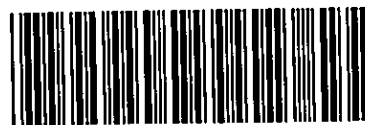


Company Registration No 4192467

3D SYSTEMS EUROPE LIMITED

Report and Financial Statements

31 December 2012



A21081CG

A44

30/09/2013

#109

COMPANIES HOUSE

3D SYSTEMS EUROPE LIMITED REPORT AND FINANCIAL STATEMENTS

CONTENTS	Page
Officers and professional advisers	3
Directors' report	4 - 5
Directors' responsibilities	6
Independent auditor's report	7 - 8
Profit and loss account	9
Balance sheet	10
Notes forming part of the financial statements	11 - 18

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 2012

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 £9.6m compared with £7.2m in 2011 which represents an increase of 33%. This £2.4m increase was primarily due to higher units of system sales £1m, material sales of £0.8m and increased intercompany activity reflecting £0.6m. The acquisition of Z-Corp increased expenses by £0.5m (£0.3m net after intercompany re-charge). An increase in bonus and share awards added another £0.1m.

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. The F1 customer base continues to reflect a significant portion of the UK customer approx. 40% in revenue for 2012. Formula 1 budget caps could adversely impact these sales.

FUTURE PROSPECTS

We are pursuing a growth strategy that focuses on five strategic initiatives,

- Build our global custom parts service
- Accelerate 3D printer penetration
- Grow healthcare solutions revenue
- Build 3D consumer content products and services
- Integrate 3D authoring solutions

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

DIVIDENDS

The directors are not recommending a dividend (2011 £NIL)

POST BALANCE SHEET EVENTS

Subsequent to the year end, 3D Systems Europe has aquired the following companies Phenix Systems Group (81% purchased 15th July 2013), a French company that designs, manufactures and markets powder bed additive manufacturing equipments CRDM Ltd (purchased 20th Aug 2013), a UK provider of 3D printing, rapid prototyping and tooling services for industry, across sectors including automotive, aerospace, medical and defence

DIRECTORS

The directors who held office since 1st January 2012 were as follows

D J Gregoire

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

D J Langfield

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


27/09/13

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 2012 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 and express an opinion on 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 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



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

Date 30/09/2013

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 2012

	Note	2012 £000's	2011 £000's
TURNOVER	2	9,616	7,212
Cost of sales		(8,089)	(6,092)
GROSS PROFIT		<u>1,527</u>	<u>1,120</u>
Selling expenses		(798)	(409)
Administrative expenses		(511)	(461)
OPERATING PROFIT	3	<u>218</u>	<u>250</u>
Bank interest receivable & similar income	6	13	6
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>231</u>	<u>256</u>
Taxation on profit on ordinary activities	7	35	76
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>196</u>	<u>180</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

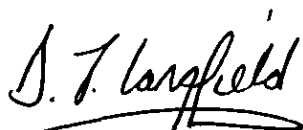
3D SYSTEMS EUROPE LIMITED

BALANCE SHEET as at 31 December 2012

Company number 4192467

	Note	2012 £000's	2011 £000's
FIXED ASSETS			
Tangible Assets	8	18	42
Investment	9	2,297	2,297
		<u>2,315</u>	<u>2,339</u>
CURRENT ASSETS			
Stock	10	207	323
Debtors	11	3,330	2,002
Cash in hand and at Bank		1,067	1,068
		<u>4,604</u>	<u>3,393</u>
CREDITORS Amounts falling due within one year	12	(4,933)	(3,520)
NET CURRENT LIABILITIES		<u>(329)</u>	<u>(127)</u>
CREDITORS Amounts falling due more than one year	12	(23)	(495)
NET ASSETS		<u>1,963</u>	<u>1,717</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Share option reserve	15	126	76
Profit and Loss account	15,16	1,837	1,641
TOTAL SHAREHOLDERS' FUNDS		<u>1,963</u>	<u>1,717</u>

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2013
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 2012

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

Valuation of Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Basis of Consolidation

The company has taken the exemption conferred by Section 401 of the Companies Act 2006 not to produce consolidated accounts as it is a wholly-owned indirect subsidiary of 3D Systems Corporation. Copies of the consolidated accounts of 3D Systems Corporation are publicly available 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. These accounts therefore present the results of the company only.

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.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

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.

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

	2012 £000's	2011 £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	8,945	7,180
Overseas	671	32
	<u>9,616</u>	<u>7,212</u>

3 OPERATING PROFIT

	2012 £000's	2011 £000's
Operating profit is after charging/(crediting)		
Depreciation	21	25
Auditor's remuneration		
- audit fees	23	23
Operating lease rentals		
- land & buildings	161	157
- other assets	3	2
(Gain) / Loss on foreign exchange	3	15

Additional fees of £28,515 (2011: £29,817) 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 2012

4 EMPLOYEES

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

	2012 No	2011 No
Sales and marketing	7	4
Service and technical	7	9
Administration staff	19	17
	<u>33</u>	<u>30</u>

The costs incurred in respect of these employees were

	2012 £000's	2011 £000's
Wages and salaries	1,731	1,242
Social security costs	217	153
Other pension costs	72	71
	<u>2,020</u>	<u>1,466</u>

Analysis of Other Pension Costs

	2012 £000's	2011 £000's
Defined contribution schemes	72	71
	<u>72</u>	<u>71</u>

5 DIRECTORS

	2012 £000's	2011 £000's
Emoluments of directors of the company included in staff costs were as follows		
Aggregate emoluments	86	97
Company contributions to money purchase schemes	5	5
	<u>91</u>	<u>102</u>

During 2012 the following share transactions occurred 1,500 3 year restricted share awards were granted at \$1 per shares and 7,000 shares vested within the period

One director made contributions to the money purchase scheme

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £000's	2011 £000's
Interest receivable from parent company	11	13
Misc Income/(Expenses)	2	(7)
	<u>13</u>	<u>6</u>

NOTES TO THE ACCOUNTS
Year Ended 31 December 2012

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000's	2011 £000's
UK Corporation taxation	34	70
Adjustment in respect of prior year	4	(6)
Total current taxation	<u>38</u>	<u>64</u>
Deferred taxation (note 13)	(3)	12
Total taxation charge	<u>35</u>	<u>76</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>231</u>	<u>256</u>
Tax at 24.5% (2011: 26.5%)	56	68
Income not assessable for tax purposes	(22)	-
Expenses not deductible for tax purposes	-	2
Adjustments in respect of prior year	4	(6)
Total current taxation	<u>38</u>	<u>64</u>

Factors affecting the future tax charge

The Finance Act 2012, enacted on 17 July 2012, included provision for the main rate of corporation tax to reduce from 24% to 23% from 1 April 2013. Accordingly, deferred tax balances have been restated to reflect the lower rate at which timing differences are expected to reverse. It was also announced in the 2012 Autumn Statement that the main rate of corporation tax will reduce to 21% from 1 April 2014. In addition, the March 2013 Budget announced that the rate will further reduce to 20% in 2015. This will reduce the Company's future tax charge accordingly.

3D SYSTEMS EUROPE LIMITED

NOTES TO THE ACCOUNTS Year Ended 31 December 2012

8 TANGIBLE FIXED ASSETS

	Improvements to Leasehold Buildings £000's	Plant & Equipment £000's	Total £000's
Cost			
At 1 January 2012	283	605	888
Additions	-	11	11
Disposals	-	(19)	(19)
At 31 December 2012	<u>283</u>	<u>597</u>	<u>880</u>
Accumulated depreciation			
At 1 January 2012	281	565	846
Charge for the year	2	18	20
Disposals	-	(4)	(4)
At 31 December 2012	<u>283</u>	<u>579</u>	<u>862</u>
Net Book Value			
At 31 December 2012	<u>-</u>	<u>18</u>	<u>18</u>
At 31 December 2011	<u>2</u>	<u>40</u>	<u>42</u>

9 INVESTMENT IN SUBSIDIARY UNDERTAKING

	2012 £000's
Cost	
At 1 January 2012 and 31 December 2012	2,297
	<u>2,297</u>

The company owns the entire share capital of Bits from Bytes Limited, a company incorporated in the United Kingdom. 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

	2012 £000's	2011 £000's
Stocks held for resale and servicing of customer machines	<u>207</u>	<u>323</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 2012

11 DEBTORS

	2012 £000's	2011 £000's
Trade debtors	1,803	945
Amounts owed by other group undertakings	1,433	984
Other debtors	8	7
Prepayments and accrued income	74	57
Deferred taxation (note 13)	12	9
	<u>3,330</u>	<u>2,002</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

	2012 £000's	2011 £000's
Trade creditors	231	238
Amounts owed to parent undertaking	2,963	1,305
Corporation tax payable	7	39
Other taxation and social security	336	374
Accruals and deferred income	901	1,159
Other creditors	495	405
	<u>4,933</u>	<u>3,520</u>

CREDITORS AMOUNTS FALLING DUE MORE THAN ONE YEAR

	2012 £000's	2011 £000's
Other creditors - 1-2 years	23	495
	<u>23</u>	<u>495</u>

13 DEFERRED TAXATION

	2012 £000's	2011 £000's
At 1 January 2012		9
Charge to the profit and loss account		3
At 31 December 2012 (note 11)		<u>12</u>
	2012 £000's	2011 £000's
Tax effect of timing differences because of		
Deficit of tax allowances over		
Depreciation	(4)	14
	<u>(4)</u>	<u>14</u>

NOTES TO THE ACCOUNTS
Year Ended 31 December 2012

14 CALLED UP SHARE CAPITAL

	2012 £	2011 £
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 2012	76	1,641	1,717
Profit for the year	-	196	196
Credit in respect of share-based payment (note 19)	50	-	50
At 31 December 2012	<u>126</u>	<u>1,837</u>	<u>1,963</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000's	2011 £000's
Profit for the year	196	180
Capital contribution in year	50	10
Net increase in shareholders' funds	<u>246</u>	<u>190</u>
Opening shareholders' funds	1,717	1,527
Closing shareholders' funds	<u>1,963</u>	<u>1,717</u>

17 LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and Buildings £000's	2012 Other £000's	2011 Land and Buildings £000's	2011 Other £000's
Expiring between two and five years	161	3	157	2
	<u>161</u>	<u>3</u>	<u>157</u>	<u>2</u>

NOTES TO THE ACCOUNTS

Year Ended 31 December 2012

18 ULTIMATE CONTROLLING PARTY

At 31st December 2012 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 2012 was £49,593 (2011: £9,925).

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

	2012 Number of share awards	2012 Weighted average fair value (£)	2011 Number of share awards
Outstanding at 1 January 2012	12,800	6.35	5,400
Vested	(5,800)	2.12	(1,500)
	<u>7,000</u>		<u>3,900</u>
2 for 1 stock split (18th May 2011)	-	-	7,800
Granted	8,750	23.21	5,000
Outstanding at 31 December 2012	<u>15,750</u>	<u>17.27</u>	<u>12,800</u>

In 2012 awards were granted on 29 February, 14 May, 24th July and 27th November with a total fair value of \$324,509 (£203,115) (2011: \$95,810 (£59,493)).