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DASSAULT SYSTEMES SA
Form 6-K
November 28, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated November 28, 2003

Commission File No. 0-28578

DASSAULT SYSTEMES S.A.

(Name of Registrant)

9, Quai Marcel Dassault, B.P. 310, 92156 Suresnes Cedex, France

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F

Form 20-F X Form 40-F
 --- ---

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b) (1):

Yes No X
 --- ---

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b) (7):

Yes No X
 --- ---

Indicate by check mark whether by furnishing the information contained in this
Form, the registrant is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X
 --- ---

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): 82-_____

ENCLOSURES:

An official english translation of Dassault Systemes' unaudited consolidated and
condensed half-year financial statements and activity report from January 1,
2003 to June 30, 2003 (based on French GAAP), as published in the Bulletin des
Annonces Legales Obligatoires (BALO) on November 17, 2003.

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HALF-YEAR ACTIVITY REPORT

Period January 1, 2003 - June 30, 2003

All presented financial information is reported in accordance with French generally accepted accounting principles.

Dassault Systemes group's total revenue for the first half of 2003 decreased by 6% to a total of 350.7 million euros. However, our revenue rose by 2% in constant currencies.

Operating income decreased to 80.3 million euros, down 9% compared to first half 2002.

Consolidated net income was 35.1 million euros or 0.31 euro per diluted share, compared to 34.7 million euros or 0.30 per diluted share in the first half of 2002, representing a 3% increase on a per share basis. Net income excluding acquisition costs decreased from 54.4 million to 49.0 million euros, down 10%.

Thus, despite a tough economic environment and impacting currencies change effects, the Company's performance was in line with its objectives and the market expectations.

Its performance is also better than its competitors' since its software revenue increased by 12% if expressed in dollars, whereas software revenue of its competitors decreased by 8% in US dollars in average during first half 2003 (as published by 7 competitors). It bears witness to the resilience of the business model and of the strategy of Dassault Systemes.

Board of directors September 23, 2003 - Page 1 -
DASSAULT SYSTEMES - "societe anonyme" with a share capital
of 113,195,640 euros -

1. Research and development - Products, technology and development partnerships

1.1 PLM (Product Lifecycle Management)

The first half of the year 2003 was marked by announcement, on April 30, 2003, of the launch of a new release of Version 5: V5R11 that concerns CATIA, DELMIA, ENOVIA and SMARTEAM trademarks.

V5R11 delivers capabilities useful for creating PLM solutions with an important level of realism and effectiveness that allow their users :

- to anticipate product and process behavior,
- to better capture the esthetic, visual design that they intend for a product,
- to benefit from significant quality and performance improvements, in large assembly management namely,
- to get complete entry PLM solutions in industries like Fabrication & Assembly, Electronics and Consumer Goods,
- to deliver state of the art applications to suit automobile and aerospace core processes.

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With major enhancements to about 100 products, with 7 new applications and 34 new V5 partner products, CATIA V5R11 improves CATIA-SMARTEAM and CATIA-ENOVIA integrations in domains such as knowledgware, electronics and analysis. It also simplifies native product definition analysis through the seamless integration of CAE and specialized design applications. It further extends knowledgware capabilities for optimizing analysis, mold-tooling design and real time rendering.

DELMIA V5R11 enhances end-to-end process coverage in the automotive BIW domain. It also reduces planning periods and the time it takes to create and validate assembling process. It provides tools necessary to create machining process plans for assemblies as well as knowledge-based tools and extends engineering change tracking between the product design domain and the manufacturing process domain.

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DASSAULT SYSTEMES - "societe anonyme" with a share capital
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ENOVIA V5R11 improves product structure filtering capabilities and simplifies change analysis to facilitate product comparisons at the sub-assembly level. It also aligns clash management methods with the methods used by shipbuilding and aerospace engineers, promotes 3D product visualization throughout a very large community (whether engineers or not) with a light-weight, entry-level digital mock-up (DMU) mechanism.

SMARTEAM V5R11 improves web collaboration and offers collaborative CAD design based on "Shared Workspaces" concept. It offers new advanced linking capabilities with support of CAD integration links and business rules as well as link management capabilities to enhance knowledge capture and decision support.

Moreover, during the first half of 2003, the Company signed two main CAA V5 (Component Application Architecture) development agreements: one agreement with Immersion Corporation under which Immersion will develop a hand-interaction software that enable users to manipulate and feel a 3D DMU in a natural way using their hands; another agreement with ESI Group, under which ESI group will develop and sell its next generation solutions for digital simulation and manufacturing process within CAA V5 platform.

1.2 SOLIDWORKS

SolidWorks2003 software has been selected by readers of NASA Tech Briefs, the United States' largest circulating engineering magazine, as Product of the Year for 2002. It is the second time NASA Tech Briefs magazine readers have honoured SolidWorks with the award since the company was set up.

At the end of the first half of 2003, SolidWorks was ready to launch the new version of its software, SolidWorks2004. With more than 250 enhancements, this new version accelerates large assembly processings and offers specific features to machine designers and mold/tool makers.

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2. Customers, distribution networks, marketing and services

Despite the difficult international economic context, and with constant currencies, our total sales, up by 2%, increased by 17% in America and 3% in Asia and decreased by 7% in Europe.

In the Process centric sector, we sold 14,133 CATIA licenses in the first half of 2003, of which 69% of CATIA V5 licenses. Proportion of V5 licenses sold then increased, since it had represented 52% of the total CATIA licenses sold during the first half of 2002.

During the first half of 2003, the Company signed new material contracts with:

- o Ford Motor Company for a worldwide integration of the whole automaker's design and manufacturing processes,
- o Audi for the planning of digital vehicle assemblies,
- o Koito Manufacturing for developing automotive lighting equipment,
- o China Motor Corporation for developing an automobile digital factory project,
- o Bertrandt AG for product data management in order to maximize efficiency of automobile product development platform,
- o Cimos for developing powertrain, brake and car body parts,
- o ENAER for developing its aerospace products,
- o Heroux-Devtek for developing landing gears,
- o Daewoo for developing machinery and strengthening collaborative environment.

Besides a partnership agreement was signed with Avatech Solutions, under which Avatech will now distribute SMARTEAM solutions all around the United-States. That should enable the Company to increase its market share among the American small and medium size businesses.

In the Design centric sector, we sold 12,352 SolidWorks licenses during the first half of 2003 (+2%). SolidWorks also shipped its 250,000th license. According to data compiled by Daratech, SolidWorks was the worldwide leader in the Design centric market in 2002 based upon revenues and licenses shipped.

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DASSAULT SYSTEMES - "societe anonyme" with a share capital
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3. Financial results of Dassault Systemes Group subsidiaries having a significant impact on consolidated income, by sector of activity - Acquisitions and equity operations

In the Design centric sector, half-yearly sales decreased by 5% in comparison with the same period in the previous year, but rose by 18% in US dollars.

In the Process centric sector, the Company's revenue decreased by 6% during the first half of 2003 but increased by 1% in constant currencies compared to the first half of 2002. In this sector, Dassault Systemes, the group's parent company, posted sales of 216.7 million euros for the first half of 2003, down 12% in comparison with the same period last year. Half of this decrease is due to impacting exchange rates. Operating net income decreased by 30% compared to the first half of 2002, down to 73.1 million euros.

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The PDM (Product Data Management) revenue rose by 17%, representing an increase of 25% in constant currencies.

In addition, on May 28, 2003, the Company acquired 80% of the share capital of the French company Athys at a price of 3,200,000 euros. It will acquire the remaining 20% during the second half-year 2005 for a price that will vary according to certain conditions. Athys is specialized in the development of workcell control software allowing to describe production systems event-based logic.

Amortization of intangibles relative to acquisitions came to 3.5 million euros during the first half of 2003, compared with 6.5 million euros during the first half of 2002.

Finally, during the first half of 2003, Dassault Systemes purchased and cancelled 1,375,201 of its own shares within the share repurchase program voted by the joint shareholders' meeting on May 28, 2002.

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of 113,195,640 euros -

DASSAULT SYSTEMES

CONSOLIDATED CONDENSED HALF YEAR

FINANCIAL STATEMENTS

Period from January 1st, 2003 to June 30, 2003

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands of euro)	June 30, 2003	December 31, 2002
ASSETS		
Goodwill (Note C)	32,074	40,000
Other intangible assets, net (Note C)	7,694	10,000

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Property and equipment, net	60,811	5
Financial assets (Note D)	44,052	3
Investment in equity of unconsolidated affiliates-joint-ventures	408	
Long-term deferred tax assets	15,242	1
	-----	---
Total fixed assets	160,281	16
Trade accounts receivable (Note E)	132,067	22
Other current assets	96,408	8
Short-term investments	1,004	1
Cash and cash equivalents	415,062	37
	-----	---
Total current assets	644,541	70
TOTAL ASSETS	804,822	87
	=====	==
LIABILITIES		
Share capital (Note F)	113,200	11
Additional paid-in capital	540	2
Retained earnings	391,456	33
Net Income	35,100	10
	-----	---
Total Shareholders' Equity	540,296	58
Provisions for liabilities and charges	16,880	1
Long-term debt	21,358	2
Accounts payable	23,867	3
Accrued wages and other personnel costs	56,836	5
Sales incentive payable and unearned revenue	90,774	10
Other current liabilities	54,811	4
TOTAL LIABILITIES	804,822	87
	=====	==

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

CONSOLIDATED STATEMENTS OF INCOME

	Six Months ended,	
	June 30, 2003	June 30, 2002
	-----	-----
	(All amounts in thousands of euro,	
Revenue :		
Software revenue	296,911	325,972
Services and other revenue	53,812	47,840
	-----	-----
Total revenue	350,723	373,812

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Cost of revenue :		
Software	(11,397)	(11,678)
Services and other	(46,482)	(44,155)
	-----	-----
Total cost of revenue	(57,879)	(55,833)
Gross profit	292,844	317,979
Research and development	(106,221)	(111,830)
Marketing and sales	(79,723)	(86,554)
General and administration	(23,036)	(25,154)
Amortization of acquired technology	(3,540)	(6,480)
	-----	-----
Operating income	80,324	87,961
Financial revenue and other, net (Note G)	(1,459)	1,640
Income before income taxes	78,865	89,601
Income tax expense	(30,108)	(35,148)
Income from consolidated companies	48,757	54,453
Equity in net income of unconsolidated affiliates-joint ventures	263	--
Goodwill amortization	(13,920)	(19,737)
Net income	35,100	34,716
	=====	=====
Basic net income per share	(euro) 0.31	(euro) 0.30
Diluted net income per share	(euro) 0.31	(euro) 0.30
Basic weighted average shares outstanding (in millions)	113.2	114.1
Diluted weighted average shares outstanding (in millions)	114.0	117.6

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

CONSOLIDATED STATEMENTS OF CASH FLOWS

June 30,

(All amounts in thousands of euro)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	35,100
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization of property, plant and equipment	7,411
Amortization of intangible assets	18,221
Disposals of property, plant and equipment and short-term investments	65
Deferred tax income	(3,031)
Equity in earnings of affiliates	(10)
Other	(5,711)

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Changes in current assets and liabilities :	
(Increase) decrease in trade accounts receivable	91,98
(Increase) decrease in other current assets	(1,02)
Increase (decrease) in accounts payable, accrued wages and other personnel costs	(8,02)
Increase (decrease) in sales incentive payable	(9,01)
Increase (decrease) in unearned revenue	(3,11)
Increase (decrease) in income taxes payable	(37)
Increase (decrease) in other current liabilities	3,26
<hr style="border-top: 1px dashed black;"/>	
NET CASH PROVIDED BY OPERATING ACTIVITIES	126,25
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CASH FLOWS FROM INVESTING ACTIVITIES	
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Proceeds from sales of property and equipment	
Additions to property, equipment	(1,02)
Additions to property, intangibles	(10,60)
Short-term investments :	
Purchases	--
Proceeds from sales and maturities	15,46
Payment for acquisitions, net of cash acquired	(3,43)
Proceeds from sale of Revit investment	--
Increase in long term receivables	(7,45)
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NET CASH USED IN INVESTING ACTIVITIES	(7,05)
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CASH FLOWS FROM FINANCING ACTIVITIES	
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Payments on capital lease obligation	(92)
Purchase and retirement of common shares	(29,45)
Proceeds from exercise of stock options	2,76
Cash dividends paid	(37,22)
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NET CASH USED IN FINANCING ACTIVITIES	(64,83)
<hr style="border-top: 1px dashed black;"/>	
Effect of exchange rate changes on cash	(11,25)
<hr style="border-top: 1px dashed black;"/>	
Increase (decrease) in cash and cash equivalents	43,10
<hr style="border-top: 1px dashed black;"/>	
CASH AND CASH EQUIVALENTS :	
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BEGINNING OF PERIOD	371,95
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END OF PERIOD	415,06
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DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(All amounts in thousands of euro)

	Common Stock	Paid-in capital	Retained earnings
December 31,2001	114,446	25,228	387,152
Net income			105,986
Foreign currency translation adjustment			
Exercise of stock-options (Note F)	125	3,268	565
Cash dividends paid			(37,601)
December 31,2002	114,571	28,496	456,102
Net income			35,100
Foreign currency translation adjustment			
Purchase and retirement of common shares	(1,375)	(28,075)	
Exercise of stock-options (Note F)	4	119	
Cash dividend paid			(37,225)
June 30, 2003	113,200	540	453,977

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE A - ACCOUNTING PRINCIPLE

The consolidated financial statements of Dassault Systemes and its subsidiaries (the "Company") are prepared in accordance with generally accepted accounting principles in France, as defined by the January 3, 1985 French Law and by the 99-02 rule issued on June 22, 1999 by the "Comite de Reglementation Comptable". The half-year consolidated financial statements were prepared using the same accounting principles as those used for the annual consolidated financial statements.

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The Company also prepares separate financial statements in conformity with accounting principles generally accepted in the United States "US GAAP". Differences between financial statements prepared under French GAAP and US GAAP are summarized in Note K.

The income tax provision is calculated using the estimated average annual effective tax rate applied to the pre-tax income for the period.

Pension costs for the period were estimated based on actuarial valuations performed in fiscal year 2002.

NOTE B - ACQUISITIONS

Acquisition of Athys SA

On May 31, 2003, Dassault Systemes acquired Athys SA, a 13-employee company based in Grenoble, for (euro)3.3 million. As a result of this transaction, an amount of (euro)4.5 million was recorded in goodwill. Athys specializes in the development of work cell control software.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTE C - GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in goodwill and other intangible assets during the six month period ended June 30, 2003 are presented below:

(Euro in thousands)	Goodwill	Software	Patents and Trademarks	Total
Net value as of December 31, 2002	42,212	8,525	3,148	53,885
Acquisitions	4,677	1,026		5,703
Amortization of the semester	(13,920)	(2,383)	(1,919)	(18,222)
Exchange differences	(895)	(413)	(290)	(1,598)
Net value as of June 30, 2003	32,074	6,755	939	39,768

Goodwill and other intangible assets at June 30, 2003 consisted principally of excess purchase price from the acquisitions of Delmia GmbH ((euro)5.0 million), Structural Research and Analysis Corp ((euro)4.3 million) and Athys ((euro)4.3 million), as well as from the purchase, in 2002, of the remaining minority interests in SmarTeam Corp Ltd. ((euro)8.0 million).

Goodwill is amortized over three years.

NOTE D - INVESTMENTS

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In April 2002, the Company signed an agreement with RAND A Technology Corporation ("RAND") to accelerate the development of marketing, sales and services infrastructure required to support PLM. Under the terms of this agreement, the Company granted two 10-year convertible loans totaling (euro)24 million whereby one half of this amount may be converted to common shares in RAND at RAND's discretion and the remainder may be converted at Dassault Systemes' discretion. Under the terms of this financing, Dassault Systemes' equity position in RAND will not exceed 19.9 percent of the shares outstanding.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

(Euro in thousands)	6/30/2003	12/31/2002	
Investments			
Avatech - Planetcad	61	67	
MSC Software - AES	5,930	6,506	
ImpactXoft	8,751	9,589	
IMC			
Autres		370	
	-----	-----	
Total	14,742	16,532	
Loans receivable			Interest rate
ImpactXoft	3,422	3,814	5.0%
RAND (1)	24,292	18,821	5.5%
Avatech - Planetcad	547		5.0%
Cogito (2)	525		5.0%
Interets courus	524		
	-----	-----	
Total	29,310	22,635	
Total loans and investments	44,052	39,167	

(1) The loan granted to RAND may be converted into common shares of RAND. The fair market value of this conversion option was estimated at (euro)95 thousand by the company and has not been recorded in the company's financial statements.

(2) The loan agreement signed with Cogito relates to a USD 1,5 million credit facility, which is made available based upon the realization of certain economic criteria.

NOTE E - ACCOUNTS RECEIVABLE AND TRANSACTIONS WITH RELATED PARTIES

CATIA, ENOVIA and SMARTEAM products are marketed, distributed and supported principally by IBM, pursuant to a mutually, non-exclusive agreement that encompasses such activities.

Revenue obtained through the commercial relationship with IBM comprised 61% of the consolidated revenues of the Company for the year ended December 31, 2002, and the period ended June 30, 2003.

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IBM is under no contractual obligation to continue to actively market and distribute the Company's products, and IBM may choose to discontinue such activities, without penalty, at its discretion. A decision by IBM to cease or substantially reduce its marketing and distribution efforts would likely cause a significant interruption in such activities which would adversely affect the financial position and operating results of the Company, at least in the short-term.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

However, management believes its long-term relationship with IBM is based upon mutual respect and success, and management is not aware of circumstances related to either party, which would cause the relationship to be terminated.

Under the agreement with IBM, activity is reported monthly to the Company by IBM. This reporting of the worldwide activity of IBM is subject to an annual audit and adjustment process, whereby either party has the opportunity to correct differences that may have occurred in the monthly reporting process during the preceding year. The Company monitors possible differences based upon historical trends and known specific situations, and defers the recognition of revenue by IBM based upon its estimate of adjustments that will ultimately be made.

The balances of trade accounts receivable with IBM were (euro)53,270 thousand and (euro)117,930 thousand at June 30, 2003 and December 31, 2002, respectively, substantially all of which relates to software revenue. Management believes that the financial position of IBM mitigates the potential credit risk related to the concentration of its trade accounts receivable with IBM.

The Company and IBM entered into an arrangement that increases the share of licensing revenue to be retained by IBM if IBM meets certain annual sales and growth targets. Such incentive is recorded as a deduction of software revenue. Amounts payable to IBM are denominated in U.S. Dollars.

The Company licenses products for internal use to both IBM and Dassault Aviation, using commercial terms consistent with those granted to the Company's other customers of similar size.

The Company also provides services and support to Dassault Aviation. These services were provided at market conditions.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTE F - SHAREHOLDERS' EQUITY

Changes to Dassault Systemes share capital during the six-month period ended June 30, 2003 are as follows:

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	Number of shares
Share capital issued as of January 1st, 2003	114,570,841

Shares issued in 2003 pursuant to the June 28, 1996 stock option plan	1,540
Shares issued in 2003 pursuant to the December 15, 1997 stock option plan	2,502
Shares cancelled	(1,375,201)

Total	113,199,682

Share repurchase plan

Pursuant to the share repurchase plan authorized by the May 28, 2002 shareholders' general meeting, the Company repurchased in successive trades 1,375,201 of its own shares. Effective May 31, 2003, these shares were cancelled. A prospectus relating to a new share repurchase plan, dated May 9, 2003 was filed with the COB under the number 03-398.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTE G - FINANCIAL REVENUE AND OTHER, NET

(All amounts in thousands of euro)	Six-months ended		Year ended
	30/06/2003	30/06/2002	31/12/2002
Interest income	2,283	2,609	11,611
Interest expense	(816)	(904)	(1,682)
Foreign exchange losses, net	(3,361)	(2,948)	(6,912)
Dividends received		976	
Other, net	435	1,907	2,817

Financial revenue, net	(1,459)	1,640	5,834

The Company transacts in various foreign currencies, primarily Japanese yen and U.S. dollar. To manage this currency exposure, the Company purchases and sells currency options (puts or calls) and may purchase other foreign exchange contracts from time to time. The fair market values of foreign forward contracts and options were determined by a financial institution using option pricing models and quoted market prices.

NOTE H - SEGMENT INFORMATION

The Company operates in two segments: the "Process-Centric" segment and the "Design-centric" segment. The "Process-centric" market serves companies seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance, by doing away with all physical mock-ups. The "Design-centric" market serves companies seeking to improve specific design

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functions.

Data by operating segment is as follows:

(in thousands of euro)	Six-months ended June 30, 2003				Six-months ended June 30, 2002			Fis
	Process centric	Design centric	Elim.	Total	Process centric	Design centric	Total	
Revenues	289,432	61,879	-588	350,723	308,628	65,184	373,812	649,3
Operating income	62,489	17,835		80,324	70,732	17,229	87,961	174,1
Net income	24,188	10,913		35,101	22,934	11,782	34,716	82,3

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTE I - SCOPE OF CONSOLIDATION

	June 30, 2003			
	% of voting	% of ownership	Method	% of voti rights
Dassault Systemes Kabushiki Kaisha	100%	100%	Consolidation	100%
Dassault Data Services	95%	95%	Consolidation	95%
Dassault Systemes of America Corp. and its subsidiaries	100%	100%	Consolidation	100%
SolidWorks Corporation and its subsidiaries	98%	98%	Consolidation	100%
Delmia Corp. and its subsidiaries	100%	100%	Consolidation	100%
Enovia Corp.	100%	100%	Consolidation	100%
Dassault Systemes Corp	100%	100%	Consolidation	100%
Dassault Systemes AG	100%	100%	Consolidation	100%
SmarTeam Corporation Ltd. and its subsidiaries	100%	100%	Consolidation	100%
Dassault Systemes Provence	100%	100%	Consolidation	100%
Delmia GmbH	100%	100%	Consolidation	100%

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Dassault Systemes Canada Inc.	100%	100%	Consolidation	100%
Safework Inc.	100%	100%	Consolidation	100%
Spatial Corp. and its subsidiaries	100%	100%	Consolidation	100%
Dassault Systemes Srl.	100%	100%	Consolidation	100%
Structural Research and Analysis Corp.	100%	100%	Consolidation	100%
Invention Machine Corp.	17%	17%	Equity Method	17%
Dassault Systemes Inc.	100%	100%	Consolidation	100%
Knowledge Technologies International Inc.	100%	100%	Consolidation	100%
Knowledge Technologies International Limited	100%	100%	Consolidation	100%
Knowledge Technologies International France	100%	100%	Consolidation	100%
Dassault Systemes Switzerland	100%	100%	Consolidation	100%
3D PLM Software Ltd.	30%	30%	Equity method	30%
Athys SA	100%	100%	Consolidation	

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

NOTE J - SEASONALITY

Quarterly operating results varied significantly and are likely to vary significantly in the future, depending on factors such as foreign currency exchange rates; the number, timing and significance of product enhancements or new products by us or our competitors; our ability to develop, introduce, and market new and enhanced versions of our products; customer order deferrals in anticipation of new or enhanced products; the timing of revenue recognition under our marketing and sales agreement with IBM; general conditions in the product lifecycle management software market, computer industries and regional economies; and other factors and events. A significant portion of sales typically occurs in the last month of each quarter. Therefore, the timing of orders and shipments, including unexpected delays, or actions taken by competitors in reducing prices or introducing new products, could result in significant quarterly fluctuations in operating results.

As is typical in the product lifecycle management software market, we normally experience our highest licensing activity for the year in December. Software revenue, total revenue, operating income and net income have generally been highest in the fourth quarter of each year.

DASSAULT SYSTEMES
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE, 30 2003

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Note K - SUMMARY OF DIFFERENCES BETWEEN FINANCIAL STATEMENTS

PREPARED UNDER FRENCH GAAP AND US GAAP

Differences between financial statements prepared under French GAAP and US GAAP are summarized below (in thousands of euros):

	Net Equity	Net Income

French GAAP	540,295	35,100
Available for sale securities (1)	2,599	2,574
Goodwill amortization (2)	44,378	13,920
Derivative instruments (3)	10,728	(209)
Accounting for issuance of SolidWorks stock (4)	(2,061)	(925)
Pension -- Additional minimum liability (5)	328	-
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As adjusted for U.S. GAAP	596,267	50,460
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- (1) Under French GAAP, investments in equity securities are stated at the lower of cost or fair market value. Unrealized losses are recognized in income. Under US GAAP, in accordance with SFAS 115, available for sales securities are accounted for at their fair market value, with the unrealized gains or losses being recorded in the shareholders' equity, except for the net effects of an other than temporary decline in fair value below the cost basis.

- (2) Under French GAAP, Goodwill is amortized over its useful life. Under SFAS 141 ("Business Combinations") and SFAS 142 ("Goodwill and Other Intangible Assets"), goodwill for which the acquisition date is after June 30, 2001 for the year ended December 31, 2001 and all unamortized goodwill for the period ended December 31, 2002 is not amortized. Goodwill amortization is replaced by an annual impairment test implemented at the reporting unit level using fair value measurement.

- (3) Under French GAAP, financial instruments designated as hedging instruments are not recognized but are disclosed as off-balance sheet instruments. The fair market value of a financial instrument is recognized when the hedged item is recognized in earnings. Under US GAAP, SFAS 133 requires all derivatives instruments to be recorded on the balance sheet at fair value. Changes in the fair value are recognized in earnings except for certain hedging transactions, which are reported as a component of other comprehensive income. This exception applies to the effective portion of hedges of forecasted transactions and hedges of a the foreign currency exposure of a net investment in a foreign operation.

- (4) Under French GAAP, the issuance of new shares by SolidWorks, which decreased the Company's ownership, was recognized as a proceeds of stock. Accordingly, a dilution gain was recognized in earnings. Under US GAAP, the gain is not recognized as reacquisition of shares is contemplated at the time of issuance. This dilution is accounted for as an equity transaction.

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- (5) Under US GAAP, when the accumulated benefit obligation exceeds the fair value of plan assets, the Company shall recognize a liability in the statement of financial position. The adjustment is reflected in other comprehensive income, intangible assets and long-term liabilities, as appropriate. Under French GAAP, this adjustment is recognized in earnings.

NOTE L - SUBSEQUENT EVENTS

On September 8, 2003, the French State sold its entire 15.7% holding in Dassault Systemes.

As of the date of these financial statements, no new shareholder has declared ownership of more than 5% of Dassault Systemes share capital or voting rights

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DASSAULT SYSTEMES S.A.

Date: November 24, 2003

By: /s/ Thibault de Tersant

Name: Thibault de Tersant
Title: Executive Vice President,
Finance and Administration