

3D SYSTEMS CORPORATION
Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 27, 2003 and June 28, 2002
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|--|-------------------------|--|
| | June 27, 2003 | June 28, 2002 <small>As Restated</small> | June 27, 2003 | June 28, 2002 <small>As Restated</small> |
| Sales: | | | | |
| Products | \$ 18,010 | \$ 19,110 | \$ 32,746 | \$ 38,371 |
| Services | 8,861 | 9,433 | 17,141 | 17,686 |
| Total sales | <u>26,871</u> | <u>28,543</u> | <u>49,887</u> | <u>56,057</u> |
| Cost of sales: | | | | |
| Products | 9,543 | 10,861 | 18,044 | 21,741 |
| Services | 6,547 | 6,883 | 13,569 | 13,197 |
| Total cost of sales | <u>16,090</u> | <u>17,744</u> | <u>31,613</u> | <u>34,938</u> |
| Gross profit | <u>10,781</u> | <u>10,799</u> | <u>18,274</u> | <u>21,119</u> |
| Operating expenses: | | | | |
| Selling, general and administrative | 9,719 | 12,974 | 20,375 | 23,944 |
| Research and development | 2,564 | 4,707 | 5,163 | 8,635 |
| Severance and other restructuring costs | 251 | 1,617 | 251 | 1,617 |
| Total operating expenses | <u>12,534</u> | <u>19,298</u> | <u>25,789</u> | <u>34,196</u> |
| Loss from operations | <u>(1,753)</u> | <u>(8,499)</u> | <u>(7,515)</u> | <u>(13,077)</u> |
| Interest and other expense, net | 993 | 668 | 1,887 | 1,368 |
| Gain on arbitration settlement | - | - | - | 18,464 |
| (Loss) income before provision for income taxes | <u>(2,746)</u> | <u>(9,167)</u> | <u>(9,402)</u> | <u>4,019</u> |
| Provision for (benefit from) income taxes | 815 | (3,539) | 1,031 | 953 |
| Net (loss) income | <u>(3,561)</u> | <u>(5,628)</u> | <u>(10,433)</u> | <u>3,066</u> |
| Preferred stock dividend | 198 | - | 198 | - |
| Net (loss) income available to common shareholders | <u>\$ (3,759)</u> | <u>\$ (5,628)</u> | <u>\$ (10,631)</u> | <u>\$ 3,066</u> |
| Shares used to calculate basic net (loss) income available to common shareholders per share | <u>12,734</u> | <u>12,845</u> | <u>12,730</u> | <u>12,986</u> |
| Basic net (loss) income available to common shareholders per share | <u>\$ (0.30)</u> | <u>\$ (0.44)</u> | <u>\$ (0.84)</u> | <u>\$ 0.24</u> |
| Shares used to calculate diluted net (loss) income available to common shareholders per share | <u>12,734</u> | <u>12,845</u> | <u>12,730</u> | <u>14,445</u> |
| Diluted net (loss) income available to common shareholders per share | <u>\$ (0.30)</u> | <u>\$ (0.44)</u> | <u>\$ (0.84)</u> | <u>\$ 0.21</u> |

3D SYSTEMS CORPORATION
Condensed Consolidated Balance Sheets
As of June 27, 2003 and December 31, 2002
(in thousands)
(unaudited)

| ASSETS | June 27, 2003 | December 31, 2002 |
|---|----------------------|--------------------------|
| Current Assets: | | |
| Cash and cash equivalents, including restricted cash of \$1,269 in 2003 | \$ 8,985 | \$ 2,279 |
| Accounts receivable, less allowances for doubtful accounts of \$2,660 and \$3,068 | 18,054 | 27,420 |
| Current portion of lease receivables | 322 | 322 |
| Inventories, net of reserves of \$2,318 and \$1,876 | 12,897 | 12,564 |
| Prepaid expenses and other current assets | 2,222 | 3,687 |
| Total current assets | 42,480 | 46,272 |
| Property and equipment, net | 13,493 | 15,339 |
| Licenses and patent costs, net | 16,979 | 14,960 |
| Lease receivables, less current portion, net of allowance of \$510 and \$414 | 363 | 553 |
| Acquired technology, net | 6,860 | 7,647 |
| Goodwill | 44,650 | 44,456 |
| Other assets, net | 2,420 | 3,006 |
| | \$ 127,245 | \$ 132,233 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Line of credit | \$ 8,550 | \$ 2,450 |
| Accounts payable | 6,454 | 10,830 |
| Accrued liabilities | 14,577 | 15,529 |
| Current portion of long-term debt | 155 | 10,500 |
| Customer deposits | 648 | 801 |
| Deferred revenues | 13,430 | 14,770 |
| Total current liabilities | 43,814 | 54,880 |
| Other liabilities | 3,373 | 3,397 |
| Long-term debt, less current portion | 4,010 | 4,090 |
| Subordinated debt | 10,000 | 10,000 |
| Total liabilities | 61,197 | 72,367 |
| Redeemable preferred stock, 8% convertible, authorized 5,000 shares, issued and outstanding 2,634 | 15,158 | --- |
| Stockholders' equity: | | |
| Common stock, authorized 25,000 shares, issued and outstanding 12,734 and issued and outstanding 12,725 | 13 | 13 |
| Capital in excess of par value | 85,100 | 84,931 |
| Notes receivable from officers for purchases of stock | (59) | (59) |
| Preferred stock dividend | (198) | --- |
| Accumulated deficit | (31,852) | (21,419) |
| Accumulated other comprehensive loss | (2,114) | (3,600) |
| Total stockholders' equity | 50,890 | 59,866 |
| | \$ 127,245 | \$ 132,233 |