

Company Registration No. 4192467

3D SYSTEMS EUROPE LIMITED

Report and Financial Statements

31 December 2014

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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 J Langfield
A Johnson
D R Styka (appointed 9 June 2015)

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

STRATEGIC REPORT

The directors present their strategic report and the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

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 £17.8m compared with £10.7m in 2013 which represents an increase of 71%. This £7.6m increase was generated from an increase in systems sales £3.7m and a principally one-off increase in inter-company revenue of £2.5m from the re-structuring of the Bits from Bytes activity. Healthy material growth of £1.1m and a modest £0.3m in service revenue accounting for the remainder. The funding of investments through loans from our parent company increased interest charges £0.7m to a total of £1.1m. A 100%, £1.6m impairment of the Bits from Bytes Goodwill contributed to the £2.7m increase in administration expenses. Bad debts of £0.2m and headcount related growth accounting for the remainder.

REVIEW OF THE DEVELOPMENT, PERFORMANCE AND POSITION OF THE BUSINESS

A healthy growth rate was assisted through new product launches and a growing appetite for new customers to adopt the technology.

Within the expanding 3D printing industry the US based parent company is cognisant of the competition from other manufacturers. The company monitors new products entering the market and develops its product offering accordingly.

Our ultimate parent has made, and expect to continue to make strategic international acquisitions which over time is expected to widen the product offering as we funnel the associated UK activity through our UK based entity.

During the year the company purchased BotObjects Ltd for cash consideration of \$25m. The company also purchased a further 4,576 shares of the issued share capital of Phenix SA. The company now directly owns 94% of the issued share capital (see note 11 for detail). On the 31 December 2014 the company completed the Asset Purchase of CRDM Limited for the cash consideration of £4.1m representing the market value at completion date.

The results for the year are in line with director expectations. There are no signs of price erosion amongst the systems and material product categories. The company has proactively managed its working capital requirements during the period.

With the increased product offering complimented by healthy industry growth rates the directors believe the company is well positioned to grow its business during 2015 while maintaining margin.

REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

We are exposed to market risk from changes in interest rates, 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.

Where possible the company minimises its exposure to credit related losses. The company has implemented procedures that require appropriate credit checks on customers before sales commence.

The F1 customers continue to reflect a significant portion of the UK customer base. Though there was no reduction in value, the percentage of business as a total has reduced from 32% in 2013 to 20% in 2014. The less financially strong Formula 1 teams continue to be vulnerable, changes in the F1 industry model could adversely impact these sales.

We have made, and continue to make, strategic acquisitions that may involve significant risks and uncertainties. We may not realise the anticipated benefits of past or future acquisitions and integration of these acquisitions may disrupt our business and divert management attention. To minimise ongoing risk all acquisitions are subject to 3D Systems internal controls and procedures with immediate effect.

KEY PERFORMANCE INDICATORS

The business uses various KPI's to monitor the results of the business on an ongoing basis. Financial measures include Turnover, Gross Margin and Profit before tax, which are all line items disclosed on the face of the profit and loss account.

FUTURE PROSPECTS

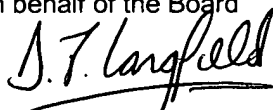
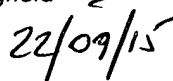
We are pursuing a growth strategy that focuses on five strategic initiatives;

- Manufacturing
- Metals
- Medical
- Materials; and
- Mainstreet

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

D J Langfield

Date:

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 2014.

STRATEGIC REPORT

A review of the business, future developments and principal risks and uncertainties of the company are included within the Strategic Report on page 4.

DIVIDENDS

The directors are not recommending a dividend (2013 : £NIL)

POST BALANCE SHEET EVENTS

There are no Post Balance Sheet Events to report.

GOING CONCERN

The accounts have been prepared on a Going Concern basis (see Note 1).

DIRECTORS

The directors who held office since 1 January 2014 were as follows:

D J Gregoire (resigned 12 December 2014)

D J Langfield

A Johnson

T Hull (appointed 12 December 2014 and resigned 9 June 2015)

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.

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

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

A handwritten signature in black ink, appearing to read 'D J Langfield', with a horizontal line drawn underneath the signature.

D J Langfield

Date:

22/09/15

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 2014 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 2014 and of its loss 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: 22/09/2015

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 2014

	Note	2014 £000's	2013 £000's
TURNOVER	2	17,765	10,658
Cost of sales		(14,459)	(8,484)
GROSS PROFIT		<u>3,306</u>	<u>2,174</u>
Selling expenses		(766)	(723)
Other Income	2	2,106	1,543
Administrative expenses		(4,007)	(2,269)
Impairment		(1,584)	-
OPERATING (LOSS) / PROFIT	3	<u>(945)</u>	<u>725</u>
Bank interest receivable & similar income	6	147	82
Bank interest payable and similar charges	7	(1,102)	(422)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,900)</u>	<u>385</u>
Taxation on profit on ordinary activities	8	(11)	140
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>(1,889)</u></u>	<u><u>245</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 13 to 23 form part of these financial statements.

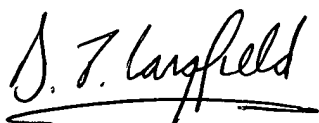
3D SYSTEMS EUROPE LIMITED

BALANCE SHEET as at 31 December 2014

Company number 4192467

	Note	2014 £000's	2013 £000's
FIXED ASSETS			
Tangible Assets	9	1,629	29
Intangible Fixed Assets	10	1,625	1,584
Investment	11	32,458	16,463
		<u>35,712</u>	<u>18,076</u>
CURRENT ASSETS			
Stock	13	534	2,608
Debtors due within one year	14	6,656	6,288
Debtors due more than one year	14	8,077	4,926
Cash in hand and at Bank		1,840	1,065
		<u>17,107</u>	<u>14,887</u>
CREDITORS: Amounts falling due within one year	15	<u>(11,837)</u>	<u>(7,218)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>5,270</u>	<u>7,669</u>
CREDITORS: Amounts falling due more than one year	15	<u>(40,196)</u>	<u>(23,369)</u>
NET ASSETS		<u><u>786</u></u>	<u><u>2,376</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Share option reserve	18	593	294
Profit and Loss account	18,19	193	2,082
TOTAL SHAREHOLDERS' FUNDS		<u><u>786</u></u>	<u><u>2,376</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 21 September 2015.
Signed on behalf of the Board of Directors



David J Langfield
Director

The notes on pages 13 to 23 form part of these financial statements.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

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 UK GAAP using 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

Investments

Investments are held at the lower of cost or net realisable value. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests will be carried out on goodwill if events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

Finance Leases

Where the Group is required to account as though it were acting as a lessor in a finance lease, receivables disclosed under finance leases represent outstanding amounts due under notional finance lease arrangements less notional finance charges allocated to future periods. Notional finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

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.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

1 ACCOUNTING POLICIES (continued)

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.

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. A letter of support has been provided by the parent company.

2 ANALYSIS OF TURNOVER

	2014 £000's	2013 £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	14,300	9,696
Overseas	3,465	962
	<u>17,765</u>	<u>10,658</u>

Other operating income relates to Management charges to other group companies, the prior year figures have been split out on the income statement.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

3 OPERATING PROFIT

	2014 £000's	2013 £000's
Operating profit is after charging/(crediting):		
Depreciation	21	10
Impairment	1,584	-
Auditor's remuneration		
- audit fees	47	24
- taxation compliance services	4	3
Operating lease rentals		
- land & buildings	277	234
- other assets	3	1
Loss / (Gain) on foreign exchange	202	(95)
Share based payments	299	168

Additional Audit fees of £23,610 (2013 : £18,256) relating to other services provided by the parent company auditors have been borne by the ultimate parent company, 3D Systems Corporation.

4 EMPLOYEES

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

	2014 No.	2013 No.
Sales and marketing	7	6
Service and technical	9	7
Administration staff	40	23
	<u>56</u>	<u>36</u>

The costs incurred in respect of these employees were:

	2014 £000's	2013 £000's
Wages and salaries	2,433	1,569
Social security costs	324	217
Pension costs - defined contribution scheme	138	70
Commissions and bonuses	242	245
Share based payments	299	168
Other benefits	188	200
	<u>3,624</u>	<u>2,469</u>

As at 31 December 2014 the 39 CRDM Limited employees were transferred to 3D Systems Europe books.

NOTES TO THE ACCOUNTS

Year Ended 31 December 2014

5 DIRECTORS

	2014 £000's	2013 £000's
Emoluments of directors of the company included in staff costs were as follows:		
Aggregate emoluments	90	92
Company contributions to money purchase schemes	6	6
Share based payments	38	24
	<u>134</u>	<u>122</u>

During 2014 the following share transactions occurred: 1,000 3 year restricted share awards were granted at \$1 per shares and 3,000 shares vested within the period.

One director made contributions to the money purchase scheme.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000's	2013 £000's
Interest receivable from parent company	-	2
Interest receivable from other group companies	113	76
Other interest	34	4
	<u>147</u>	<u>82</u>

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2014 £000's	2013 £000's
Interest payable to parent company	1,099	421
Other interest payable	3	1
	<u>1,102</u>	<u>422</u>

NOTES TO THE ACCOUNTS

Year Ended 31 December 2014

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2014 £000's	2013 £000's
UK Corporation taxation	-	136
Adjustment in respect of prior year	-	-
Total current taxation	-	136
Deferred taxation (note 16)	(11)	4
Total taxation charge	(11)	140

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	(1,900)	385
Tax at 21.49% (2013 : 23.25%)	(408)	90
Expenses not deductible for tax purposes	409	54
Permanent differences	(41)	-
Other tax adjustments, reliefs and transfers	28	-
Group relief	1	(6)
Capital allowances in excess of depreciation	(140)	-
Unrelieved tax losses	151	-
Income not assessable for tax purposes	-	(1)
Total current taxation	-	136

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.

9 TANGIBLE FIXED ASSETS

	Improvements to Leasehold Buildings £000's	Plant & Equipment £000's	Total £000's
Cost			
At 1 January 2014	306	677	983
Additions on acquisition	60	1,536	1,596
Additions	-	24	24
Disposals	-	(58)	(58)
At 31 December 2014	366	2,179	2,545
Accumulated depreciation			
At 1 January 2014	294	659	953
Charge for the year	12	10	22
Disposals	-	(59)	(59)
At 31 December 2014	306	610	916
Net Book Value			
At 31 December 2014	60	1,569	1,629
At 31 December 2013	11	18	29

The brought forward cost and depreciation were incorrect by £13k, there was no net book value impact.

The assets and liabilities acquired through the asset purchase have been recognised at their fair value as cost.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

10 INTANGIBLE FIXED ASSETS

**Goodwill arising
on acquisition
£000's**

Cost or valuation	
At 1 January 2014	1,584
Additions	1,625
At 31 December 2014	<u>3,209</u>
Amortisation	
At 1 January 2014	-
Impairment provided in the year	1,584
At 31 December 2014	<u>1,584</u>
Net book value	
At 31 December 2014	<u>1,625</u>
At 31 December 2013	<u>1,584</u>

The impairment provision is based on the guidance of FRS 10 and 11. Following the first year impairment review of Bits from Bytes Goodwill, it was deemed that the Goodwill should be fully impaired in year 1.

11 INVESTMENT IN SUBSIDIARY UNDERTAKING

	2014 £000's
Cost	
At 1 January 2014	16,463
Additions	
- Phenix	62
- BotObjects	15,933
At 31 December 2014	<u>32,458</u>

The company owns the entire ordinary share capital of CRDM Limited a company incorporated in the United Kingdom. The principal activity of the company is as a provider of 3D printing and rapid prototyping services for industry, across sectors including automotive, aerospace, medical and defence. The assets and trade were hived into the company at fair market value at the end of the year.

On the 15 July 2013 3D Systems Europe purchased 81% of the issued share capital of Phenix SA, a company incorporated in France for £11,627,000. The principal activity of the company is to manufacture 3D Systems. During 2014 the company invested a further £62,473 in purchasing shares. The holding at 31 Dec 2014 was 94.29% of the issued share capital (2013: 93%).

The Phenix shares are listed on the ALPHX, the value of these at the year end date was €20.7m (€19.00 per share) translated using the year end exchange rate of 0.7825 is £16.2m.

On the 16 December 2014 3D Systems Europe purchased 100% of the issue share capital of BotObjects Limited a company incorporated in the United Kingdom for £15,932,500. The principal activity of the company is research and development.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

12 PURCHASE OF TRADE AND ASSETS

On the 31 December 2014, the trade and assets of CRDM Limited, a wholly owned subsidiary, were purchased for cash consideration of £4.1m (which remains due at year end). The trade and assets were transferred at Fair Market Value, which were:

	Book Value per CRDM Stats	Fair Value Adjustment	3D Fair Market Value
	£000's	£000's	£000's
Fixed assets			
Tangible assets	1,254	342	1,596
Intangible fixed assets	-	1,625	1,625
Current assets			
Stocks	149	-	149
Debtors due within one year	884	31	915
Debtors due more than one year	-	47	47
Cash in hand and at Bank	961	-	961
Total assets	3,248	2,045	5,293
Creditors due within one year	1,142	-	1,142
Creditors due more than one year	51	-	51
Net assets	2,055	2,045	4,100

£1.081m of the investment value of £4.1m was transferred to Goodwill at the date of purchase which will be amortised over 20 years and will be assessed for impairment as necessary (note 10). CRDM Limited realised a profit on sale of £2,045,044.

13 STOCKS

	2014 £000's	2013 £000's
Stocks held for resale and servicing of customer machines	534	2,608
	534	2,608

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 2014

14 DEBTORS

	2014 £000's	2013 £000's
Debtors due within one year:		
Trade debtors	3,582	3,297
Amounts owed by other group undertakings	1,673	1,682
Other debtors ^	1,135	1,204
Prepayments and accrued income	198	105
Corporation tax debtor	68	-
	6,656	6,288

	2014 £000's	2013 £000's
Debtors due more than one year:*		
Amounts owed by other group undertakings	7,666	4,919
Deferred Tax	18	7
Other debtors ^	393	-
	8,077	4,926

* All amounts shown under debtors are due for payment within one year except:
- Deferred tax asset £18k (2013 - £7k) (note 16)
- Amounts owed by other group undertakings £7,677k (2013 - £4,919k)
- L/T lease receivables
- Other debtors includes lease receivables - Current £386k and L/T £393k

15 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £000's	2013 £000's
Trade creditors	640	1,877
Amounts owed to parent undertaking	4,354	2,690
Amounts owed to other group undertakings	5,133	759
Corporation tax payable	-	199
Other taxation and social security	588	93
Accruals and deferred income	1,122	1,600
	11,837	7,218

CREDITORS : AMOUNTS FALLING DUE MORE THAN ONE YEAR

	2014 £000's	2013 £000's
Other creditors - 1-2 years	177	82
Intercompany loan - over 2 years	40,019	23,287
	40,196	23,369

Under the Loan Agreement the whole or any part of the loan are repayable on demand but are long term in nature. 3D Systems Inc. has provided a letter of support declaring that intercompany balances due and payable from the Company to the 3D Systems Inc. under the Loan Agreement shall not be recalled during the period of 12 months from 31 December 2014. 3D Systems Inc. had determined the position prior to 31 December 2014.

The Intercompany Loan Interest is invoiced on a monthly basis with an interest rate of 3.25% during 2014.

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

16 DEFERRED TAXATION

	£000's
At 1 January 2014	7
Charge to the profit and loss account	11
At 31 December 2014 (note 15)	<u>18</u>

	2014 £000's	2013 £000's
Tax effect of timing differences because of:		
Deficit of tax allowances over depreciation	(130)	(4)
Losses and other deductions	141	-
	<u>11</u>	<u>(4)</u>

17 CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid:		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

18 RESERVES

	Share Option Reserve £000's	Profit and Loss Account £000's	Total £000's
At 1 January 2014	294	2,082	2,376
Loss for the year	-	(1,889)	(1,889)
Credit in respect of share-based payment (note 22)	299	-	299
At 31 December 2014	<u>593</u>	<u>193</u>	<u>786</u>

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000's	2013 £000's
(Loss) / profit for the year	(1,889)	245
Capital contribution in year	299	168
Net increase in shareholders' funds	<u>(1,590)</u>	<u>413</u>
Opening shareholders' funds	2,376	1,963
Closing shareholders' funds	<u>786</u>	<u>2,376</u>

NOTES TO THE ACCOUNTS
Year Ended 31 December 2014

20 LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014 Land and Buildings £000's	2014 Other £000's	2013 Land and Buildings £000's	2013 Other £000's
Operating leases which expire within one year	-	2	31	-
Expiring between two and five years	371	-	166	2
	<u>371</u>	<u>2</u>	<u>197</u>	<u>2</u>

The 2014 figure includes the Lease Commitments of CRDM £205k (2013 £205k). These commitments were transferred to 3D Systems Europe within the terms of the Asset Purchase.

21 ULTIMATE CONTROLLING PARTY

At December 2014 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.

22 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 2014 was £298,765 (2013: £168,290).

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

	2014 Number of share awards	2014 Weighted average fair value (£)	2013 Number of share awards	2013 Weighted average fair value (£)
Outstanding at 1 January 2014	39,425	24.25	15,750	17.27
Vested	<u>(7,500)</u>	<u>7.34</u>	<u>(3,000)</u>	<u>3.14</u>
	31,925		12,750	
Transfer from Other Group Companies	9,600	29.24	2,500	-
3 for 2 stock split (5 Feb 2013)	-		10,375	-
Granted	10,041	25.40	13,800	45.24
Forfeited	<u>(1,125)</u>	<u>38.13</u>	-	-
Outstanding at 31 December 2014	<u>50,441</u>	<u>26.21</u>	<u>39,425</u>	<u>24.25</u>

In 2014 awards were granted on 4 February, 28 March, 19 May, 22 July and 17 November with a total fair value of \$412,642 (£255,061) (2013 \$998,000 (£624,381)).

The weighted average of the remaining contractual life of the share based payments at the end of 2014 is 1.60 years (2013 was 1.89 years).

NOTES TO THE ACCOUNTS

Year Ended 31 December 2014

23 Related Party relationships and transactions

The company has taken advantage of the exemption available under FRS 8 'Related party disclosures' whereby it has not disclosed transactions with ultimate parent company or any wholly owned subsidiary undertaking or group. One Subsidiary falls outside of this exemption with a 94.29% Ownership the disclosure for this company can be seen below:

Phenix SA

3D Systems Europe Limited owns a 94.29% holding of Phenix SA a French company. During the period 3D Systems Europe Limited charged Phenix SA Management Fee Expenses £91,899 (2013 - 76,223) and Intercompany loan interest £113,133 (2013 - £32,575). As at 31 December 2014 £290,461 (2013 - £108,656) was owed to 3D Systems Europe for Intercompany receivables and £7,375,567 (2013 - £4,810,002) for Intercompany Loan Receivables. These amounts can be seen in Debtors due in more than one year.

Sarl Sint-Tech

Sint-Tech is a wholly owned subsidiary of Phenix SA. During the period 3D Systems Europe Limited charged Sint-Tech Management Fee Expenses £6,972 (2013 - nil). As at 31 December 2014 £6,972 (2013 - nil) was owed to 3D Systems Europe for Intercompany receivables. These amounts can be seen in Debtors.