of acquired intangibles of €8.7 million. In addition, share-based expenses increased €10.5 million reflecting the upfront expense requirements associated with a new issuance.

On a non-IFRS basis, operating income increased 1% to €301.7 million from €298.4 million, reflecting an increase in revenue of 6.2%, largely offset by an increase in operating expenses of 8.3%.

Currency had a net negative impact on operating income growth of an estimated 10 percentage points.

2014 First Half operating margin decreased to 17.0% from 22.2%. The non-IFRS operating margin decreased to 28.1% from 29.5% and excluding currency effects was essentially stable as the Company focused on driving underlying organic operating margin growth.

2.4.4 Financial income and expense, net

(in millions)	For the First Half Ended June 30, 2014	2013
Financial income and expense, net	**€7.4**	**€11.8**

2014 First Half financial income and expense, net was principally comprised of net financial interest income of €10.4 million (€9.2 million in 2013 First Half) and exchange gains (losses) of €(2.7) million (€1.9 million in 2013 First Half).

On a non-IFRS basis, financial income and expense, net totaled €7.4 million for the 2014 First Half compared to €11.1 million in the 2013 First Half and excluded certain gains and losses related to the sales of investments in the 2014 and 2013 First Half.

2.4.5 Income tax expense

(in millions, except percentages)	For the First Half Ended June 30, 2014	2013
Income tax expense	**€66.8**	**€79.1**
Effective consolidated tax rate	35.6%	33.6%

Income tax expense decreased in the 2014 First Half as compared to the 2013 First Half due to a decrease in pre-tax income which more than offset the increase in the estimated effective corporate tax rate to 35.6% from 33.6%.

On a non-IFRS basis, income tax expense increased to €107.5 million, compared to €103.2 million, due to an increase in the estimated effective consolidated tax rate to 34.8% in the 2014 First Half compared to 33.3% for the 2013 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, 2014	2013
Net income attributable to shareholders	**€120.4**	**€154.7**
Diluted net income per share	**€0.94**	**€1.22**
Diluted weighted average shares outstanding	**127.5**	**127.2**

Net income and diluted net income per share results in the 2014 First Half on an IFRS basis reflected the combined impact from increased other operating expense due to acquisitions, currencies' depreciation and a higher effective tax rate; on a non-IFRS basis, the impact was a combination of currencies' depreciation and higher effective tax rate.

Diluted net income per share decreased 23.0% and non-IFRS net income per diluted share decreased 1.9% to €1.58 per share from €1.61 per share and reflected an estimated 12 percentage points of impact from negative currency effects.

2.4.7 Cash flow

Net cash provided by operating activities amounted to €354.6 million for the 2014 First Half, compared to €353.3 million for the 2013 First Half.

Net cash used in investing activities totaled €704.8 million for the 2014 First Half, primarily reflecting cash used to fund acquisitions totaling €657.3 million and capital expenditures for €14.1 million. For the 2013 First Half, net cash used in investing activities totaled €59.8 million, primarily reflecting cash used to fund acquisitions totaling €26.4 million and capital expenditures for €23.2 million.

Net cash used in financing activities was €138.0 million for the 2014 First Half, and principally included share repurchases for €130.0 million and cash dividend payments for €32.3 million, offset in part by proceeds received from the exercise of stock options for €34.6 million. For the 2013 First Half, net cash provided by financing activities was €328.5 million, principally reflecting proceeds of long-term debt of €350 million and proceeds received from the exercise of stock options for €21.6 million offset in part by the payment of dividends for an aggregate amount of €31.6 million.

Cash, cash equivalents and short-term investments totaled €1.35 billion and €1.80 billion and total short-term and long-term debt amounted to €370.9 million and €380.0 million at June 30, 2014 and December 31, 2013, respectively.

2.5 Related party transactions

Related-party transactions were identified and described in the *Document de référence* of Dassault Systèmes filed with the French *Autorité des marchés financiers* on March 28, 2014, in Chapter 4.1.1, Note 26. No new related party transactions occurred during the 2014 First Half.

The transactions entered into with Dassault Aviation during the first six months of 2014 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 2014 First Half.

2.6 2014 First Half Business Highlights

Acquisitions

On July 24, 2014, Dassault Systèmes announced the proposed acquisition of QUINTIQ, a leading provider of on-premise and on-Cloud supply chain and Operations Planning & Optimization software. QUINTIQ, whose offerings include production, logistics and workforce planning applications, is rated as a leader in the market by top industry analysts and its solutions are used today by 250 customers, at 1,000 sites, in more than 90 countries. QUINTIQ'S solutions are used to plan and schedule the most complex production supply chains at such manufacturers as Novelis, ASML, Lafarge, AkzoNobel, and ArcelorMittal. They also plan and optimize some of the most complex logistics operations, including DHL, Walmart, DB Schenker and TNT. QUINTIQ is enabling full operations planning at Brussels Airport, KLM, Canadian National and the Federal Aviation Administration. QUINTIQ is differentiated by leading optimization technology; a platform approach to covering long-term strategic to day-of-operational planning; and capabilities which go beyond supply chain to encompass full operations planning and optimization. The proposed acquisition is expected to be completed in the fall of 2014 for cash consideration of approximately €250 million.

On July 11, 2014, Dassault Systèmes announced the acquisition of SIMPACK, the technology leader in multi-body simulation technologies and solutions. With the acquisition of SIMPACK, based near Munich, Germany, Dassault Systèmes is expanding its SIMULIA realistic multiphysics simulation technology portfolio to include multi-body mechatronic systems, from virtual concept validation to the real-time experience. SIMPACK has more than 130 customers in the energy, automotive, and rail industries, including Alstom, Bombardier, BMW, Daimler, Honda, Jaguar Land Rover, MAN, and Vestas.

On April 29, 2014, Dassault Systèmes completed the acquisition of Accelrys, a leading provider of scientific innovation lifecycle management software for chemistry, biology and materials, based in San Diego, United States. Under the terms of the agreement signed in January 2014, the Company launched and successfully completed a tender offer for all outstanding shares of Accelrys, for cash consideration of approximately €541.5 million.

Announced in December 2013 and completed in January 2014, the Company acquired 93.6% of Realtime Technology AG for approximately €174.3 million in cash. RTT is a leading provider of professional high-end visualization software, marketing solutions and computer generated imagery services. Its customer base includes a number of the world's leading automotive companies as well as global industry leaders in aerospace and consumer goods. With RTT's solutions, companies are able to: i) more closely link design and marketing domains thanks to very high level of realistic 3D real-time visualization; ii) speed time from design to sales thanks to the ability to conduct marketing all along the product development cycle; and in turn, iii) derive significant returns on investment over traditional marketing methods.

Brand, Product and Technology Announcements

On May 21, 2014, Dassault Systèmes introduced a new brand, BIOVIA for scientific innovation in the Age of Experience. The new brand is a combination of the Company's own activities in BioIntelligence, its collaborative **3D**EXPERIENCE technologies, and the leading life sciences and material sciences applications from the recent acquisition of Accelrys. The newly acquired company's solutions focus on biological, chemical and materials modeling and simulation, research and open collaborative discovery, enterprise laboratory and quality management, and process manufacturing intelligence. Dassault Systèmes' BIOVIA is now the largest and deepest portfolio for the biological, chemical and material modeling, simulation and production domains. BIOVIA's list of 2,000+ customers includes numerous Fortune 500 companies, such as Sanofi, Pfizer, GSK, AstraZeneca, Du Pont, Shell, BASF, P&G, Unilever and L'Oréal.

On April 29, 2014 Dassault Systèmes announced the general availability of SOLIDWORKS Mechanical Conceptual, the first SOLIDWORKS product on the **3D**EXPERIENCE platform to accelerate product innovation on the Cloud. Complementary to the existing and regularly updated version of SOLIDWORKS, SOLIDWORKS Mechanical Conceptual enables customers to harness the collective intelligence of the entire design team, customers and the supply chain to capture ideas, leverage existing designs, collaborate and quickly collect feedback.

Customer Announcements

On June 17, 2014 the Company announced that BNP Paribas Securities Services selected Dassault Systèmes' **3D**EXPERIENCE platform and its "Innovation Factory" industry solution experience to enhance product management and accelerate product development. The **3D**EXPERIENCE platform will give BNP Paribas Securities Services' teams access to a dedicated product lifecycle management solution centralizing product development information from conception to launch.

On June 5, 2014 the Company announced that Barilla is adopting Dassault Systèmes' **3D**EXPERIENCE platform based on V6 architecture to digitally orchestrate product labeling worldwide. Barilla, the global leader in the pasta industry, chose the Company's "Perfect Package" industry solution experience to improve the package labeling creation process across Barilla's worldwide organization. With the artwork and labeling capability of "Perfect Package", Barilla has streamlined label design and approval, reduced artwork design time and improved regulatory compliance.

On April 24, 2014 Dassault Systèmes announced that the Offshore & Engineering division of Hyundai Heavy Industries has chosen to deploy Dassault Systèmes' **3D**EXPERIENCE platform and its marine and offshore industry solution experiences.

On April 24, 2014, the Company announced that hundreds of industry leading customers have adopted its **3D**EXPERIENCE platform, confirming the promise of the V6 architecture. Companies in production span a wide-range of industries and are using the **3D**EXPERIENCE platform and its V6 architecture to create the loyalty-inspiring customer experiences needed to win in today's quickly evolving Experience Economy. Hyundai Heavy Industries, Bell Helicopter, SHoP Architects, NIAEP (nuclear power plants), Riello Group (heating/air conditioning systems), Johnson & Johnson, Procter & Gamble and LG Electronics are some of the international companies that have leveraged **3D**EXPERIENCE solutions based on the V6 architecture.

2.7 Other corporate events

The Board of Directors meeting of July 23, 2014 appointed Mrs. Marie-Hélène Habert as director to replace her father, Mr. Serge Dassault, for the remainder of his term (that is, until the General shareholders meeting called to approve the financial statements for the year ending on December 31, 2015). This appointment will be submitted for ratification at the next ordinary General shareholders meeting.

On July 17, 2014, at the opening of the financial market in Paris, a two-for one split of the par value of the Company's common stock became effective. As a result, the par value decreased from €1.00 to €0.50 per share, and common stock outstanding increased to 255,723,498 as of July 17, 2014. The stock split had previously been approved by shareholders at the Annual Shareholders' Meeting held on May 26, 2014.

On June 13, 2014 in conjunction with its Capital Markets Day, Dassault Systèmes unveiled its next multi-year growth plan with the initiation of a 2019 non-IFRS EPS goal of about €7.00 or €3.50 on a split-adjusted basis, commenting that this goal represents about a 15% compound annual growth rate and is top-line driven with multiple key growth drivers. The EPS goal incorporates current exchange rates for the US dollar and Japanese yen and other major currencies.

On May 26, 2014, at the Annual Shareholders' Meeting, Dassault Systèmes' shareholders approved a cash dividend for the fiscal year 2013 equivalent to €0.83 per share, representing an increase of 4% compared to the prior year. The Shareholders' Meeting approved offering shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares or as in the prior years to receive the payment of the dividend in cash. Shareholders who opted to receive payment of the 2013 dividend in the form of new Dassault Systèmes shares represented approximately 68% of Dassault Systèmes' shares, resulting in the issuance of 802,310 new ordinary Dassault Systèmes' shares, representing 0.63% of the share capital and 0.43% of the Dassault Systèmes' (unadjusted) voting rights calculated on the basis of the share capital and voting rights as of May 30, 2014. On June 25, 2014, the new shares were delivered and listed on Euronext Paris the same day and the cash dividend was paid in the aggregate amount of €32.3 million.

On April 24, 2014, Dassault Systèmes announced plans to change the legal status of the Company from that of a French Public Limited Company (*Société anonyme*) to that of a European Company. This announcement follows the decision taken on March 21, 2014 by the Board of Directors of Dassault Systèmes SA where it agreed to adopt the status of European Company (*Societas Europaea*, SE), a designation that better represents the international dimension of the Company and its growing presence in Europe driven by recent acquisitions. The SE designation is supported by European Union authorities and has been adopted by numerous major groups.

On April 24, 2014, Dassault Systèmes announced the expansion of its Worldwide Executive Committee. Based in Paris, Boston and Shanghai, the Company's Executive Committee is a ten-person team, comprised of Bernard Charlès, President and CEO and executives heading Research & Development, Business Administration, Corporate Strategy, Industry & Marketing, Corporate Development & 3DS Brands, Human Resources and Information Technology, Global Affairs and Community, and Sales. In this regard, the Worldwide Executive Committee was recently expanded with the addition of Mr. Laurent Blanchard, as Executive Vice President, EMEAR and WorldWide System Integrators, joining his regional colleagues, Mr. Bruno Latchague, Senior Executive Vice President, Americas Market and Global Sales Operations, and Mr. Sylvain Laurent, Executive Vice President, Asia Pacific Market and Global Business Transformation.

2.8 2014 Outlook

The Company has reaffirmed and updated its initial 2014 non-IFRS financial objectives which were announced on February 6, 2014 principally incorporating new acquisitions completed as of July 24, 2014, updates of currency exchange rate assumptions and, with respect to non-IFRS earnings per share, updated for the two-for-one stock split effected in July, 2014. These objectives are subject to the assumptions and cautionary statements set forth below and are subject to revision, as market and business conditions evolve during the second half of 2014.

As the Company has previously disclosed, non-IFRS operating margin and earnings per share objectives incorporate organic operating margin improvement which is more than offset by dilution from acquisition activity and a more volatile currency environment and with respect to earnings per share, also reflects a higher effective corporate tax rate in France in 2014 compared to 2013.

The Company's constant currency revenue growth objective for 2014 takes into consideration the mixed economic context which could cause extended sales cycles, postponements, reductions or cancellations in investment spending, including in the automotive sector and supply chain.

The Company's updated 2014 non-IFRS financial objectives are as follows and include the recently completed acquisition of SIMPACK:

- 2014 non-IFRS revenue growth objective range of about 14% to 15% in constant currencies (€2.29 to €2.30 billion based upon the 2014 currency exchange rate assumptions below);

- 2014 non-IFRS operating margin of about 29.5 - 30%, reflecting an increase before currency effects in the organic operating margin compared to 2013 of about 150 basis points;

- 2014 non-IFRS earnings per share (EPS) of about €3.50 or €1.75 on a split-adjusted basis, essentially stable compared to 2013; excluding the estimated net negative currencies impact, the non-IFRS EPS objective represents an estimated 8% growth compared to 2013;

- These financial objectives are based upon an assumed average US dollar to euro exchange rate of US$1.36 per €1.00 and an average Japanese yen to euro exchange rate of JPY140 to €1.00 for 2014.

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 2014 currency exchange rate assumptions outlined above: 2014 deferred revenue write-downs estimated at approximately €52 million, share-based compensation expense including related social charges estimated at approximately €41 million and amortization of acquired intangibles estimated at approximately €121 million. The above objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses. Finally, these estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after July 24, 2014. The Company's non-IFRS financial objectives for 2014 include SIMPACK, while the above non-IFRS adjustments do not take into account the impact of this acquisition, for which accounting elements will be included in the 2014 third quarter earnings announcement.

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 24, 2014 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. If global economic and business conditions continue to be volatile or 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, there may be a substantial time lag between any change in global economic and business conditions and its impact on the Company's business results.

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.

The main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2014 are presented in Section 1.6 "Risk Factors" of the Company's 2013 *Document de référence* filed with the AMF on March 28, 2014, with the exception of foreign currency and interest rate risks which are updated in Note 13 of the Company's half year consolidated condensed financial statements under Chapter 3 of this Half Year Report.

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2014

CONSOLIDATED STATEMENTS OF INCOME

		Six months ended June 30,	
		2014	**2013**
(in thousands, except per share data)	**Notes**	(unaudited)	(unaudited)
New licenses revenue		€257,724	€243,252
Periodic licenses, maintenance and other software revenue		687,486	677,630
Software revenue	5	**945,210**	**920,882**
Services and other revenue		113,811	86,382
Total revenue		**1,059,021**	**1,007,264**
Cost of software revenue		(52,125)	(47,713)
Cost of services and other revenue		(95,058)	(82,122)
Research and development		(194,353)	(191,852)
Marketing and sales		(362,932)	(333,404)
General and administrative		(95,452)	(75,497)
Amortization of acquired intangibles		(57,580)	(48,725)
Other operating income and expense, net	8	(21,635)	(4,224)
Operating income		**179,886**	**223,727**
Interest income and expense, net	9	10,363	9,192
Other financial income and expense, net	9	(2,917)	2,602
Income before income taxes		**187,332**	**235,521**
Income tax expense		(66,777)	(79,089)
Net income		**€120,555**	**€156,432**
Attributable to:			
Equity holders of the Company		€120,430	€154,701
Non-controlling interest		€125	€1,731
Earnings per share			
Basic net income per share		€0.96	€1.24
Diluted net income per share		€0.94	€1.22

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, 2014** (unaudited)	**2013** (unaudited)
Net income		**€120,555**	**€156,432**
Gain (Losses) on available for sale securities	15	-	(22)
Derivative (loss) gain on cash flow hedges	15	(4,552)	368
Foreign currency translation adjustment		14,277	1,496
Income tax on items to be reclassified		1,759	(149)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**11,484**	**1,693**
Remeasurements of defined benefit pension plans		(10,897)	5,182
Income tax on items not being reclassified		3,696	(1,814)
Other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax		**(7,201)**	**3,368**
Other comprehensive income, net of tax		**4,283**	**5,061**
Total comprehensive income, net of tax		**€124,838**	**€161,493**
Attributable to:			
Equity holders of the Company		€122,375	€161,298
Non-controlling interest		€2,463	€195

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

CONSOLIDATED BALANCE SHEETS

(in thousands)	**Notes**	**June 30, 2014** (unaudited)	**December 31, 2013** (audited)
Assets			
Cash and cash equivalents		€1,253,509	€1,737,860
Short-term investments		92,960	65,785
Trade accounts receivable, net	10	454,916	472,624
Income tax receivable		82,121	54,866
Other current assets		87,783	88,896
Total current assets		**1,971,289**	**2,420,031**
Property and equipment, net		112,289	100,448
Investments and other non-current assets		48,300	48,203
Deferred tax assets		105,157	87,471
Intangible assets, net	12	908,465	658,788
Goodwill	12	1,347,603	872,952
Total non-current assets		**2,521,814**	**1,767,862**
Total assets		**€4,493,103**	**€4,187,893**
Liabilities and equity			
Trade accounts payable		€108,921	€84,972
Accrued compensation and other personnel costs		189,816	211,052
Unearned revenue		625,009	488,961
Income tax payable		24,025	20,845
Borrowings, current	14	20,948	20,039
Other current liabilities		70,317	62,325
Total current liabilities		**1,039,036**	**888,194**
Deferred tax liabilities		207,012	102,714
Borrowings, non-current	14	350,000	360,019
Other non-current liabilities		247,115	212,815
Total non-current liabilities		**804,127**	**675,548**
Common stock		127,832	126,933
Share premium		470,033	425,972
Treasury stock		(173,408)	(105,732)
Retained earnings and other reserves		2,340,358	2,316,293
Other items		(143,793)	(152,939)
Parent shareholders' equity		**2,621,022**	**2,610,527**
Non-controlling interest		28,918	13,624
Total equity	15	**2,649,940**	**2,624,151**
Total liabilities and equity		**€4,493,103**	**€4,187,893**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	**Notes**	**Six months ended June 30, 2014** (unaudited)	**2013** (unaudited)
Net income		**€120,555**	**€156,432**
Adjustments for non-cash items	16	90,388	76,591
Changes in operating assets and liabilities	16	143,705	120,315
Net cash provided by operating activities		**354,648**	**353,338**
Additions to property, equipment and intangibles		(14,077)	(23,213)
Purchases of short-term investments		(62,269)	(133,204)
Proceeds from sales and maturities of short-term investments		35,710	120,886
Payment for acquisition of businesses, net of cash acquired	11	(657,347)	(26,382)
Other		(6,779)	2,067
Net cash used in investing activities		**(704,762)**	**(59,846)**
Proceeds from exercise of stock options		34,588	21,645
Cash dividends paid	15	(32,299)	(31,564)
Purchase of treasury stock	15	(129,968)	–
Borrowings	14	–	350,000
Repayment of borrowings	14	(10,335)	(11,564)
Net cash (used in) provided by financing activities		**(138,014)**	**328,517**
Effect of exchange rate changes on cash and cash equivalents		3,777	(2,655)
(Decrease) Increase in cash and cash equivalents		**(484,351)**	**619,354**
Cash and cash equivalents at beginning of period		**1,737,860**	**1,159,300**
Cash and cash equivalents at end of period		**€1,253,509**	**€1,778,654**
Supplemental disclosure			
Income taxes paid		€68,471	€68,871
Cash paid for interest		€2,064	€1,013

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(*in thousands*)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other items: Available-for-sale securities	Other items: Cash flow hedges	Other items: Foreign currency translation adjustment	Parent shareholders' equity	Non-controlling interest	Total Equity
January 1, 2013	**€125,097**	**€314,402**	**€(57,399)**	**€2,029,318**	**€(169)**	**€5,752**	**€(80,060)**	**€2,336,941**	**€16,229**	**€2,353,170**
Net income	–	–	–	154,701	–	–	–	154,701	1,731	156,432
Other comprehensive income, net of tax	–	–	–	3,368	(22)	462	2,789	6,597	(1,536)	5,061
Comprehensive income, net of tax	–	–	–	**158,069**	**(22)**	**462**	**2,789**	**161,298**	**195**	**161,493**
Dividends paid	741	67,232	–	(99,537)	–	–	–	(31,564)	–	(31,564)
Exercise of stock options	516	20,356	–	–	–	–	–	20,872	–	20,872
Share-based payments	–	–	–	17,348	–	–	–	17,348	–	17,348
Other changes	–	–	–	2,840	–	–	–	2,840	–	2,840
June 30, 2013 (unaudited)	**€126,354**	**€401,990**	**€(57,399)**	**€2,108,038**	**€(191)**	**€6,214**	**€(77,271)**	**€2,507,735**	**€16,424**	**€2,524,159**
Net income	–	–	–	197,578	–	–	–	197,578	1,160	198,738
Other comprehensive income, net of tax	–	–	–	952	191	(9,167)	(72,715)	(80,739)	(730)	(81,469)
Comprehensive income, net of tax	–	–	–	**198,530**	**191**	**(9,167)**	**(72,715)**	**116,839**	**430**	**117,269**
Dividends paid	–	–	–	–	–	–	–	–	(3,230)	(3,230)
Exercise of stock options	579	23,982	–	–	–	–	–	24,561	–	24,561
Treasury stock transactions	–	–	(48,333)	(8,595)	–	–	–	(56,928)	–	(56,928)
Share-based payments	–	–	–	16,669	–	–	–	16,669	–	16,669
Other changes	–	–	–	1,651	–	–	–	1,651	–	1,651
December 31, 2013	**€126,933**	**€425,972**	**€(105,732)**	**€2,316,293**	**€–**	**€(2,953)**	**€(149,986)**	**€2,610,527**	**€13,624**	**€2,624,151**
Net income	–	–	–	120,430	–	–	–	120,430	125	120,555
Other comprehensive income, net of tax	–	–	–	(7,201)	–	(4,520)	13,666	1,945	2,338	4,283
Comprehensive income, net of tax	**–**	**–**	**–**	**113,229**	**–**	**(4,520)**	**13,666**	**122,375**	**2,463**	**124,838**
Dividends paid	802	70,330	–	(103,431)	–	–	–	(32,299)	–	(32,299)
Exercise of stock options	838	35,282	–	–	–	–	–	36,120	–	36,120
Treasury stock transactions	(741)	(61,551)	(67,676)	–	–	–	–	(129,968)	–	(129,968)
Share-based payments	–	–	–	15,485	–	–	–	15,485	–	15,485
Changes in non-controlling interest	–	–	–	–	–	–	–	–	12,831	12,831
Other changes	–	–	–	(1,218)	–	–	–	(1,218)	–	(1,218)
June 30, 2014 (unaudited)	**€127,832**	**€470,033**	**€(173,408)**	**€2,340,358**	**€-**	**€(7,473)**	**€(136,320)**	**€2,621,022**	**€28,918**	**€2,649,940**

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” or the “Group” refers to Dassault Systèmes SA and its subsidiaries. The Company provides software solutions and consulting services. Its aim is to enable **3D**EXPERIENCE of products for its customers.

The Company’s global customer base includes companies primarily in 12 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; Financial & Business Services and Natural Resources. To serve its customers, the Company has developed a broad software applications portfolio, comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications, all powered by its **3D**EXPERIENCE platform.

Dassault Systèmes SA is a société anonyme, a form of limited liability company, incorporated under the laws of France. The Company’s registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on Euronext Paris. These interim condensed consolidated financial statements were approved by the Board of Directors on July 23, 2014.

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, 2014 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 consolidated financial statements. They should be read in conjunction with the Company’s financial statements as of December 31, 2013, 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

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, 2013, except for specific standards applicable to interim financial reporting and for new standards, amendments to existing standards and interpretations effective beginning on January 1, 2014:

- 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 the half year 2014;

- The Group has adopted IFRS 10 “Consolidated financial statements”, IFRS 11 “Joint arrangements”, and IFRS 12 “Disclosures of interests in other entities”, mandatory for financial years beginning on or after January 1, 2014. The adoption of these standards had no material impact on the Company’s consolidated financial statements.

Other new standards, amendments to existing standards and interpretations effective beginning on January 1, 2014 did not have a significant impact on the financial position and results of operations of the Company. New standards, amendments to existing standards and interpretations effective beginning on January 1, 2015 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 a single operating segment, the sale of software solutions, whose aim is to offer customers an integrated innovation process, from the development of a new concept to the realistic experience of the resultant product, through all stages of detailed design, scientific simulation and manufacturing, thanks to the **3D**EXPERIENCE platform.

The accounting policies of the reportable segment differ from those described in Note 2. Summary of Significant Accounting Policies as follows:

- The measure of operating segment revenue and income includes the whole maintenance revenue that would have been recognized by acquired companies had they remained stand-alone entities but which is partially excluded from Group revenue to reflect the fair value of customer support obligations assumed;

- The measure of operating segment income excludes share-based compensation expense (see Note 6. Share-based Payments) and associated payroll taxes, amortization of acquired intangibles, and other operating income and expense, net (see Note 8. Other Operating Income and Expense, Net).

(in thousands)	**Six months ended June 30, 2014**	**2013**
Total revenue for operating segment	**€1,072,863**	**€1,010,718**
Adjustment for unearned revenue	(13,842)	(3,454)
Total revenue	**€1,059,021**	**€1,007,264**

(in thousands)	**Six months ended June 30, 2014**	**2013**
Income for operating segment	**€301,747**	**€298,366**
Adjustment for unearned revenue	(13,842)	(3,454)
Share-based compensation expense and associated payroll taxes	(28,804)	(18,236)
Amortization of acquired intangibles	(57,580)	(48,725)
Other operating income and expense, net	(21,635)	(4,224)
Operating income	**€179,886**	**€223,727**

NOTE 5. SOFTWARE REVENUE

Software revenue is comprised of the following:

(in thousands)	Six months ended June 30, 2014	2013
New licenses revenue	€257,724	€243,252
Periodic licenses and maintenance revenue	683,417	675,505
Other software revenue	4,069	2,125
Software revenue	**€945,210**	**€920,882**

Breakdown of software revenue by main product line is as follows:

(in thousands)	Six months ended June 30, 2014	2013
CATIA software revenue	€404,283	€405,617
SOLIDWORKS software revenue	211,323	207,539
ENOVIA software revenue	125,011	121,089
Other software revenue	204,593	186,637
Software revenue	**€945,210**	**€920,882**

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, 2014	2013
Research and development	€(6,737)	€(7,687)
Marketing and sales	(5,379)	(6,090)
General and administrative	(3,189)	(4,018)
Cost of revenue	(462)	(441)
Total compensation expense related to share-based payments	**€(15,767)**	**€(18,236)**

Changes during the six months ended June 30, 2014 of unvested options and performance shares to which IFRS 2, "Share-based Payment" is applicable are as follows:

	Number of awards		
	Performance shares	Stock options	Total
Unvested at January 1, 2014	**1,044,255**	**1,156,000**	**2,200,255**
Granted	679,940	312,225	992,165
Vested	–	(1,136,000)	(1,136,000)
Forfeited	(18,100)	(20,000)	(38,100)
Unvested at June 30, 2014	**1,706,095**	**312,225**	**2,018,320**

As of June 30, 2014, total compensation cost related to unvested awards expected to vest but not yet recognized was €44.9 million, and the Company expects to recognize this expense over a weighted average period of 2 years, no later than February 21, 2018.

Performance shares

Pursuant to an authorization granted by the shareholders at the General meeting of shareholders held on May 30, 2013, the Board of Directors decided to grant 529,940 shares to some employees and executives and 150,000 shares to the Chief Executive Officer as part of a plan of progressively associating the Chief Executive Officer with the Company's capital on February 21, 2014. Such shares shall be vested at the end of an acquisition period of four years, subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.

The satisfaction of the performance condition will be measured based on two alternative criteria, the evolution of the Non-IFRS diluted earnings per share on a consolidated of the Group or the evolution of the price of the Dassault Systèmes share compared to the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017.

The weighted average fair value of shares granted in 2014 was €37.47. It was estimated on the date of grant using a Monte-Carlo simulation model. The model simulates the performance of Dassault Systèmes share price and compares it against the performance of the CAC 40 index. Assumptions used are as follows: expected volatility rate of 21%, expected dividend yield of 1% and average risk-free interest rate of 0.42%.

Stock options

Pursuant to an authorization granted by the shareholders at the General meeting of shareholders held on May 30, 2013, the Board of Directors decided to grant 312,225 options to subscribe to Dassault Systèmes shares to certain employees based outside of France of certain newly acquired companies on May 26, 2014, at an exercise price of €91.

Such options shall be vested at the end of an acquisition period of two to four years, subject to the condition that the beneficiary be an employee of the Company at the acquisition date and to the achievement of certain non-market performance objectives.

Options expire eight years from grant date or shortly after termination of employment, whichever is earlier.

The weighted average grant-date fair value of options granted in 2014 was €15.93. It was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used are as follows: weighted-average expected life of five years, expected volatility rate of 22%, expected dividend yield of 1% and average risk-free interest rate of 0.23%.

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:

	Six months ended June 30 ,	
(in thousands)	**2014**	**2013**
Research and development	€24,540	€10,797
Costs of services and other revenue	281	1,258
Total government grants	**€24,821**	**€12,055**

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:

	Six months ended June 30,	
(in thousands)	**2014**	**2013**
Acquisition costs[(1)]	€(13,104)	€(2,320)
Costs incurred in connection with relocation activities[(2)]	(1,144)	(1,236)
Restructuring costs[(3)]	(7,387)	(668)
Other operating income and expense, net	**€(21,635)**	**€(4,224)**

(1) In 2014, transaction costs primarily relating to the acquisition of Realtime Technology AG and Accelrys Inc. (see Note 11. Business Combinations). In 2013, transaction costs primarily relating to the acquisition of Apriso and FE-DESIGN;

(2) In 2013 and 2014, primarily composed of costs related to the relocation of the Company's premises in some Asian countries;

(3) In 2014, primarily composed of severance costs relating the termination of employees following the Company's decision to rationalize its sales organization principally in Europe.

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

Interest income and expense, net and other financial income and expense, net for the six months ended June 30, 2014 and 2013 are as follows:

(in thousands)	**Six months ended June 30, 2014**	**2013**
Interest income[1]	€12,883	€9,948
Interest expense[2]	(2,520)	(756)
Interest income and expense, net	**€10,363**	**€9,192**
Foreign exchange (losses) gains, net	(2,652)	1,859
Other, net	(265)	743
Other financial income and expense, net	**€(2,917)**	**€2,602**

(1) Interest income is primarily composed of interests on investments;

(2) In June 2013, the Company borrowed €350 million under a five-year term loan facility agreement which bears interest at Euribor 1 month plus 0.75% per annum (see Note 14. Borrowings), and entered into interest rate swap agreements to fix interest payable (see Note 13. Derivatives). The Company recorded interest expense of €2.0 million as of June 30, 2014.

NOTE 10. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable and other current assets are receivables measured at amortized cost.

Trade accounts receivable

(in thousands)	**June 30, 2014**	**December 31, 2013**
Trade accounts receivable	€477,941	€492,147
Allowance for trade accounts receivable	(23,025)	(19,523)
Trade accounts receivable, net	**€454,916**	**€472,624**

The maturities of trade accounts receivable, net, were as follows:

(in thousands)	**June 30, 2014**	**December 31, 2013**
Less than 3 months past due	€92,526	€63,580
3 to 6 months past due	11,506	7,374
More than 6 months past due	5,647	4,769
Trade accounts receivable past due	**109,679**	**75,723**
Trade accounts receivable not yet due	345,237	396,901
Total trade accounts receivable, net	**€454,916**	**€472,624**

NOTE 11. BUSINESS COMBINATIONS

Realtime Technology AG

On January 13, 2014, the Company acquired 84% of Realtime Technology AG (“RTT”), and further increased its share to 93.6% as of June 30, 2014, for total cash consideration of approximately €178.3 million. Headquartered in Munich, Germany, RTT is the leading provider of professional high-end 3D visualization software, marketing solutions and computer generated imagery services.

The allocation of the purchase price resulted in €114.3 million of goodwill primarily composed of the synergies between RTT and the Company’s activities.

The purchase price has been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values at the date of the acquisition, as follows:

(in thousands)

Cash and cash equivalents	€13,182
Trade accounts receivable	23,592
Other assets	10,252
Intangible assets acquired[1]	68,000
Unearned revenue[2]	(985)
Other liabilities	(13,596)
Deferred taxes, net	(23,886)
Total identifiable net assets	**€76,559**
Non-controlling interests measured at fair value	(12,498)
Goodwill	114,270
Total purchase price	**€178,331**

(1) Intangible assets acquired are subject to amortization and include the following:

(in thousands)

Technology	€49,000
Customer relationships	15,000
In Progress Research & Development	4,000
Total intangible assets acquired	**€68,000**

(2) The carrying value of RTT’s unearned revenue was reduced to reflect the fair value of customer support obligations assumed. As a result, approximately €2.9 million of revenues that would have otherwise been recorded by RTT had this entity not been acquired by the Company will not be recognized in the Company’s consolidated statements of income.

In addition, the portion of RTT’s revenue and net income generated since the acquisition date and included in the Company’s consolidated financial statements as of June 30, 2014 is respectively €35.7 million and €(4.2) million.

On June 20, 2014, a squeeze-out procedure was launched to enter into negotiations to acquire the remaining outstanding shares capital of RTT.

Accelrys Inc.

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

On April 29, 2014, the Company completed its acquisition of 100% of Accelrys, for cash consideration of approximately €541.5 million. Based in San Diego, United States, Accelrys is a leading provider of scientific innovation lifecycle management software for chemistry, biology and materials.

The preliminary allocation of the purchase price resulted in €342.9 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between Accelrys and the Company's activities.

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

(in thousands)

Cash and cash equivalents	€46,565
Trade accounts receivable	20,455
Other assets	23,373
Intangible assets acquired(1)	227,437
Unearned revenue(2)	(8,593)
Other liabilities	(28,314)
Deferred taxes, net	(82,378)
Goodwill	342,944
Total purchase price	**€541,489**

(1) Intangible assets acquired are subject to amortization and include the following:

(in thousands)

Customer relationships	€166,065
Technology	60,650
Other	722
Total intangible assets acquired	**€227,437**

(2) The carrying value of Accelrys' unearned revenue was reduced to reflect the fair value of customer support obligations assumed. As a result, approximately €54.5 million of revenues that would have otherwise been recorded by Accelrys had this entity not been acquired by the Company will not be recognized in the Company's consolidated statements of income.

The unaudited financial information presented in the table below summarizes the combined results of operations for the six months period ended June 30, 2014 as if the acquisition of Accelrys had occurred at the beginning of the period. This financial information reflects the adjustment to reduce Accelrys unearned revenue to the fair value of the associated support obligation, and the additional amortization expense, assuming the fair value adjustments to deferred revenue and intangible assets had been applied from the beginning of the period, with the related tax effects.

(in thousands)	**Six months ended June 30, 2014 (unaudited)**
Revenue	€1,082,047
Net income	€93,667

In addition, the portion of Accelrys' revenue and net income generated since the acquisition date and included in the Company's consolidated financial statements as of June 30, 2014 is respectively €10.4 million and €(9.2) million.

Sobios SAS

In January 2014, the Company determined that it controls Sobios SAS, a French-based company, which develops modeling and simulation software products for the biotechnology industry, resulting in €5.8 million of goodwill.

NOTE 12. INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of the following:

	Six months ended June 30, 2014			Year ended December 31, 2013		
(in thousands)	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Software	€761,730	€(350,815)	€410,915	€639,881	€(315,541)	€324,340
Customer relationships	794,998	(306,315)	488,683	601,924	(270,872)	331,052
Other intangible assets	37,194	(28,327)	8,867	19,857	(16,461)	3,396
Total intangible assets	**€1,593,922**	**€(685,457)**	**€908,465**	**€1,261,662**	**€(602,874)**	**€658,788**

The change in the carrying amount of intangible assets as of June 30, 2014 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2014	**€324,340**	**€331,052**	**€3,396**	**€658,788**
Accelrys acquisition	60,650	166,065	722	227,437
RTT acquisition	49,000	15,000	4,000	68,000
Other business combinations	3,139	–	1,507	4,646
Other additions	1,107	–	68	1,175
Amortization for the period	(30,287)	(31,745)	(879)	(62,911)
Exchange differences	2,966	8,311	53	11,330
Net intangible assets as of June 30, 2014	**€410,915**	**€488,683**	**€8,867**	**€908,465**

The change in the carrying amount of goodwill as of June 30, 2014 is as follows:

(in thousands)

Goodwill as of January 1, 2014	**€872,952**
Accelrys acquisition	342,944
RTT acquisition	114,270
Other acquisitions	5,836
Exchange differences and other changes	11,601
Goodwill as of June 30, 2014	**€1,347,603**

NOTE 13. DERIVATIVES

Fair values

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

All financial instruments related to the foreign currency hedging strategy of the Company have maturity dates of less than 2 years when the maturity of interest rate swap instruments is less than 4 years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

A description of market risks the Company is exposed to is included in the 2013 Annual Report, paragraph 1.6.2 “Financial and Market Risks”.

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 2014 and 2013, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil.

At June 30, 2014 and December 31, 2013, the fair value of instruments used to manage the currency exposure was as follows:

(in thousands)	**Six months ended June 30, 2014** Nominal amount	Fair value	**Year ended December 31, 2013** Nominal amount	Fair value
Forward exchange contract U.S. dollars/Indian rupees – sale(1)	€28,039	€651	€36,733	€(1,813)
Forward exchange contract euros/Indian rupees – sale(1)	28,405	(203)	28,464	(2,139)
Forward exchange contract Japanese yen/euros – sale(1)	19,176	(196)	2,229	929
Forward exchange contract Japanese yen/U.S. dollars – sale(1)	15,106	(116)	–	–
Cross currency swaps Canadian dollars/euros(2)	70,765	4,441	70,370	4,972
Cross currency swaps Australian dollars/euros(2)	74,041	(38)	69,787	4,672
Other instruments(2)	37,872	53	27,258	(140)

(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 consolidated statement of income. These instruments mainly relate to the acquisition of Gemcom.

Interest rate risk

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 2015.

In June 2013, the Company entered into a new five-year term loan facility agreement for €350 million, which was immediately fully drawn down. The facility bears interest at Euribor 1 month plus 0.75% per annum (see Note 14. Borrowings). In July 2013, the Company entered into interest rate swap agreements for a total amount of €350 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility, so that the interest payable effectively becomes fixed at 0.93% from June 2014 until June 2018.

At June 30, 2014 and December 31, 2013, the fair value of instruments used to manage interest rate risk was as follows:

(in thousands)	**Six months ended June 30, 2014** Nominal amount	Fair value	**Year ended December 31, 2013** Nominal amount	Fair value
Interest rate swaps in euros	€350,000	€(9,349)	€350,000	€(809)
Interest rate swaps in Japanese yen	20,948	(46)	30,058	(84)

NOTE 14. BORROWINGS

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 1 month 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 2015.

In June 2013, the Company entered into a new five-year term loan facility agreement for €350 million, which was immediately fully drawn down. The facility bears interest at Euribor 1 month plus 0.75% per annum.

The table below provides a breakdown of total borrowings by contractual maturity date as of June 30, 2014:

		Payments due by period			
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Term loan facility in euros	€350,000	€–	€–	€350,000	€–
Term loan facility in Japanese yen	€20,948	€20,948	–	–	–
Total	**€370,948**	**€20,948**	**€–**	**€350,000**	**€–**

NOTE 15. SHAREHOLDERS' EQUITY

Shareholders' equity activity

As of June 30, 2014 Dassault Systèmes SA had 127,831,862 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.

The General Meeting of Shareholders of May 26, 2014 decided to split the par value of the Dassault Systèmes share in two. Consequently, the Board of Directors held on the same day decided to set on July 17, 2014 the effective date of this split. Thus, for all former shares of 1 euro of nominal value held as of July 17, the shareholders received 2 new shares of €0.50 of par value each.

Dividend rights

In 2014, the Shareholders' Meeting offered shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares. Shareholders who opted to receive payment of the 2013 dividend in the form of new Dassault Systèmes shares represented approximately 68% of Dassault Systèmes' shares, resulting in the issuance of 802,310 new ordinary shares. The cash dividend was paid in an aggregate amount of €32.3 million.

Stock repurchase program

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 €150 per share or above a maximum aggregate amount of €500 million. Under the Company's share repurchase program, the Company repurchased 1,494,514 shares during the six month period ended June 30, 2014, for an aggregate amount of €130.0 million, out of which 741,175 were canceled.

Components of other comprehensive income

(in thousands)	Six months ended June 30, 2014	2013
Cash flow hedges		
(Losses) Gains arising during the year	€(4,459)	€12,188
Less: reclassification adjustments for gains or losses included in the income statement	93	11,820
	€(4,552)	**€368**
Available-for-sale securities		
(Losses) arising during the year	€–	€(22)
Less: reclassification adjustments for gains or losses included in the income statement	–	–
	€–	**€(22)**

NOTE 16. CONSOLIDATED STATEMENTS OF CASH FLOWS

Adjustments for non-cash items consist of the following:

(in thousands)	Notes	Six months ended June 30, 2014	2013
Depreciation of property and equipment		€17,078	€17,142
Amortization of intangible assets	12	62,911	52,027
Deferred income taxes		(14,990)	(20,054)
Non-cash share-based payment expense	6	15,485	17,348
Other		9,904	10,128
Adjustments for non-cash items		**€90,388**	**€76,591**

Changes in operating assets and liabilities consist of the following:

(in thousands)	Six months ended June 30, 2014	2013
Decrease in trade accounts receivable	€69,829	€51,901
(Decrease) in accounts payable	2,234	(192)
(Decrease) in accrued compensation	(38,216)	(37,983)
Increase in income tax payable	(23,566)	9,469
Increase in unearned revenue	117,438	97,275
Changes in other assets and liabilities	15,986	(155)
Changes in operating assets and liabilities	**€143,705**	**€120,315**

NOTE 17. CONTINGENCIES

Litigation and other proceedings

The Company is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which the Company has or had operations. A number of these reassessments, in particular those related to acquisition financing, are being challenged by the Company which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, the Company made a €22 million payment to the French tax authorities in 2014 but will dispute it with the relevant authorities.

It is not possible to determine with certainty the outcome of the dispute in these matters. However, in the opinion of management, after consultation with legal and tax counsel, as indicated above, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Company.

NOTE 18. EVENTS AFTER THE REPORTING PERIOD

In July 2014, the Company completed the acquisitions of Sobios SAS and SIMPACK for total cash consideration of €45.4 million. SIMPACK, based near Munich, Germany, is the technology leader in multi-body simulation technologies and solutions.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2014 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 General meetings 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, 2014;
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

Neuilly-sur-Seine and Paris-La Défense, July 24, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
Pierre Marty	Jean-François Ginies