DASSAULT SYSTEMES
HALF-YEAR FINANCIAL REPORT

June 30, 2015
European company
Share capital: 127,708,193.50 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 27, 2015 in accordance with Article L.451-1-2 III of the French Monetary and Financial Code.
Only the French version of the Half Year Report is legally binding.

Table of Contents

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 27, 2015

“I hereby declare that, to the best of my knowledge, the 2015 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 SE and all the companies included in the scope of consolidation. "Dassault Systèmes SE" 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, content and services, designed to support companies' innovation processes. The Company's software applications and services encompass three principal spheres: "Product-Sphere", "Geo-Sphere" and "Bio-Sphere" reflecting the Company's expanded purpose to provide business and people with virtual **3D**EXPERIENCE universes enabling to imagine innovations capable of harmonizing product, nature and life.

Dassault Systèmes is the world leader of the global Product Lifecycle Management market based upon end-user software revenue (source: CIMdata), a position which it has held since 1999. We believe our world leadership reflects our core DNA as a scientific company, combining science, technology and art to help advance the success of our customers and users with our Industry Solution Experiences.

Our software offerings address users all across a company's product development loop enabling the Group to provide companies with a comprehensive perspective, encompassing:

- product idea and specification;
- design with early 3D digital models to full digital mock-ups;
- virtual testing of products;
- virtual production and manufacturing operations management;
- operations planning and optimization;
- digital marketing and sales;
- end-consumer shopping experience.

In connection with the Company's introduction of **3D**EXPERIENCE 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 and roles 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.

The Company's investments, both through expenditures on its internal R&D efforts and through acquisitions, are closely aligned with its strategic roadmap. The Company's internal R&D investments are the principal driver of its product innovations and enhancements. In addition, with its expanded purpose and Industry Solution Experiences strategy the Company is growing its addressable market along two axes: (i) broadening its offer to cover the key product disciplines of clients adding upstream consumer insights to its core markets of design, engineering, simulation and manufacturing, and extending through to business planning and operations and point of sales and end-consumer experiences; and (ii) expanding its market coverage to address industries focused on the interaction of business and people with nature (geosphere) and business and people with life sciences (biosphere). As a result, the Company has and will continue to evaluate potential external investments complementing and extending the business value it brings to industries, clients and users.

Industries Served

The Company's global customer base includes companies in 12 industrial sectors, with the composition of end user software revenue by major industry approximately as follows for the latest two fiscal years, 2014 and 2013: Transportation & Mobility about 30% (29% in 2013); Industrial Equipment about 19% (19% in 2013); Aerospace & Defense about 12% (14% in 2013); Business Services about 11% (12% in 2013); Marine & Offshore and Other Target Industries about 28% (26% in 2013).

To deepen its penetration of each industry, the Company undertakes the continuing development of industry specific solutions, both through internal development and by acquisition, and increasing its expertise through partnerships with leading companies and system integrators and the addition of specialized direct sales and sales partners.

3DEXPERIENCE Business Platform

In February 2014, the Company unveiled and introduced its **3D**EXPERIENCE platform and on Premise and on the Cloud offerings for companies of all sizes. In March 2015, the Company announced the general availability of Release 2015x, offering a simplified and improved user experience with powerful enhancements that significantly increase productivity. In addition, R2015x introduces groupings of applications called 'roles', designed to cover a broader set of activities users need to accomplish in industry-specific domains. In R2015x, there are 219 roles on premise, and 115 roles on public and private cloud. Importantly, R2015X continues the Company's focus on further advancing ease of interface enabling V5 customers to benefit from their existing deployments while also taking advantage of V6 applications, as well as powerful openness and coexistence capabilities for a heterogeneous environment with a user's suppliers and other software.

The **3D**EXPERIENCE Process Portfolio On Cloud is offered as Software as a Service (SaaS) on a public or private 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 Processes and Roles, it includes the operation of the Cloud environment in the price of the Processes. The public cloud operates 24 hours per day, 7 days per week, 365 days per year, and includes maintenance, licensing, and upgrades. Total Cost of Ownership is improved by reducing requirements for computing and storage, as well as facility and human resources costs.

A single 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 – Addressing the Needs of its User Communities

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

Since its inception, the Company has focused on creating a portfolio of leading brands, each focused on specific user groups. The Company continues to expand its brands and create new brands to meet the evolving needs of existing and new users across its expanded addressable market and, in addition, began introducing in 2012 Industry Solution Experiences. 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 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 design new and rewarding experiences for their end-customers;
- Time-saving for the launching cycle of new products;
- Manufacturing cost reduction;
- Improvement of the product quality and compliance;
- Time-to-market
- Market Globalization (design/manufacture anywhere);
- Supply chain collaboration;
- Regulatory compliance;
- IP protection;
- Manufacturing efficiency.

History and Development

Dassault Systèmes, the **3D**EXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The Group brings value to over 190,000 customers of all sizes, in all industries, in more than 140 countries.

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 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 the 3D part design process into an 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 Product Lifecycle Management ("PLM") solution supporting the entire product lifecycle from design to manufacturing, the Company developed and introduced its next software architecture in 1999, Version 5 ("V5"). In conjunction with 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.

In 2012, the Company unveiled its current horizon, **3D**EXPERIENCE, designed to support its clients in their innovation process so that they can invent the future through the prism of experience. **3D**EXPERIENCE builds upon the Company's work in 3D, DMU, and PLM, and reflects the evolution Dassault Systèmes began to see among its clients in different industry verticals. With **3D**EXPERIENCE, the Company expanded its purpose to encompass the harmonization of products, nature and life; moved to an industry go-to-market strategy, and introduced the **3D**EXPERIENCE platform, 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").

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 & biosystems), technologies for product, production and usage realistic simulation, intelligent information technologies (indexing, dashboarding and also project management and compliance) 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.

Sales and Marketing

The Company's customers range 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 approximately 58% of revenue generated through direct sales and 42% through the Company's two indirect sales channels. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2014 and 2013.

- 3DS Business Transformation channel: 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 58% and 56% of revenue in 2014 and 2013, respectively.

- 3DS Value Solutions channel: sales to small- and mid-sized companies are conducted indirectly generally through the Company's Value Solutions channel, a global network of value added resellers with Industry specialization. This channel represented 23% and 24% of the Company's revenue in 2014 and 2013, respectively.

- 3DS Professional channel: the 3DS Professional channel is an indirect channel focused on the volume market. It is comprised of a network of value added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 19% and 20% of the Company's total revenue in 2014 and 2013, respectively.

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

Competition

The Company operates in a highly competitive marketplace. As it continues to broaden its addressable market, by expanding its current product portfolio, diversifying its client base in new sectors of activity, and developing new applications and markets, the Company faces competition, from new competitors ranging from technology start-ups to the largest technology companies in the world. The Company's competitors generally compete with it in specific areas of its portfolio or in a specific set of industries, but due to the breadth of the Company's activities, no single company competes with it across its entire scope.

2.2 Risk factors

The main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2015 are presented in Section 1.6 "Risk Factors" of the Company's 2014 *Document de référence* filed with the *Autorité des marchés financiers* ("AMF", the French Financial Markets Authority) on March 24, 2015, it being specified that certain information relating to foreign currency and interest rate risks mentioned in said *Document de référence* 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 2015 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 interim condensed consolidated financial statements and the related notes included under Chapter 3 of this Half Year Report.

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 2014.

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 2015 First Half Financial Summary

The table below sets forth the Company's financial summary for the half year periods ended June 30, 2015 and 2014 and provides growth rates on an as reported basis and in constant currencies.

(in millions of Euros, except per share data)	IFRS			Non-IFRS		
		Change	**Change in cc***		**Change**	**Change in cc***
Total Revenue	€1,367.2	29%	16%	€1,388.6	29%	17%
Software Revenue	1,206.0	28%	15%	1,226.4	28%	15%
Services & other revenue	161.2	42%	29%	162.2	41%	28%
2015 Operating Margin	19.6%			27.7%		
2015 EPS**	€0.67	43%		€0.96	22%	

(in millions of Euros)	IFRS			Non-IFRS		
	H1 2015	**H1 2014**	**Change in cc***	**H1 2015**	**H1 2014**	**Change in cc***
Europe	587.8	490.7	15%	595.0	496.3	15%
Americas	417.3	295.3	16%	428.3	301.3	17%
Asia	362.1	273.0	19%	365.3	275.3	19%

* In constant currencies

**H12014 EPS adjusted for the two-for-one stock split on July 17, 2014

First Half 2015 Review

Summary Overview

Dassault Systèmes, the **3D**EXPERIENCE company, provides software applications and services, designed to support companies' innovation processes. Since the introduction of its market vision of **3D**EXPERIENCE and its Social Industry Experience strategy in 2012, the Company has undergone a deep transformation in its go-to-market strategy, in the orientation of its software applications, and in its regional organization structure to better position itself on the estimated $32 billion addressable market opportunity.

The Company unveiled its first Industry Solution Experiences just three years ago and now covers all 12 of its industries with Industry Solution Experiences. With the release of R2015x in March of 2015, the Company has introduced role-based offerings within its Industry Solution Experiences to increase productivity of users and enrich the users' experiences.

Thanks to its strategy evolution, the Company has diverse growth engines including industries, geos, sales channels and multiple access points into companies with its Industry Solution Experiences and its user-based roles. During the 2015 First Half core industries represented 70% of total revenue and diversification industries represented 30%, well aligned with the Company's mid-term target. For the 2015 First Half, the Company experienced solid new business activity in multiple industries, most notably Transportation & Mobility, Aerospace & Defense, Marine & Offshore, Life Sciences, Consumer Packaged Goods & Retail, Energy, Process & Utilities and Natural Resources.

Dassault Systèmes expects 2015 to be a year of double-digit revenue and earnings per share growth and the 2015 First Half well supports these goals. From a revenue perspective, the Company is focused on strengthening its execution, in its research and development, in its geographic organization and in its sales channels and go-to-market strategy implementations and believes these efforts are reflected in the acceleration of its organic software revenue and total revenue results during the 2015 First Half. Moreover, the Company continues to focus on improving its operating efficiency and this is demonstrated by the organic operating margin progression during the 2015 First Half.

In addition to delivering a strong first half financial performance the Company also advanced strategic initiatives in urban planning with **3D**EXPERIENCity and in additive manufacturing, among others.

Financial Overview

At the outset of 2015 the Company outlined two key financial goals: to deliver organic double-digits non-IFRS new licenses revenue growth and to generate an increase in its organic non-IFRS operating margin of approximately 100 basis points – both targets excluding any currency (or acquisition) benefits. These goals are well reflected in Dassault Systèmes' performance during the 2015 First Half. More specifically, while the macroeconomic backdrop remained similar to 2014, the Company has continued to strengthen its business, leading to acceleration in organic revenue growth during the 2015 First Half compared to the 2014 First Half. Excluding positive currency benefits and on an organic basis, non-IFRS total revenue increased 7% and software revenue increased 8%, benefiting from double-digit new licenses revenue growth of 11% and solid growth in recurring software revenue.

The Company's financial results during the 2015 First Half reflected the material contribution from the addition of several acquisitions completed during 2014, including Accelrys in April 2014, and Quintiq in September 2014 as well as smaller acquisitions. Excluding positive currency benefits, non-IFRS total revenue increased 17%, software revenue increased 15% and services and other revenue increased 28%.

In addition, currency had a material positive impact on the Company's reported revenue growth rates and was an important contributor to operating income and earnings per share growth.

Summary Financial Review (revenue growth figures in constant currencies)

Total revenue: IFRS total revenue increased 16%. Software revenue represented 88% of total revenue and increased 15% with services and other revenue growing 29%. Non-IFRS total revenue increased 17% with software revenue growth of 15% and services and other revenue growth of 28%. Excluding acquisitions, non-IFRS total revenue growth increased to 7% in the 2015 First Half from 4% in the 2014 First Half. First Half results include the acquisitions of Accelrys (acquired late April 2014) and Quintiq (acquired September 2014).

Revenue by Region: The Company continues to expand its presence with clients in its three principal regions, strengthening and expanding its sales channels and local presence. For the 2015 First Half, Europe represented 43% of total revenues, the Americas 31% and Asia 26%. By region, the strongest performance was recorded in Asia with 19% growth, led by Korea and India, and well supported by growth in Japan and China. Non-IFRS revenue in Europe increased 15%, led by France and Southern Europe and reflected mixed results. Non-IFRS revenue in the Americas increased 17% on software and services growth in North America. On an organic basis, revenue growth was highest in Asia with double-digits revenue growth.

Revenue by Industry: For the 2015 First Half, the Company benefited from strong growth in most core industries well supported by growth of a number of the diversification industries. Specifically, the Company experienced solid new business activity in multiple industries, most notably Transportation & Mobility, Aerospace & Defense, Industrial Equipment, Marine & Offshore, Life Sciences, Consumer Packaged Goods & Retail and Energy, Process & Utilities.

Software Revenue: Non-IFRS software revenue increased 15% on growth of both new licenses revenue and recurring software revenue. New licenses revenue increased 20% in total, reflecting organic growth of 11% and acquisitions. Recurring software revenue increased 13% (IFRS) and 12% (non-IFRS) with a strong performance across all three regions. Excluding acquisitions, non-IFRS software revenue growth increased to 8% from 5% in the 2014 First Half, led by its simulation (SIMULIA), manufacturing (DELMIA) and design software (SOLIDWORKS).

Recurring Software Revenue: Since inception in 1981 the Company has had a long-term focus on maintaining a highly recurrent software revenue model. For 2014, recurring software represented 71% of total software and for the 2015 First Half it remained at this high level. Recurring software revenue was comprised of maintenance and rental subscriptions.

Operating Margin: The IFRS operating margin was 19.6%, compared to 17.0% for the 2014 First Half. The non-IFRS operating margin was 27.7% for the 2015 First Half, slightly lower than the 28.1% recorded in the 2014 First Half. The Company's financial objectives for 2015 include the goal to deliver a non-IFRS operating margin of about 30%, stable to slightly higher than 2014, based upon delivering about

100 basis points of organic operating margin improvement to offset the estimated dilution from the 2014 acquisitions. For the 2015 First Half the Company estimates an organic operating margin improvement of approximately 100 basis points.

Earnings per Share: The Company's earnings per share were sharply higher in the 2015 First Half driven principally by growth in revenue and operating income and on a strong benefit from favorable currency effects offset in part by the impact of a one-time R&D benefit in the 2014 First Half. IFRS diluted net income per share increased 43% and non-IFRS net income per share increased 22% to €0.96 per diluted share, compared to €0.79 per diluted share on a split adjusted basis for the 2014 First Half. Average diluted shares outstanding were 255.9 million and 255.0 million for the 2015 and 2014 First Half, respectively.

Acquisitions: The 2015 financial results reflect the incorporation of several acquisitions, the most significant of which were Accelrys in April 2014 and Quintiq in September 2014. Based upon the size of these companies they had a material impact on the revenue growth of the Company during the 2015 First Half.

Cash Flow and Other Financial Highlights: Net operating cash flow was €417 million for the 2015 First Half, increasing 18%. The strong growth in net operating cash flow principally reflected, in addition to net income, a strong increase in working capital, including unearned revenue, despite a €60 million payment in connection with ongoing tax proceedings in the 2015 First Half.

At June 30, 2015, the Company's net financial position totaled €1.15 billion, compared to €825 million at December 31, 2014, reflecting an increase in cash, cash equivalents and short-term investments to €1.50 billion, compared to €1.18 billion at December 31, 2014, with long-term debt unchanged at €350.0 million.

2015 Business Outlook

For a discussion of the Company's 2015 business outlook, see section 2.7 "2015 Outlook".

The main risks and uncertainties to which the Group may be exposed during the remaining six months of fiscal year 2015 are presented in Section 1.6 "Risk Factors" of the Company's 2014 *Document de référence* filed with the *Autorité des marchés financiers* ("AMF", the French Financial Markets Authority) on March 24, 2015, it being specified that certain information relating to foreign currency and interest rate risks mentioned in said *Document de référence* are updated in Note 13 of the Company's half year consolidated condensed financial statements under Chapter 3 of this Half Year Report.

2.3.3 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 and related social charges, 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.

	For the First Half Ended June 30,						Increase (Decrease)	
(in millions, except percentages and per share data)	**2015 IFRS**	**Adjust-ment(1)**	**2015 non-IFRS**	**2014 IFRS**	**Adjust-ment(1)**	**2014 non-IFRS**	**IFRS**	**non-IFRS(2)**
Total Revenue	**€1,367.2**	**€21.4**	**€1,388.6**	**€1,059.0**	**€13.9**	**€1,072.9**	**29%**	**29%**
Total revenue by activity								
Software revenue	1,206.0	20.4	1,226.4	945.2	12.9	958.1	28%	28%
Services and other revenue	161.2	1.0	162.2	113.8	1.0	114.8	42%	41%
Total revenue by geography								
Europe	587.8	7.2	595.0	490.7	5.6	496.3	20%	20%
Americas	417.3	11.0	428.3	295.3	6.0	301.3	41%	42%
Asia	362.1	3.2	365.3	273.0	2.3	275.3	33%	33%
Total Operating Expenses	**€(1,099.0)**	**€94.5**	**€(1,004.5)**	**€(879.1)**	**€107.9**	**€(771.2)**	**25%**	**30%**
Share-based compensation expense	(10.6)	10.6	-	(28.8)	28.8	-		
Amortization of acquired intangibles	(77.7)	77.7	-	(57.5)	57.5	-		
Other operating income and expense, net	(6.2)	6.2	-	(21.6)	21.6	-		
Operating Income	**€268.2**	**€115.9**	**€384.1**	**€179.9**	**€121.8**	**€301.7**	**49%**	**27%**
Operating Margin	**19.6%**		**27.7%**	**17.0%**		**28.1%**		
Financial revenue and other, net	3.8	-	3.8	7.4	-	7.4		
Income before Income Taxes	**€272.0**	**€115.9**	**€387.9**	**€187.3**	**€121.8**	**€309.1**	**45%**	**25%**
Income tax expense	(99.4)	(39.2)	(138.6)	(66.8)	(40.7)	(107.5)	49%	29%
Non-controlling interest	(2.4)	-	(2.4)	(0.1)	(0.3)	(0.4)		
Net Income attributable to shareholders	€170.2	€76.7	€246.9	**€120.4**	**€80.8**	**€201.2**	**41%**	**23%**
Diluted Net Income Per Share(3)	**€0.67**	**€0.29**	**€0.96**	**€0.47***	**€0.32***	**€0.79***	**43%**	**22%**

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies; (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges ,as detailed below, and other operating income and expense, (iii) adjustments to IFRS financial revenue and other, net reflect the exclusion of certain one-time items included in financial revenue and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, the income tax effect of the non-IFRS adjustments and certain one-time tax effects.

	For the First Half Ended June 30,					
(in millions)	**2015 IFRS**	**Adjustment**	**2015 Non-IFRS**	**2014 IFRS**	**Adjustment**	**2014 Non-IFRS**
Cost of software, services and other revenue	(€217.0)	€0.3	€(216.7)	€(147.2)	€0.8	€(146.4)
Research and development	(251.6)	4.4	(247.2)	(194.4)	11.2	(183.2)
Marketing and sales	(445.7)	4.0	(441.7)	(362.9)	8.0	(354.9)
General and administrative	(100.9)	1.9	(99.0)	(95.5)	8.8	(86.7)
Total share-based compensation expense		**10.6**			**28.8**	

(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 255.9 million diluted shares for the 2015 First Half and 255.0 million diluted shares for the 2014 First Half.

** 2014 figures have been restated to reflect the two-for-one stock split effected on July 17, 2014.*

2.4 Financial review of operations as of June 30, 2015

2.4.1 Revenue

The Company's total revenue is comprised of (i) software revenue, which is its primary source of revenue, representing 88% of total revenue in the 2015 First Half, and (ii) services and other revenue, which represented 12% of total revenue in the 2015 First Half.

(in millions, except percentages)	**Half Year Ended June 30, 2015**	% change	% change in constant currencies	Half Year Ended June 30, 2014
Total Revenue	**€1,367.2**	**29%**	**16%**	**€1,059.0**
Total revenue by activity				
Software revenue	1,206.0	28%	15%	945.2
Services and other revenue	161.2	42%	29%	113.8
Total revenue by geographic region*				
Europe	587.8	20%	15%	490.7
America	417.3	41%	16%	295.3
Asia	362.1	33%	19%	273.0

* The Company's largest national markets as measured by total revenue were the United States, Germany, Japan, and France for the year ended December 31, 2014.

For the 2015 First Half IFRS total revenue increased 29.1% to €1.37 billion and excluding currency effects increased 16%. Non-IFRS total revenue increased 29.4% to €1.39 billion and excluding currency effects increased 17%.

Excluding acquisitions and in constant currencies, non-IFRS total revenue growth accelerated to 7% in the 2015 First Half from 4% in the 2014 First Half and non-IFRS software revenue growth increased to 8% from 5% in the 2014 first half.

2.4.1.1 Software revenue

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

The Company's software applications are principally licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial or one-time fee for a perpetual license or (ii) periodic (rental or subscription) licenses, for which the customer pays periodic fees to keep the license active. Access to maintenance and unspecified 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. 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.

(in millions, except percentages)	For the First Half Ended June 30, 2015	2014
Software revenue		
New licenses revenue	€333.9	€257.7
Periodic licenses, maintenance and other software-related revenue	872.1	687.5
Total software revenue	**€1,206.0**	**€945.2**
(as a % of total revenue)	88.2%	89.3%

For the 2015 First Half, IFRS software revenue increased 27.6% and increased 15% in constant currencies. Similarly, non-IFRS software revenue increased 28.0% and 15% excluding currency effects and totaled €1.23 billion compared to €958.1 million for the 2014 First Half. Excluding acquisitions and currency impacts, non-IFRS software revenue increased 8%.

New licenses revenue increased 29.6% and 16% in constant currencies for the 2015 First Half. Non-IFRS new licenses revenue of €346.4 million increased 34.2% and 20% in constant currencies, benefiting from organic growth estimated at 11% in constant currencies and 2014 acquisitions. On a regional basis, new licenses revenue growth was sharply higher in Asia. New licenses revenue represented 27.7% and 27.3% of total software revenue for the 2015 and 2014 First Half, respectively.

Recurring software revenue, comprised of periodic licenses and maintenance, increased 25.7% and 13% in constant currencies and totaled €858.8 million for the 2015 First Half, compared to €683.4 million in the 2014 First Half. Non-IFRS recurring software revenue increased 24.5% and 12% in constant currencies and totaled €866.7 million for the 2015 First Half compared to €695.9 million in the 2014 First Half. Excluding currency effects, recurring software revenue growth reflected strong results across the Company's three regions, and continued to reflect high maintenance attachment rates and renewal rates. Rental revenue increased in total while reflecting mixed results on an organic basis.

Non-IFRS recurring software revenue represented 71% and 73% of total software revenue for the 2015 and 2014 First Half, respectively.

Other software revenue totaled €13.3 million for the 2015 First Half compared to €4.1 million in 2014 First Half and was comprised of revenue related to the development of additional functionalities of standard products requested by clients and reinstated maintenance.

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. Commencing in 2014, service and other revenue also include content-related digital production for use in 3D visualization, advertising, sales and marketing principally related to the Company's 3DEXCITE brand.

(in millions, except percentages)	For the First Half Ended June 30, 2015	2014
Services and other revenue	**€161.2**	**€113.8**
(as a % of total revenue)	11.8%	10.7%

Services and other revenue increased 41.7% and approximately 29% in constant currencies, reflecting the higher service and content revenue component of 2014 acquisitions. Non-IFRS services and other revenue of €162.2 million increased 41.3% and approximately 28% in constant currencies. The non-IFRS services and other revenue gross margin decreased during the 2015 First Half from 17.3% to 10.7%.

2.4.2 Operating expenses

(in millions)	For the First Half Ended June 30, 2015	2014
Operating expenses	**€1,099.0**	**€879.1**
Adjustments[(1)]	(94.5)	(107.9)
Non-IFRS operating expenses[(1)]	**€1,004.5**	**€771.2**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles of €77.7 million and €57.5 million for the 2015 and 2014 First Half, respectively, (ii) share-based compensation expense of €10.6 million and €28.8 million for the 2015 and 2014 First Half, respectively, and (iii) other operating income and expense, net of €(6.2) million and €(21.6) million for the respective 2015 and 2014 periods. 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.

Cost of Software Revenue

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

(in millions)	For the First Half Ended June 30, 2015	2014
Cost of software revenue (excl. amortization of acquired intangibles)	**€72.0**	**€52.1**

Cost of software revenue (excluding amortization of acquired intangibles) increased 38.2% and primarily reflected both the addition of acquisitions and negative currency expenses. Excluding a net negative currency impact of approximately 15 percentage points, cost of software revenue growth was comprised of growth from acquisitions and to a lesser extent from organic costs, including higher royalty and Cloud costs. The cost of software revenue (excluding amortization of acquired intangibles) represented 5.3% and 4.9% of total revenue in the First Half of 2015 and 2014, respectively.

Cost of Services Revenue

The cost of services and other revenue includes principally personnel and other costs related to organizing and providing consulting, deployment services, content creation and educational services less the technical support provided to sales operations.

(in millions)	For the First Half Ended June 30, 2015	2014
Cost of services and other revenue	**€145.0**	**€95.1**

Cost of services and other revenue increased 52.5%, principally due to the addition of acquisitions and to negative currency effects. Excluding a net negative currency impact of approximately 12 percentage points, cost of services and other revenue increased 40%, largely reflecting growth in personnel and related costs from acquisitions and in part to underlying organic expense increase. The cost of services and other revenue amounted to 10.6% and 8.9% of total revenue in the First Half of 2015 and 2014, 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, the United Kingdom, Malaysia, Poland, Netherlands, Australia and Canada.

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, 2015**	**2014**
Research and development expenses	**€251.6**	**€194.4**
(as % of total revenue)	18.4%	18.4%

The Company continues to benefit from a strong focus on investments in research and development, with underlying organic investments and the acquisitions of Accelrys, a leading provider of scientific innovation lifecycle management software for the chemistry, biology and materials sciences industries in April 2014 (BIOVIA brand) and Quintiq extending the Company's **3D**EXPERIENCE platform to global business operations planning. At June 30, 2015 personnel in research and development represented 42% of the Company's total people resources.

During the 2015 First Half research and development expenses increased 29.4%. Excluding a net negative currency impact of approximately 11 percentage points and a one-time R&D tax credit benefit in the 2014 First Half of approximately 7 percentage points, growth in research and development reflected both organic investments as well as the addition of the 2014 acquisitions.

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, 2015**	**2014**
Marketing and sales expenses	**€445.7**	**€362.9**
(as % of total revenue)	32.6%	34.3%

IFRS marketing and sales expenses increased 22.8% and on a non-IFRS basis increased 24.4% and included a net negative currency impact of 10 percentage points. Excluding currency effects, sales expenses increased reflecting the combined impact of acquisitions as well as underlying sales expense growth, while marketing expenses increased solely due to change in scope with the 2014 acquisitions.

General and Administrative Expenses

General and administrative expenses (G&A) consist primarily of personnel costs of the finance, human resources and other departments, including legal; third-party professional fees and other expenses; travel expenses; related infrastructure costs, including information technology resources as well as other expenses.

(in millions, except percentages)	**For the First Half Ended June 30, 2015**	**2014**
General and administrative expenses	**€100.9**	**€95.5**
(as % of total revenue)	7.4%	9.0%

IFRS general and administrative expenses increased 5.7% and on a non-IFRS basis, general and administrative expenses increased 14.2%. Excluding an estimated net negative currency impact of 7 percentage points, the growth of non-IFRS general and administrative expenses was due to the addition of acquisitions. On an organic basis non-IFRS G&A expenses decreased.

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, 2015**	**2014**
Amortization of acquired intangibles	**€77.7**	**€57.5**

Amortization of acquired intangibles increased €20.2 million, reflecting principally the acquisitions of Quintiq in September and Accelrys in April 2014.

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, 2015**	**2014**
Other operating income and (expense), net	**€(6.2)**	**€(21.6)**

2015 First Half other operating income and (expense), net amounted to €(6.2) million, as compared to €(21.6) million in the 2014 First Half, reflecting a €8.9 million decrease in acquisition costs and a €6.8 million decrease in restructuring costs. See Note 8 to the consolidated financial statements.

2.4.3 Operating income

(in millions)	**For the First Half Ended June 30, 2015**	**2014**
Operating income	**€268.2**	**€179.9**

IFRS operating income growth of 49.1% was due to both revenue growth of 29.1% as well as IFRS operating margin improvement of 2.6 percentage points.

Non-IFRS operating income increased 27.3% or €82.4 million to €384.1 million from €301.7 million in the 2014 First Half, due to higher revenues. The non-IFRS operating margin decreased slightly to 27.7% from 28.1% in the 2014 First Half, reflecting a one-time R&D benefit in the 2014 First Half and dilution from the 2014 acquisitions offset in part by positive currency effects and underlying improvement in the non-IFRS organic operating margin.

2.4.4 Financial income (expense) and other, net

Financial income (expense) and other, net includes (i) interest income and interest expense, net; (ii) foreign exchange gains or losses, net, primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in foreign currencies; and (iii) one-time items, net principally composed of net gains or losses on sales of investments.

	For the First Half Ended June 30,	
(in millions)	**2015**	**2014**
Financial revenue and other, net	**€3.8**	**€7.4**

2015 First Half financial revenue and other, net was mainly comprised of net financial interest income of €9.4 million (2014 H1: €10.4 million); exchange loss of €5.5 million (2014 H1: €(2.7) million), and other income/loss of €(0.1) million (2014 H1: €(0.3) million). See Note 9 to the consolidated financial statements.

For the 2015 and 2014 First Half IFRS and non-IFRS financial revenue and other, net were identical.

2.4.5 Income tax expense

	For the First Half Ended June 30,	
(in millions, except percentages)	**2015**	**2014**
Income tax expense	**€99.4**	**€66.8**
Effective consolidated tax rate	36.5%	35.6%

Income tax expense increased 48.8% in the 2015 First Half as compared to the 2014 First Half due largely to growth of 45.2% in pre-tax income. The estimated effective tax rate increased slightly to 36.5% in the 2015 First Half compared to 35.6% in the year-ago period.

On a non-IFRS basis, income tax expense increased 28.9% to €138.6 million, compared to €107.5 million, principally reflecting higher pre-tax income. The estimated effective consolidated tax rate increased to 35.7% in the 2015 First Half compared to 34.8% for the 2014 First Half.

2.4.6 Net income and diluted net income per share

	For the First Half Ended June 30,	
(in millions, except per share data)	**2015**	**2014**
Net income attributable to shareholders	**€170.2**	**€120.4**
Diluted net income per share	**€0.67**	**€0.47**
Diluted weighted average shares outstanding	**255.9**	**255.0**

IFRS diluted net income per share increased 42.6%. Non-IFRS net income per diluted share increased 22.7% to €0.96 per share, compared to €0.79 per share in the 2014 First Half. IFRS and non-IFRS net income and diluted net income per share growth reflected strong increases in pre-tax income offset in part by an approximate 100 basis points increase in the respective effective income tax rates.

2.4.7 Capital Resources

Cash, cash equivalents and short-term investments totaled €1.50 billion and €1.18 billion as of June 30, 2015 and December 31, 2014, respectively. The Company's net financial position increased to €1.15 billion at June 30, 2015, compared to €825.5 million at December 31, 2014, and was comprised of cash, cash equivalents and short-term investments, less long-term debt.

In the 2015 First Half, the Company's principal sources of liquidity were cash from operations amounting to €416.8 million, comprised of net income in the amount of €255.0 million excluding non-cash items and an increase in working capital of €161.8 million. During the 2015 First Half cash obtained from operations was used primarily to distribute cash dividends aggregating €95.6 million. (See also the Consolidated Statements of Cash Flows in paragraph 3 "Condensed Consolidated Financial Statements for the Half Year Ended June 30, 2015".)

In the 2014 First Half the Company's principal sources of liquidity were cash from operations of €354.6 million, including net income of €210.9 million excluding non-cash items and an increase in working capital of €143.7 million. During the 2014 First Half cash obtained from operations was used primarily to fund acquisitions totaling €657.3 million, to repurchase shares totaling €130.0 million and to distribute cash dividends aggregating €32.3 million.

Exchange rate fluctuations had a positive translation effect, on cash and cash equivalent balances, of €38.5 and €3.8 million as of June 30, 2015 and June 30, 2014, respectively.

The Company follows a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are defined by the Company's financial management and controlled by the treasury department of Dassault Systèmes.

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 24, 2015, in Chapter 4.1.1, Note 26. No new related party transactions occurred during the 2015 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 2015 First Half.

2.6 2015 First Half Business & Corporate Highlights

Acquisitions

On April 23, 2015, Dassault Systèmes announced the acquisition of Modelon GmbH, a new milestone to achieve Ready-to-Experience mechatronics systems. With this transaction, Dassault Systèmes reinforces its portfolio of industry-leading content, applications and services. Modelon GmbH's proprietary, multi-physics modular and reusable content-based on the Modelica open standard modeling language-brings industries beyond digital mock up to deliver functional mock up, transforming the engineering and experimentation of connected vehicles. From electric power storage to electric power distribution, its portfolio delivers a unified picture of complex product subsystem interaction and performance. This accelerates virtual product development and ensures the relevance and quality of Transportation and Mobility industry projects.

Product and Technology Announcements

On March 3, 2015, the Company announced the general availability of Release 2015x of the **3D**EXPERIENCE platform, offering a simplified and improved user experience with powerful enhancements that significantly increase productivity on premise as well as on public or private cloud. In addition, R2015x introduces groupings of applications called 'roles', designed to cover a broader set of activities users need to accomplish in industry-specific domains. In R2015x, there are 219 roles on premise, 115 roles on public and private cloud. Importantly, R2015x continues the Company's focus on further advancing ease of interface enabling V5 customers to benefit from their existing deployments while also taking advantage of V6 applications, as well as powerful openness and coexistence capabilities for a heterogeneous environment with a user's suppliers and other software.

Other Corporate Events

On June 15, 2015, Dassault Systèmes completed the change of the legal status of the Company from that of a French Public Limited Company (Société anonyme) to that of a European Company. The adoption of the status of European Company (Societas Europaea, SE) is reflecting the international dimension of the Company and its growing presence in Europe.

On May 28, 2015, at the Annual Shareholders' Meeting, Dassault Systèmes' shareholders approved a dividend for the fiscal year 2014 equivalent to €0.43 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 2014 dividend in the form of new Dassault Systèmes shares represented approximately 12% of Dassault Systèmes' shares, resulting in the issuance of 185,709 new ordinary Dassault Systèmes' shares, representing 0.07% of the share capital (on a non-diluted basis) and 0.05% of the Dassault Systèmes' (unadjusted) voting rights calculated on the basis of the share capital and voting rights as of May 31, 2015. On June 25, 2015, the new shares were delivered and listed on Euronext Paris the same day and the cash dividend was paid in the aggregate amount of €95.6 million.

On July 22, 2015, the Board of Directors decided to convene an extraordinary general meeting on September 4, 2015 at 2:30 p.m. at the registered office, in order to submit for approval i) the renewal of the authorization to grant shares passed by the Annual Shareholders' Meeting dated May 28, 2015 and ii) the update of the corporate purpose of Dassault Systèmes in order to take into account the success of its diversification strategy, notably as a consequence of its recent acquisitions.

2.7 2015 Financial Objectives

The Company's updated 2015 non-IFRS financial objectives are as follows:

- 2015 non-IFRS revenue growth objective of about 12% in constant currencies (€2.80 to €2.82 billion based upon the 2015 currency exchange rate assumptions below);

- 2015 non-IFRS operating margin of about 30%, reflecting an increase before currency effects in the organic operating margin of about 100 basis points compared to 2014;

- 2015 non-IFRS earnings per share (EPS) of about €2.15 per diluted share, representing an increase of about 18%;

- These financial objectives are based upon an assumed average US dollar to euro exchange rate of US$1.13 per €1.00 and an average Japanese yen to euro exchange rate of JPY134.6 to €1.00 for 2015.

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 2015 annual non-IFRS objectives set forth above exclude the following accounting elements and are estimated based upon the 2015 currency exchange rate assumptions outlined above: 2015 deferred revenue write-downs estimated at approximately €38 million, share-based compensation expense including related social charges estimated at approximately €18 million and amortization of acquired intangibles estimated at approximately €155 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 23, 2015.

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 current views and assumptions as of July 23, 2015 and involve known and unknown risks and uncertainties.

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 2015 are presented in Section 1.6 "Risk Factors" of the Company's 2014 *Document de référence* filed with the AMF on March 24, 2015, 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, 2015

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	**Notes**	**Six months ended June 30, 2015** (unaudited)	**2014** (unaudited)
New licenses revenue		€333,813	€257,724
Periodic licenses, maintenance and other software revenue		872,147	687,486
Software revenue	5	**1,205,960**	**945,210**
Services and other revenue		161,266	113,811
Total revenue		**1,367,226**	**1,059,021**
Cost of software revenue		(71,980)	(52,125)
Cost of services and other revenue		(144,988)	(95,058)
Research and development		(251,575)	(194,353)
Marketing and sales		(445,662)	(362,932)
General and administrative		(100,891)	(95,452)
Amortization of acquired intangibles		(77,652)	(57,580)
Other operating income and expense, net	8	(6,228)	(21,635)
Operating income		**268,250**	**179,886**
Interest income and expense, net	9	9,345	10,363
Other financial income and expense, net	9	(5,585)	(2,917)
Income before income taxes		**272,010**	**187,332**
Income tax expense		(99,372)	(66,777)
Net income		**€172,638**	**€120,555**
Attributable to:			
Equity holders of the Company		€170,200	€120,430
Non-controlling interest		€2,438	€125
Earnings per share*			
Basic net income per share		€0.68	€0.48
Diluted net income per share		€0.67	€0.47

* 2014 figures have been restated to reflect the two-for-one stock split effected on July 17, 2014.

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, 2015 (unaudited)	2014 (unaudited)
Net income		**€172,638**	**€120,555**
Gains (Losses) on cash flow hedges	14	4,635	(4,552)
Foreign currency translation adjustment		138,447	14,277
Income tax on items to be reclassified		(1,635)	1,759
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**141,447**	**11,484**
Remeasurements of defined benefit pension plans		9,209	(10,897)
Income tax on items not being reclassified		(3,163)	3,696
Other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax		**6,046**	**(7,201)**
Other comprehensive income, net of tax		**147,493**	**4,283**
Total comprehensive income, net of tax		**€320,131**	**€124,838**
Attributable to:			
Equity holders of the Company		€315,885	€122,375
Non-controlling interest		€4,246	€2,463

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

CONSOLIDATED BALANCE SHEETS

(in thousands)	**Notes**	**June 30, 2015** (unaudited)	**December 31, 2014*** (audited)
Assets			
Cash and cash equivalents		€1,444,058	€1,104,206
Short-term investments		59,535	71,286
Trade accounts receivable, net	10	541,680	627,662
Income tax receivable		93,566	78,160
Other current assets		103,749	99,198
Total current assets		**2,242,588**	**1,980,512**
Property and equipment, net		136,401	136,737
Non-current financial assets		133,577	69,526
Deferred tax assets		84,641	84,687
Intangible assets, net	11	1,074,612	1,101,101
Goodwill	11	1,668,848	1,584,974
Total non-current assets		**3,098,079**	**2,977,025**
Total assets		**€5,340,667**	**€4,957,537**
Liabilities and equity			
Trade accounts payable		€118,589	€130,327
Accrued compensation and other personnel costs		234,054	246,623
Unearned revenue		811,870	636,750
Income tax payable		53,664	16,870
Other current liabilities		74,617	103,112
Total current liabilities		**1,292,794**	**1,133,682**
Deferred tax liabilities		205,798	218,178
Borrowings, non-current	12	350,000	350,000
Other non-current liabilities		281,521	296,173
Total non-current liabilities		**837,319**	**864,351**
Common stock		127,993	128,182
Share premium		440,618	484,208
Treasury stock		(114,486)	(187,085)
Retained earnings and other reserves		2,568,284	2,489,667
Other items		168,127	28,488
Parent shareholders' equity		**3,190,536**	**2,943,460**
Non-controlling interest		20,018	16,044
Total equity	14	**3,210,554**	**2,959,504**
Total liabilities and equity		**€5,340,667**	**€4,957,537**

* The consolidated balance sheet as of December 31, 2014 has been restated to reflect the finalized purchase price allocation for prior year business combinations.

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,** **2015** (unaudited)	**2014** (unaudited)
Net income		**€172,638**	**€120,555**
Adjustments for non-cash items	15	82,356	90,388
Changes in operating assets and liabilities	15	161,760	143,705
Net cash provided by operating activities		**416,754**	**354,648**
Additions to property, equipment and intangibles		(18,038)	(14,077)
Purchases of short-term investments		(29,684)	(62,269)
Proceeds from sales and maturities of short-term investments		45,939	35,710
Payment for acquisition of businesses, net of cash acquired		(18,055)	(657,347)
Other		(3,535)	(6,779)
Net cash used in investing activities		**(23,373)**	**(704,762)**
Proceeds from exercise of stock options		19,548	34,588
Cash dividends paid	14	(95,641)	(32,299)
Repurchase of treasury stock	14	(5,104)	(129,968)
Repayment of borrowings	12	(10,804)	(10,335)
Net cash used in financing activities		**(92,001)**	**(138,014)**
Effect of exchange rate changes on cash and cash equivalents		38,472	3,777
Increase (Decrease) in cash and cash equivalents		**339,852**	**(484,351)**
Cash and cash equivalents at beginning of period		**1,104,206**	**1,737,860**
Cash and cash equivalents at end of period		**€1,444,058**	**€1,253,509**
Supplemental disclosure			
Cash paid for income taxes		€134,812	€68,471
Cash paid for interest		€2,738	€2,064

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

					Other items				
(in thousands)	**Common stock**	**Share premium**	**Treasury stock**	**Retained earnings and other reserves**	**Cash flow hedges**	**Foreign currency translation adjustment**	**Parent shareholders' equity**	**Non-controlling interest**	**Total Equity**
January 1, 2014	**€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	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**
Net income	–	–	–	170,811	–	–	170,811	1,084	171,895
Other comprehensive income, net of tax	–	–	–	(13,957)	1,045	171,236	158,324	2,338	160,662
Comprehensive income, net of tax	–	–	–	**156,854**	**1,045**	**171,236**	**329,135**	**3,422**	**332,557**
Dividends	–	–	–	–	–	–	–	(3,465)	(3,465)
Exercise of stock options	350	14,175	–	–	–	–	14,525	–	14,525
Treasury stock transactions	–	–	(13,677)	(28,015)	–	–	(41,692)	–	(41,692)
Share-based payments	–	–	–	14,465	–	–	14,465	–	14,465
Changes in non-controlling interest	–	–	–	–	–	–	–	(12,831)	(12,831)
Other changes	–	–	–	6,005	–	–	6,005	–	6,005
December 31, 2014	**€128,182**	**€484,208**	**€(187,085)**	**€2,489,667**	**€(6,428)**	**€34,916**	**€2,943,460**	**€16,044**	**€2,959,504**
Net income	–	–	–	170,200	–	–	170,200	2,438	172,638
Other comprehensive income, net of tax	–	–	–	6,046	2,701	136,938	145,685	1,808	147,493
Comprehensive income, net of tax	–	–	–	**176,246**	**2,701**	**136,938**	**315,885**	**4,246**	**320,131**
Dividends	93	12,801	–	(108,535)	–	–	(95,641)	–	(95,641)
Exercise of stock options	520	20,510	–	–	–	–	21,030	–	21,030
Treasury stock transactions	(802)	(76,901)	72,599	–	–	–	(5,104)	–	(5,104)
Share-based payments	–	–	–	10,596	–	–	10,596	–	10,596
Other changes	–	–	–	310	–	–	310	(272)	38
June 30, 2015 (unaudited)	**€127,993**	**€440,618**	**€(114,486)**	**€2,568,284**	**€(3,727)**	**€171,854**	**€3,190,536**	**€20,018**	**€3,210,554**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2015

NOTE 1. DESCRIPTION OF BUSINESS

The “Company” or the “Group” refers to Dassault Systèmes SE and its subsidiaries. The Company provides end-to-end software applications and services, designed to support companies’ innovation processes, from specification and design of a new product, to its manufacturing, supply and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing user experience.

The Company’s global customer base includes companies 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, simulation applications, and information intelligence applications, all powered by its **3D**EXPERIENCE Platform.

Dassault Systèmes SE is a European Company (*Societas Europaea*), 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 SE shares are listed in France on Euronext Paris. These condensed interim consolidated financial statements were approved by the Board of Directors on July 22, 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Consolidation

The interim condensed consolidated financial statements for the six months ended June 30, 2015 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, 2014, 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, 2014, except for specific standards applicable to interim financial reporting:

- Income tax expense is based on an estimate of the weighted average annual income tax rate expected for the full financial year adjusted for non-recurring events of the half-year, which are recognized in the period in which they arise ;

- Pension costs are estimated based on actuarial reports prepared for fiscal year 2014.

New standards, interpretations or amendments effective beginning on January 1, 2015 did not have a significant impact on the Company’s consolidated financial statements. New standards, interpretations or amendments effective beginning on January 1, 2016 were not early adopted by the Company.

The Company’s significant accounting policies are summarized in the notes to the annual consolidated financial statements for the year ended December 31, 2014.

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 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 assessment of the operating segment's performance is based on the Group's supplemental Non-IFRS financial information (see paragraph 2.3.3 "Supplemental Non-IFRS Financial Information"). The accounting policies used 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 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 obligations assumed;

- The measure of operating segment income excludes share-based compensation expense and associated payroll taxes (see Note 7. Share-based Payments), amortization of acquired intangibles, and other operating income and expense, net (see Note 8. Other Operating Income and Expense, Net).

	Six months ended June 30,	
(in thousands)	**2015**	**2014**
Total revenue for operating segment	**€1,388,593**	**€1,072,863**
Adjustment for unearned revenue of acquired companies	(21,367)	(13,842)
Total revenue	**€1,367,226**	**€1,059,021**

	Six months ended June 30,	
(in thousands)	**2015**	**2014**
Income for operating segment	**€384,093**	**€301,747**
Adjustment for unearned revenue of acquired companies	(21,367)	(13,842)
Share-based compensation expense and related payroll taxes	(10,596)	(28,804)
Amortization of acquired intangibles	(77,652)	(57,580)
Other operating income and expense, net	(6,228)	(21,635)
Operating income	**€268,250**	**€179,886**

NOTE 5. SOFTWARE REVENUE

Software revenue is comprised of the following:

(in thousands)	Six months ended June 30, 2015	2014
New licenses revenue	€333,813	€257,724
Periodic licenses and maintenance revenue	858,822	683,417
Other software revenue	13,325	4,069
Software revenue	**€1,205,960**	**€945,210**

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

(in thousands)	Six months ended June 30, 2015	2014
CATIA software revenue	€454,579	€404,283
SOLIDWORKS software revenue	282,930	211,323
ENOVIA software revenue	136,876	125,011
Other	331,575	204,593
Software revenue	**€1,205,960**	**€945,210**

NOTE 6. GOVERNMENT GRANTS

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

(in thousands)	Six months ended June 30, 2015	2014
Research and development	€12,261	€24,540
Costs of services and other revenue	709	281
Total government grants	**€12,970**	**€24,821**

Government grants notably include research and development tax credits received in France. In 2014, the Company recognized approximately €12.8 million of additional R&D tax credit in France related to previous fiscal years as recognition criteria was met.

NOTE 7. SHARE-BASED PAYMENTS

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

	Six months ended June 30,	
(in thousands)	**2015**	**2014**
Research and development	€(4,385)	€(6,737)
Marketing and sales	(4,039)	(5,379)
General and administrative	(1,906)	(3,189)
Cost of revenue	(266)	(462)
Total compensation expense related to share-based payments	**€(10,596)**	**€(15,767)**

Changes during the six months ended June 30, 2015 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, 2015	**2,488,840**	**609,850**	**3,098,690**
Granted	-	-	-
Vested	-	-	-
Forfeited	(60,400)	(60,200)	**(120,600)**
Unvested at June 30, 2015	**2,428,440**	**549,650**	**2,978,090**

As of June 30, 2015, total compensation cost related to unvested awards expected to vest but not yet recognized was €27.8 million, and the Company expects to recognize this expense over a weighted average period of 2 years, no later than February 21, 2018.

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)	**2015**	**2014**
Acquisition costs(1)	€(3,269)	€(12,186)
Costs incurred in connection with relocation activities	(2,149)	(1,144)
Restructuring costs(2)	(552)	(7,387)
Other	(258)	(918)
Other operating income and expense, net	**€(6,228)**	**€(21,635)**

(1) In 2015 and 2014, transaction costs primarily relating to the acquisition of Realtime Technology AG (renamed “Dassault Systèmes 3DExcite GmbH”), and Accelrys.

(2) In 2014, primarily composed of severance costs relating the termination of employees following the Company’s decision to rationalize its sales organization 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, 2015 and 2014 are as follows:

(in thousands)	Six months ended June 30, 2015	2014
Interest income[1]	€12,066	€12,883
Interest expense[2]	(2,721)	(2,520)
Interest income and expense, net	**€9,345**	**€10,363**
Foreign exchange losses, net[3]	(5,500)	(2,652)
Other, net	(85)	(265)
Other financial income and expense, net	**€(5,585)**	**€(2,917)**

(1) Interest income is primarily composed of interest on cash equivalents and short-term investments.

(2) Mainly includes interest expense of €2.7 million and €2.0 million for the six months ended June 2015 and 2014, respectively, due under the term loan facility agreement entered into in June 2013 for €350 million (see Note 12. Borrowings).

(3) In 2015, foreign exchange losses, net are primarily composed of realized and unrealized exchange gains and losses on receivables denominated in U.S. dollars.

NOTE 10. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable are receivables measured at amortized cost.

(in thousands)	June 30, 2015	December 31, 2014
Trade accounts receivable	€564,082	€648,732
Allowance for trade accounts receivable	(22,402)	(21,070)
Trade accounts receivable, net	**€541,680**	**€627,662**

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

(in thousands)	June 30, 2015	December 31, 2014
Less than 3 months past due	€90,880	€96,694
3 to 6 months past due	16,568	11,756
More than 6 months past due	6,072	9,593
Trade accounts receivable past due	**113,520**	**118,043**
Trade accounts receivable not yet due	428,160	509,619
Total trade accounts receivable, net	**€541,680**	**€627,662**

NOTE 11. INTANGIBLE ASSETS AND GOODWILL

Intangible assets consist of the following:

(in thousands)	Six months ended June 30, 2015 Gross	Accumulated amortization	Net	Year ended December 31, 2014* Gross	Accumulated amortization	Net
Software	€974,799	€(452,557)	€522,242	€935,257	€(399,873)	€535,384
Customer relationships	978,213	(433,152)	545,061	924,833	(366,521)	558,312
Other intangible assets	28,055	(20,746)	7,309	26,781	(19,376)	7,405
Total intangible assets	**€1,981,067**	**€(906,455)**	**€1,074,612**	**€1,886,871**	**€(785,770)**	**€1,101,101**

* Restated to reflect the finalized purchase price allocation for prior year business combinations as follows:

(in thousands)	**December 31, 2014**	**Restatement**	**December 31, 2014 restated**
Software	€621,647	€(86,263)	€535,384
Customer relationships	541,574	16,738	558,312
Other intangible assets	7,405	-	7,405
Total intangible assets	**€1,170,626**	**€(69,525)**	**€1,101,101**

The change in the carrying amount of intangible assets as of June 30, 2015 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2015*	**€535,384**	**€558,312**	**€7,405**	**€1,101,101**
Business combinations	4,661	-	-	4,661
Other additions	3,466	-	27	3,493
Amortization for the period	(36,782)	(44,260)	(664)	(81,706)
Exchange differences	15,513	31,009	541	47,063
Net intangible assets as of June 30, 2015	**€522,242**	**€545,061**	**€7,309**	**€1,074,612**

* Restated to reflect the finalized purchase price allocation for prior year business combinations.

The change in the carrying amount of goodwill as June 30, 2015 is as follows:

(in thousands)

Goodwill as of January 1, 2015*	**€1,584,974**
Business combinations	4,506
Exchange differences and other changes	79,368
Goodwill as of June 30, 2015	**€1,668,848**

* Restated to reflect the finalized purchase price allocation for prior year business combinations for a total amount of €53.0 million.

NOTE 12. 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 bore interest at Japanese yen Libor 1 month plus 0.60% per annum and was scheduled to be repaid in ten equal semi-annual installments. The Company repaid the last installment in June 2015.

In June 2013, the Company entered into a term loan facility agreement for €350 million, which was immediately fully drawn down. The facility provides credit for a period of 6 years and bears interest at Euribor plus 0.55% per annum.

NOTE 13. DERIVATIVES

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 5 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 2014 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. 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 2015 and 2014, 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, 2015 and December 31, 2014, the fair value of instruments used to manage the currency exposure was as follows:

	Six months ended June 30, 2015		Year ended December 31, 2014	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale(1)	€111,020	€3,678	€38,163	€2,438
Forward exchange contract euros/Indian rupees – sale(1)	26,056	3,242	28,901	2,320
Forward exchange contract U.S. dollars/Indian rupees – sale(1)	25,924	723	27,977	472
Forward exchange contract Japanese yen/U.S. dollars – sale(1)	3,626	735	5,507	946
Cross currency swaps Canadian dollars/euros(2)	67,374	525	73,412	1,863
Cross currency swaps Australian dollars/euros(2)	73,445	187	72,064	1,548
Other instruments(2)	66,168	(299)	37,861	(294)

(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 had the economic effect of modifying forecasted interest obligations relating to the term loan facility in Japan (see Note 12. Borrowings) so that the interest payable effectively became fixed at 0.41% until June 2015. In June, the Company made the last term loan facility repayment and the related interest rate swap instruments also matured.

In July 2013 and October 2014, 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 French term loan facility (see Note 12. Borrowings) so that the interest payable effectively becomes fixed at 0.93% from June 2014 until June 2018 and 0.49% from June 2018 until July 2019.

At June 30, 2015 and December 31, 2014, the fair value of instruments used to manage the interest rate risk was as follows:

	Six months ended June 30, 2015		Year ended December 31, 2014	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros	€350,000	€(9,253)	€350,000	€(12,145)
Interest rate swaps in Japanese yen	-	-	9,984	(15)

NOTE 14. SHAREHOLDERS' EQUITY

Shareholders' equity activity

As of June 30, 2015, Dassault Systèmes SE had 255,985,342 common shares issued with a nominal value of €0.50 per share.

Changes in shares outstanding as of June 30, 2015 are as follows:

(in number of shares)

Shares issued as of January 1, 2015	**256,364,077**
Dividend paid in shares	185,709
Exercise of stock options	1,040,176
Cancellation of treasury stock	(1,604,620)
Shares issued as of June 30, 2015	**255,985,342**
Treasury stock as of June 30, 2015	(3,262,661)
Shares outstanding as of June 30, 2015	**252,722,681**

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.

Dividend rights

In 2015, the Shareholders' Meeting approved the distribution of a dividend of €108.5 million for 2014, and 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 2014 dividend in the form of new Dassault Systèmes shares represented approximately 12% of Dassault Systèmes' shares, resulting in the issuance of 185,709 new ordinary shares. The cash dividend was paid in an aggregate amount of €95.6 million.

Stock repurchase programs

The General Meeting of Shareholders authorized the Board to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €90 per share or above a maximum annual aggregate amount of €500 million.

Furthermore, the Group signed a liquidity agreement for an initial period until December 31, 2015, automatically renewable for subsequent 12-month terms. On June 30, 2015, 1,547,704 shares were purchased, at an average price of €62.38, and 1,451,047 shares were sold, at an average price of €62.99.

Components of other comprehensive income

(in thousands)	**Six months ended June 30, 2015**	**2014**
Cash flow hedges:		
Gains (Losses) arising during the year	€4,724	€(4,459)
Less: reclassification adjustments for gains or losses included in the income statement	89	93
	€4,635	**€(4,552)**

NOTE 15. CONSOLIDATED STATEMENTS OF CASH FLOWS

Adjustments for non-cash items consist of the following:

		Six months ended June 30,	
(in thousands)	**Notes**	**2015**	**2014**
Depreciation of property and equipment		€21,033	€17,078
Amortization of intangible assets	11	81,706	62,911
Deferred income taxes		(25,939)	(14,990)
Non-cash share-based payment expense	7	10,596	15,485
Other		(5,040)	9,904
Adjustments for non-cash items		**€82,356**	**€90,388**

Changes in operating assets and liabilities consist of the following:

	Six months ended June 30,	
(in thousands)	**2015**	**2014**
Decrease in trade accounts receivable	€118,370	€69,829
(Decrease) Increase in accounts payable	(17,699)	2,234
Decrease in accrued compensation	(24,772)	(38,216)
Decrease in income tax payable	(39,652)	(23,566)
Increase in unearned revenue	135,382	117,438
Changes in other assets and liabilities	(9,869)	15,986
Changes in operating assets and liabilities	**€161,760**	**€143,705**

NOTE 16. CONTINGENCIES

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 payments to the French tax authorities for €60.4 million and €22.2 million in 2015 and 2014 respectively, but disputed them 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, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Company.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 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, 2015;
- 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 23, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Pierre Marty	Pierre-Antoine Duffaud