

3D SYSTEMS CORP  
Form 10-Q/A  
February 09, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q/A**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission File No. 0-22250

**3D SYSTEMS CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

**DELAWARE**  
(State or Other Jurisdiction of  
Incorporation or Organization)  
**333 THREE D SYSTEMS CIRCLE**  
**ROCK HILL, SOUTH CAROLINA**  
(Address of Principal Executive Offices)

**95-4431352**  
(I.R.S. Employer  
Identification No.)  
**29730**  
(Zip Code)

**(803) 326-3900**

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes  No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

**Shares of Common Stock, par value \$0.001, outstanding as of April 28, 2006: 15,514,527**

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3D SYSTEMS CORPORATION

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**PART I**

**EXPLANATORY STATEMENT REGARDING RESTATEMENT**

**Restatement of Condensed Consolidated Financial Statements**

On November 3, 2006, we announced that management and the Audit Committee of our Board of Directors had determined, based on information presented by our management in connection with the preparation of our financial statements for the third quarter of 2006, that our financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006 contained errors. As a result, the Audit Committee concluded that those financial statements should be restated and that investors should not rely upon those financial statements without taking into account the anticipated adjustments described in our Current Report on Form 8-K filed on November 3, 2006 and the press release filed as an exhibit thereto. The adjustments described in that Form 8-K and related press release are reflected in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and in the restated financial statements included in this Form 10-Q/A.

We also announced on November 3, 2006 that we were assessing whether our financial statements for prior periods contained errors and as a result should be restated. On December 14, 2006, we announced that management and the Audit Committee had completed our assessment of the prior-period financial statements and that, based on information presented by our management, the financial statements included in our Annual Reports on Form 10-K for the 2004 and 2005 calendar years also contained errors and should be restated. In evaluating the need to restate those periods, we also took into consideration adjustments that had been identified previously as not being material to those periods and have included those adjustments in the restated amounts for the applicable 2005 and 2004 periods.

We identified the errors in the first and second quarter 2006 financial statements primarily as a result of our efforts to remediate the material weaknesses that we previously identified and disclosed in our second quarter 2006 Form 10-Q as well as through our ongoing efforts:

- (a) to implement our new ERP system;
- (b) to reconcile the records in our new ERP system and those in our legacy systems; and
- (c) to test our internal controls in the context of the new ERP system environment.

As part of these efforts, management:

- (i) has carried out a comprehensive account reconciliation initiative to test and verify the accuracy and integrity of information recorded by, and data imported and input from our legacy accounting system into, the new ERP system;
- (ii) is continuing to train employees in the use of the new ERP system and our established system of internal controls; and
- (iii) is continuing to promote strict adherence to those established internal controls.

We have also performed physical inventory counts and undertaken and completed a variety of other confirmatory procedures. See Part I, Item 4, Controls and Procedures.

This Quarterly Report on Form 10-Q/A includes the restated financial information for each period affected by the restatement through March 31, 2006. That information is also included in the Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2006 and in the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 that we have filed with the Securities and Exchange Commission. Such restated financial information will also be included in our Annual Report on Form 10-K for the year ended December 31, 2006.

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The following table shows the impact of the correction of all errors on income (loss) available to common stockholders on a pretax basis for the full years ended December 31, 2004 and 2005 and for each calendar quarter thereafter through March 31, 2006. It also shows the cumulative impact of prior-period errors on the accumulated deficit in earnings at December 31, 2003, which errors were not material either individually or in the aggregate. The tax effect of the correction of these errors on each restated period was either minimal or nil.

	Accumulated Deficit in Earnings December 31, 2003 (Amounts in \$000s)	Effect of Restatement on Income (Loss) Available to Common Stockholders						Year Ended December 31, 2005	Quarter Ended March 31, 2006
		Year Ended December 31, 2004	Quarter Ended March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	Year Ended December 31, 2005		
Previously reported	\$ (47,442)	\$ 1,027	\$ 783	\$ 855	\$ 749	\$ 6,017	\$ 8,404	\$ (1,244)	
Adjustments:									
Credit memos		10	(19 )	(79 )	(164 )	(101 )	(363 )	(251 )	
Royalty income/expense		253	5	(17 )	(17 )	(293 )	(322 )	13	
Recognition of warranty and training revenue	32	220	11	(246 )	13	33	(189 )	121	
Stock issuance costs						211	211		
Prepaid materials reconciliation				(29 )	(4 )	(64 )	(97 )	(201 )	