

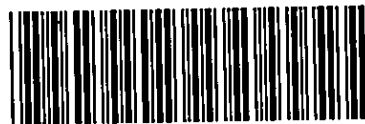
Company Registration No. 4192467

3D SYSTEMS EUROPE LIMITED

Report and Financial Statements

31 December 2011

THURSDAY



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27/09/2012

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COMPANIES HOUSE

**3D SYSTEMS EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS**

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3D SYSTEMS EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Gregoire
D J Langfield
A Johnson

SECRETARY

D J Langfield

REGISTERED OFFICE

Mark House
Mark Road
Hemel Hempstead
Herts
HP2 7UA

BANKERS

Barclays Bank plc
PO Box 87
22-24 Upper Marlborough Road
St Albans
Herts
AL1 3HJ

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

3D SYSTEMS EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

DIRECTORS REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is to market and service rapid 3-D printing, prototyping and manufacturing systems and related products and materials that enable complex three-dimensional objects to be produced directly from computer data without tooling, which greatly reduces the time and costs required to produce prototypes or customised production parts

The revenue is derived primarily from the sale of our systems, the sales of the related materials used by the systems to produce solid objects and the provision of services to our customers

RESULTS FOR THE YEAR

Revenue for the year was £7.2m compared with £10.5m in 2010 which represents a reduction of 31%. This £3.3m reduction was primarily due to lower units of system sales £2.3m, material sales of £0.7m and less intercompany activity reflecting £0.3m. Despite the reduction in sales, operating margins excluding transfer price adjustments were maintained. The selling, general and administrative expenses movement was consistent with the reduction in sales activity.

PRINCIPAL RISKS AND UNCERTAINTIES

We are exposed to market risk from changes in interest rates and foreign currency exchange rates and commodity prices which may adversely affect our results of operations and financial condition. We seek to minimise these risks through regular operating activities as appropriate.

FUTURE PROSPECTS

We continue to pursue a growth strategy that focuses on seven strategic initiatives,

- Improving our customers' bottom line
- Developing significant product applications
- Expanding our range of customer services
- Accelerating new product offerings
- Optimising cash flow and supply chain
- Creating a performance-based ethical culture
- Developing people and opportunities

3D SYSTEMS EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS
DIRECTORS REPORT (continued)

DIVIDENDS

The directors are not recommending a dividend (2010 £NIL)

POST BALANCE SHEET EVENTS

Subsequent to the year end, the contingent consideration in relation to the purchase of Bits from Bytes Ltd was reduced from £1,390,000 to a fixed amount of £900,000 Refer to note 9 for further detail

DIRECTORS

The directors who held office since 1st January 2011 were as follows

D J Gregoire

R M Grace, Jr (Resigned 27th April 2012)

C J Jones (Resigned 7th June 2011)

D J Langfield (Appointed 8th June 2011)

A Johnson (Appointed 27th April 2012)

PEOPLE WITH DISABILITIES

The company employs people regardless of disability

The company makes every effort to make the working environment one which includes the needs of disabled people

EMPLOYEE INVOLVEMENT


Employees are kept up to date with developments in the company through regular group wide announcements and group briefings There are regular forums to discuss company issues

AUDITORS

All the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have agreed to be reappointed as the company's auditors

Approved by the Board of Directors
and signed on behalf of the Board



D J Langfield

Date 26/09/12

3D SYSTEMS EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3D SYSTEMS EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 3D SYSTEMS EUROPE LIMITED

We have audited the financial statements of 3D Systems Europe Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view, of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year which the financial statements are prepared is consistent with the financial statements.

**3D SYSTEMS EUROPE LIMITED
REPORT AND FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

**Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
United Kingdom**

Date: *27/9/2012*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

3D SYSTEMS EUROPE LIMITED

PROFIT AND LOSS ACCOUNT Year Ended 31 December 2011

	Note	2011 £000's	2010 £000's
TURNOVER	2	7,212	10,521
Cost of sales		(6,092)	(8,908)
GROSS PROFIT		<u>1,120</u>	<u>1,613</u>
Selling expenses		(409)	(497)
Administrative expenses		(461)	(748)
OPERATING PROFIT	3	<u>250</u>	<u>368</u>
Bank interest receivable & similar income	6	6	55
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>256</u>	<u>423</u>
Taxation on profit on ordinary activities	7	76	120
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>180</u></u>	<u><u>304</u></u>

All amounts relate to continuing operations

All recognised gains and losses are included in the profit and loss account

The profit for the year represents the movement in shareholders' funds

The notes on pages 11 to 18 form part of these financial statements

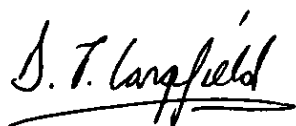
3D SYSTEMS EUROPE LIMITED

BALANCE SHEET as at 31 December 2011

Company number 4192467

	Note	2011 £000's	2010 £000's
FIXED ASSETS			
Tangible Assets	8	42	47
Investment	9	2,297	2,787
		<u>2,339</u>	<u>2,834</u>
CURRENT ASSETS			
Stock	10	323	25
Debtors	11	2,002	1,540
Cash in hand and at Bank		1,069	1,980
		<u>3,394</u>	<u>3,545</u>
CREDITORS Amounts falling due within one year	12	(3,520)	(3,860)
NET CURRENT LIABILITIES		<u>(127)</u>	<u>(315)</u>
CREDITORS Amounts falling due more than one year	12	(495)	(992)
NET ASSETS		<u>1,717</u>	<u>1,527</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Share option reserve	15	76	66
Profit and Loss account	15,16	1,641	1,461
TOTAL SHAREHOLDERS' FUNDS		<u>1,717</u>	<u>1,527</u>

These financial statements were approved by the Board of Directors and authorised for issue on 26th September 2012
Signed on behalf of the Board of Directors



Director David J Langfield

The notes on pages 11 to 18 form part of these financial statements

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more significant accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The estimated useful lives for the main categories of tangible fixed assets are:

	Years
Improvements to Leasehold Buildings	4
Plant & Equipment	4-5

Foreign Currencies

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Operating Leases

The rental charges of operating leases are charged to the profit and loss account on a straight line basis over the life of the leases.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes all direct expenditure. Where necessary, provision is made for obsolete, slow moving or defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of the goods and services supplied. Revenue on maintenance contracts is taken to the profit and loss account on a monthly basis across the life of the contract.

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The company contributes to certain employees' private pension schemes. The amount charged to the profit and loss represents the contributions payable in respect of the financial year.

Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders this is when paid by the company. In the case of final dividends this is when approved by the shareholders.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Share-based payments

Where share-based awards are granted to employees, the fair value of the awards at the date of grant are charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of awards that eventually vest.

Cash Flow Statement and Related Party Disclosures

The company is a wholly-owned subsidiary of 3D European Holdings Ltd (a company incorporated in England & Wales no 2540492) which is a wholly-owned indirect subsidiary of 3D Systems Corporation (a company incorporated in Delaware and listed on NYSE in the United States) and is included in the consolidated financial statements of 3D Systems Corporation which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are 100% owned within the 3D Systems Corporation group.

Going Concern

The accounts have been prepared on a going concern basis. The company has been financed by loans from the parent company which will not be demanded for repayment within the next twelve months.

2 ANALYSIS OF TURNOVER

	2011 £000's	2010 £000's
The invoiced value (net of sales taxes) of the goods and services arising from the principal activity of the company can be attributable to the company's different geographical areas as follows:		
United Kingdom and Ireland	7,180	10,161
Overseas	32	360
	<u>7,212</u>	<u>10,521</u>

3 OPERATING PROFIT

	2011 £000's	2010 £000's
Operating profit is after charging/(crediting)		
Depreciation	25	68
Auditor's remuneration		
- audit fees	23	24
Operating lease rentals		
- land & buildings	157	145
- other assets	2	2
(Gain) / Loss on foreign exchange	15	(21)

Additional fees of £29,817 (2010: £21,614) relating to other services provided by the parent company auditors have been borne by the ultimate parent company, 3D Systems Corporation.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

4 EMPLOYEES

The average number of employees employed by the company within each category of persons was

	2011 No	2010 No
Sales and marketing	4	4
Service and technical	9	8
Administration staff	17	16
	<u>30</u>	<u>28</u>

The costs incurred in respect of these employees were

	2011 £000's	2010 £000's
Wages and salaries	1,242	1,246
Social security costs	153	149
Other pension costs	71	73
	<u>1,466</u>	<u>1,468</u>

Analysis of Other Pension Costs

	2011 £000's	2010 £000's
Defined contribution schemes	71	73
	<u>71</u>	<u>73</u>

5 DIRECTORS

	2011 £000's	2010 £000's
Emoluments of directors of the company included in staff costs were as follows		
Aggregate emoluments	97	87
Company contributions to money purchase schemes	5	6
	<u>102</u>	<u>93</u>

During 2011, 2000 3 year restricted share awards were granted at \$1 per share. During the year 2 directors made contributions to the money purchase scheme. Chris Jones was compensated £14,888 for loss of office.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £000's	2010 £000's
Interest receivable from parent company	13	32
Bank Interest	-	-
Other Interest	0	(1)
Misc Income/(Expenses)	(7)	24
	<u>6</u>	<u>55</u>

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2011 £000's	2010 £000's
UK Corporation taxation	70	129
Adjustment in respect of prior year	(6)	2
Total current taxation	<u>64</u>	<u>131</u>
Deferred taxation (note 13)	12	(12)
Total taxation charge	<u><u>76</u></u>	<u><u>120</u></u>

The tax assessed for the current year differs from the standard rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before taxation	<u>256</u>	<u>423</u>
Tax at 26.5% (2010: 28%)	68	119
Expenses not deductible for tax purposes	2	1
Depreciation (less than) / in excess of capital allowances		10
Adjustments in respect of prior year	(6)	2
Total current taxation	<u><u>64</u></u>	<u><u>132</u></u>

Factors affecting the future tax charge

Legislation has been included in the Finance Bill 2011 to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011 and to 25% from 1 April 2012. These measures were substantively enacted on 29 March 2011. It was announced at the Emergency Budget on 22 June 2010 that there will be two further 1% per annum reductions to bring the main rate down to 23% by 1 April 2014. This will reduce the Group's future tax charge accordingly.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

8 TANGIBLE FIXED ASSETS

	Improvements to Leasehold Buildings £000's	Plant & Equipment £000's	Total £000's
Cost			
At 1 January 2011	283	586	869
Additions	-	19	19
At 31 December 2011	<u>283</u>	<u>605</u>	<u>888</u>
Accumulated depreciation			
At 1 January 2011	276	545	821
Charge for the year	5	20	25
At 31 December 2011	<u>281</u>	<u>565</u>	<u>846</u>
Net Book Value			
At 31 December 2011	<u>2</u>	<u>40</u>	<u>42</u>
At 31 December 2010	<u>7</u>	<u>40</u>	<u>47</u>

9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	2011 £000's
Cost	
At 1 January 2011	2,787
Carrying value adjustment	(490)
At 31 December 2011	<u>2,297</u>

On 5th October 2010 the company purchased 100% of the issued ordinary share capital of Bits From Bytes Limited for cash of £1,397,000 and contingent consideration of £1,390,000. Post year end the contingent consideration was renegotiated to fixed payout of £900,000, this has been adjusted in the results of the company as an adjusting post balance sheet event. The carrying value of the investment was adjusted accordingly.

The principal activity of the company is to manufacture and sell low cost 3-D printing systems and related consumables that enable three-dimensional objects to be produced directly from computer data without tooling.

10 STOCKS

	2011 £000's	2010 £000's
Stocks held for resale and servicing of customer machines	<u>323</u>	<u>25</u>

In the opinion of the directors the replacement cost of stock is not materially different to the amount at which it is stated in the accounts.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

11 DEBTORS

	2011 £000's	2010 £000's
Trade debtors	945	781
Amounts owed by other group undertakings	984	674
Other debtors	7	5
Prepayments and accrued income	57	59
Deferred taxation (note 13)	9	21
	<u>2,002</u>	<u>1,540</u>

All amounts shown under debtors are due for payment within one year, except the deferred tax asset

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000's	2010 £000's
Trade creditors	238	103
Amounts owed to other group undertakings	1,305	1,975
Corporation tax payable	39	100
Other taxation and social security	374	334
Accruals and deferred income	1,159	950
Other creditors	405	398
	<u>3,520</u>	<u>3,860</u>

CREDITORS AMOUNTS FALLING DUE MORE THAN ONE YEAR

	2011 £000's	2010 £000's
Other creditors - 1-2 years	495	992
	<u>495</u>	<u>992</u>

13 DEFERRED TAXATION

	£000's	
At 1 January 2011		21
Charge to the profit and loss account		(12)
At 31 December 2011 (note 11)		<u>9</u>
	2011 £000's	2010 £000's
Tax effect of timing differences because of		
Deficit of tax allowances over		
Depreciation	14	21
	<u>14</u>	<u>21</u>

NOTES TO THE ACCOUNTS
Year Ended 31 December 2011

14 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up, allotted and fully paid 1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

15 RESERVES

	Share Option Reserve £000's	Profit and Loss Account £000's	Total £000's
At 1 January 2011	66	1,461	1,527
Profit for the year	-	180	180
Credit in respect of share-based payment (note 19)	10	-	10
At 31 December 2011	<u>76</u>	<u>1,641</u>	<u>1,717</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £000's	2010 £000's
Profit for the year	180	304
Capital contribution in year	10	11
Net increase in shareholders' funds	<u>190</u>	<u>315</u>
Opening shareholders' funds	1,527	1,211
Closing shareholders' funds	<u>1,717</u>	<u>1,526</u>

17 LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011 Land and Buildings £000's	2011 Other £000's	2010 Land and Buildings £000's	2010 Other £000's
Expiring between two and five years	157	2	145	2
	<u>157</u>	<u>2</u>	<u>145</u>	<u>2</u>

NOTES TO THE ACCOUNTS

Year Ended 31 December 2011

18 ULTIMATE CONTROLLING PARTY

At 31st December 2011 the immediate parent undertaking is 3D European Holdings Limited, a company incorporated in England and Wales

The ultimate parent and controlling party is 3D Systems Corporation, a public company incorporated in Delaware, United States of America. Copies of the 3D Systems Corporation consolidated financial statements may be obtained from 333 Three D Systems Circle, Rock Hill, SC 29730, USA or from the United States Securities and Exchange Commission website at www.sec.gov

3D Systems Corporation and 3D Systems Inc are the respective parent undertakings of the largest and smallest groups to consolidate these financial statements

19 SHARE BASED PAYMENTS

The company participates in 3D Systems Corporation's Stock Incentive Plans under which certain employees are provided with equity-settled share-based payments in the form of share awards

Share awards

Share awards are granted to certain UK employees. These awards generally vest at the end of three years provided the awardee remains an employee of 3D Systems. The fair value of share awards is based on the number of shares granted and 3D Systems Corporation's quoted share price at the date of grant less the amount paid by the recipient. The expense is recognised, net of estimated forfeitures, over the vesting period of the awards on a straight-line basis. The expense taken to the profit and loss account for 2011 was £9,925 (2010: £11,054)

Details of the share awards outstanding during the year are as follows

	2011 Number of share awards	2011 Weighted average fair value (£)	2010 Number of share awards	2010 Weighted average fair value (£)
Outstanding at 1 January 2011	5,400	6.14	4,400	5.40
Vested	(1,500)	4.25		
	3,900			
2 for 1 stock split (18th May 2011)	7,800	2.79		
Granted	5,000	11.90	1,000	9.40
Forfeited	-	-	-	-
Outstanding at 31 December 2011	12,800	6.35	5,400	6.14

In 2011 awards were granted on 26th July and 15th November with a total fair value of \$95,810 (£59,493), (2010: \$13,610 (£9,399))