

**3D SYSTEMS CORPORATION**  
**Consolidated Balance Sheets**  
(in thousands)  
(Audited)

ASSETS	<u>12/31/2002</u>	<u>12/31/2001 (As Restated)</u>
Current Assets:		
Cash and cash equivalents	\$ 2,279	\$ 5,948
Accounts receivable, less allowances for doubtful accounts of \$3,068 (2002) \$1,755 (2001)	27,420	36,262
Current portion of lease receivables	322	498
Inventories	12,564	18,546
Deferred tax assets	-	5,271
Prepaid expenses and other current assets	3,687	2,817
Total Current Assets	<u>46,272</u>	<u>69,342</u>
Property and equipment, net	15,339	17,864
Licenses and patent costs, net	14,960	12,314
Deferred tax assets	-	6,750
Lease receivables, less current portion and net of allowance of \$414 (2002) and \$247 (2001)	553	1,750
Acquired technology, net	7,647	9,192
Goodwill	44,456	44,158
Other Assets	3,006	3,572
	<u>\$ 132,233</u>	<u>\$ 164,942</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Line of Credit	\$ 2,450	\$ 6,151
Accounts payable	10,830	12,819
Accrued liabilities	15,529	15,608
Current portion of long-term debt	10,500	3,135
Customer deposits	801	1,624
Deferred revenues	14,770	13,997
Total current liabilities	<u>54,880</u>	<u>53,334</u>
Deferred tax liabilities	-	4,210
Other liabilities	3,397	3,329
Long-term debt, less current portion	4,090	16,240
Subordinated debt	10,000	9,400
	<u>72,367</u>	<u>86,513</u>
Stockholders' equity:		
Preferred stock, authorized 5,000 shares, none issued		
Common stock, authorized 25,000 shares, issued and outstanding 12,725 (2002) and issued 13,357 and outstanding 13,132 (2001)	13	13
Capital in excess of par value	84,931	93,173
Notes receivable from officers and employees	(59)	(244)
Retained earnings (loss)	(21,419)	(6,553)
Accumulated other comprehensive loss	(3,600)	(6,420)
Treasury stock, at cost, 225 shares (2001)	-	(1,540)
Total stockholders' equity	<u>59,866</u>	<u>78,429</u>
	<u>\$ 132,233</u>	<u>\$ 164,942</u>

**3D SYSTEMS CORPORATION**  
**Consolidated Statements of Operations**  
(in thousands except per share amounts)  
(Audited)

	Years Ended	
	12/31/2002	12/31/2001 (As Restated)
Sales:		
Products	\$ 81,039	\$ 84,558
Services	34,922	34,182
Total sales	115,961	118,740
Cost of Sales:		
Products	43,398	42,278
Services	25,942	24,961
Total cost of sales	69,340	67,239
Gross Profit	46,621	51,501
Operating expenses:		
Selling, general and administrative	48,331	42,807
Research and development	15,366	11,010
Severance and other restructuring cost	4,354	-
Total operating expenses	68,051	53,817
Income (loss) from operations	(21,430)	(2,316)
Interest and other income (expense), net	(2,991)	(1,033)
Gain on arbitration settlement	18,464	-
Income (loss) before provision for income taxes	(5,957)	(3,349)
Provision for (benefit from) income taxes	8,909	(992)
Net income (loss)	\$ (14,866)	\$ (2,357)
Shares used to calculate basic net income(loss) per share	12,837	12,579
Basic net income (loss) per share	\$ (1.16)	\$ (0.19)
Shares used to calculate diluted net income (loss) per share	12,837	12,579
Diluted net income (loss) per share	\$ (1.16)	\$ (0.19)