

**Company Registration No. 4192467**

**3D SYSTEMS EUROPE LIMITED**

**Report and Financial Statements**

**31 December 2009**

THURSDAY



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# **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  
C J Jones  
R M Grace, Jr

#### **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 2009

#### **PRINCIPAL ACTIVITIES 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

During 2009 we commenced commercial shipment of our V-Flash Desktop Printer. This is the first product based on our new Film Transfer Imaging technology platform

#### **RESULTS FOR THE YEAR**

Revenue for the year was £6.6m compared with £7.2m in 2008 which represents a decrease of 8.5%. This £0.6m decrease was made up of decreases in systems sales of £0.4m, material sales of £0.2m and service sales of £0.2m, offset by an increase in intercompany sales of £0.2m. Due to this decrease in Revenue, together with reduced margins on systems sales, Gross Profit decreased by £0.7m. Selling and administration costs were lower in 2009 than 2008 by £0.7m which includes a £0.2m net decrease in foreign exchange losses.

The business uses various KPI's to review results including

- Inventory turns
- Debtor days outstanding
- Return on operating assets

#### **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

#### **POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events to report

#### **DIRECTORS**

The directors who held office since 1st January 2009 were as follows

R M Grace, Jr

D J Gregoire

C J Jones

#### **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



C J Jones

Date 30th September 2010

**STATEMENT OF 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 2009 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **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 2009 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 director's report for the financial year 2009 for which the financial statements are prepared is consistent with the financial statements.

## **3D SYSTEMS EUROPE LIMITED**

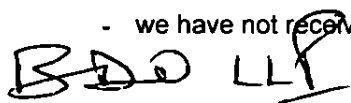
### **REPORT AND FINANCIAL STATEMENTS**

#### **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

- 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

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

**Date:** 30 September 2010

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 2009

	Note	2009 £000's	2008 £000's
<b>TURNOVER</b>	2	<b>6,629</b>	<b>7,248</b>
Cost of sales		(5,164)	(5,056)
<b>GROSS PROFIT</b>		<b>1,465</b>	<b>2,192</b>
Selling expenses		(410)	(493)
Administrative expenses		(830)	(1,448)
<b>OPERATING PROFIT</b>	3	<b>225</b>	<b>251</b>
Bank interest receivable & similar income	6	28	69
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>253</b>	<b>320</b>
Taxation on profit on ordinary activities	7	38	74
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>215</b>	<b>246</b>

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 9 to 16 form part of these financial statements

# 3D SYSTEMS EUROPE LIMITED

## BALANCE SHEET as at 31 December 2009

Company number 4192467

	Note	2009 £000's	2008 £000's
<b>FIXED ASSETS</b>			
Tangible Assets	8	225	255
		<u>225</u>	<u>255</u>
<b>CURRENT ASSETS</b>			
Stock	9	67	308
Debtors	10	2,143	1,846
Cash in hand and at Bank		233	241
		<u>2,443</u>	<u>2,395</u>
<b>CREDITORS. Amounts falling due within one year</b>	11	(1,456)	(1,660)
<b>NET CURRENT ASSETS</b>		<u>987</u>	<u>735</u>
<b>NET ASSETS</b>		<u><u>1,212</u></u>	<u><u>990</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	13	-	-
Share option reserve	14	55	49
Profit and Loss Account	14, 15	1,156	941
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>1,211</u></u>	<u><u>990</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 30th September 2010  
Signed on behalf of the Board of Directors



Director

The notes on pages 9 to 16 form part of these financial statements

**NOTES TO THE ACCOUNTS**  
**Year Ended 31 December 2009**

**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
Plant & Equipment	4-5
Leasehold Improvements	4

**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 2009**

**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 NASDAQ 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.

**2 ANALYSIS OF TURNOVER**

	2009 £000's	2008 £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 as follows		
United Kingdom and Ireland	6,272	7,084
Overseas	357	164
	<u>6,629</u>	<u>7,248</u>

**3 OPERATING PROFIT**

	2009 £000's	2008 £000's
<u>Operating profit is after charging/(crediting)</u>		
Depreciation	110	93
Auditors remuneration		
- audit fees	22	41
Operating lease rentals		
- land & buildings	145	145
- other assets	2	2
(Gain) / Loss on foreign exchange	(18)	210

Additional fees of £40,000 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 2009**

**4 EMPLOYEES**

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

	2009 No.	2008 No
Sales and marketing	3	4
Service and technical	9	9
Administration staff	18	20
	<u>30</u>	<u>33</u>

The costs incurred in respect of these employees were

	2009 £000's	2008 £000's
Wages and salaries	1,120	1,332
Social security costs	138	161
Other pension costs	77	84
	<u>1,335</u>	<u>1,577</u>

Analysis of Other Pension Costs

	2009 £000's	2008 £000's
Defined contribution schemes	77	84
	<u>77</u>	<u>84</u>

**5 DIRECTORS**

	2009 £000's	2008 £000's
Emoluments of directors of the company included in staff costs were as follows		
Aggregate emoluments	87	40
Company contributions to money purchase schemes	6	3
	<u>93</u>	<u>43</u>

Retirement benefits accrue to 1 (2008: 1) director under a money purchase scheme

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £000's	2008 £000's
Interest receivable from parent company	24	62
Bank interest	-	7
Other interest	4	-
	<u>28</u>	<u>69</u>

## 3D SYSTEMS EUROPE LIMITED

### NOTES TO THE ACCOUNTS

Year Ended 31 December 2009

#### 7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2009 £000's	2008 £000's
UK Corporation taxation	37	83
Adjustment in respect of prior year	(18)	(20)
Total current taxation	19	63
Deferred taxation (note 12)	19	11
Total taxation charge	38	74

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	253	320
Tax at 28% (28.5%) thereon	71	91
Income not assessable for tax purposes	(6)	(16)
Expenses not deductible for tax purposes	-	4
Depreciation (less than) / in excess of capital allowances	(1)	4
Adjustments in respect of prior year	(18)	(20)
Group relief	(27)	-
Total current taxation	19	63

# 3D SYSTEMS EUROPE LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2009

### 8 TANGIBLE FIXED ASSETS

	Improvements to Leasehold Buildings £000's	Plant & Equipment £000's	Total £000's
<b>Cost</b>			
At 1 January 2009	284	754	1,038
Additions	-	85	85
Disposals	-	(24)	(24)
At 31 December 2009	<u>284</u>	<u>815</u>	<u>1,099</u>
<b>Accumulated depreciation</b>			
At 1 January 2009	267	516	783
Charge for the year	5	105	110
Disposals	-	(19)	(19)
At 31 December 2009	<u>272</u>	<u>602</u>	<u>874</u>
<b>Net Book Value</b>			
At 31 December 2009	<u>12</u>	<u>213</u>	<u>225</u>
At 31 December 2008	<u>17</u>	<u>238</u>	<u>255</u>

### 9 STOCKS

	2009 £000's	2008 £000's
Stocks held for resale and servicing of customer machines	<u>67</u>	<u>308</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

### 10 DEBTORS

	2009 £000's	2008 £000's
Trade debtors	757	958
Amounts owed by other group undertakings	1,308	773
Other debtors	5	5
Prepayments and accrued income	64	82
Deferred taxation (note 12)	9	28
	<u>2,143</u>	<u>1,846</u>

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

# 3D SYSTEMS EUROPE LIMITED

## NOTES TO THE ACCOUNTS

Year Ended 31 December 2009

### 11 CREDITORS · AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £000's	2008 £000's
Trade creditors	96	144
Amounts owed to other group undertakings	175	210
Corporation tax payable	37	56
Other taxation and social security	388	360
Accruals and deferred income	760	890
	<u>1,456</u>	<u>1,660</u>

### 12 DEFERRED TAXATION

	£000's
At 1 January 2009	28
Charge to the profit and loss account	(19)
At 31 December 2009 (note 10)	<u>9</u>

	2009 £000's	2008 £000's
Tax effect of timing differences because of		
Deficit of tax allowances over		
Depreciation	9	28
	<u>9</u>	<u>28</u>

### 13 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>



# 3D SYSTEMS EUROPE LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2009

### 14 RESERVES

	Share Option Reserve £000's	Profit and Loss Account £000's	Total £000's
At 1 January 2009	49	941	990
Profit for the year	-	215	215
Credit in respect of share-based payment	6	-	6
At 31 December 2009	<u>55</u>	<u>1,156</u>	<u>1,211</u>

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £000's	2008 £000's
Profit for the year	215	246
Capital contribution in year	6	9
Net increase in shareholders' funds	<u>221</u>	<u>255</u>
Opening shareholders' funds	990	735
Closing shareholders' funds	<u>1,211</u>	<u>990</u>

### 16 LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and Buildings £000's	Other £000's	Land and Buildings £000's	Other £000's
Operating leases which expire within one year	-	-	-	-
Expiring between two and five years	145	2	147	-
	<u>145</u>	<u>2</u>	<u>147</u>	<u>0</u>

### 17 ULTIMATE CONTROLLING PARTY

At 31st December 2009 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](http://www.sec.gov)

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

NOTES TO THE ACCOUNTS

Year Ended 31 December 2009

18 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 2009 was £6,000 (2008: £9,000).

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

	2009 Number of share awards	2009 Weighted average fair value (£)	2008 Number of share awards	2008 Weighted average fair value (£)
Outstanding at 1 January 2009	3,000	8.65	5,000	12.18
Granted	2,900	5.45	1,500	5.31
Vested	-	-	(3,500)	12.27
Forfeited	(1,500)	11.98	-	-
Outstanding at 31 December 2009	4,400	5.40	3,000	8.65

In 2009 awards were granted on 20 March with a total fair value of £15,805