Registered number 02513030

Parametric Technology (UK) Limited

Directors' report and financial statements

for the year ended 30 September 2012

Parametric Technology (UK) Limited

Directors' report and financial statements for the year ended 30 September 2012

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Directors' report for the year ended 30 September 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2012

Principal activities

The company offers solutions in the product lifecycle management, or PLM, market (product data management, collaboration and related solutions), the CAx market (computer-aided design, manufacturing and engineering (CAD, CAM and CAE) solutions) and the application lifecycle management (ALM) market

Our software solutions provide our customers with an integral product development system that enables them to create digital product content, collaborate with others in the product development process, control product content, automate product development processes, configure products and product content, and communicate product information to people and systems across the extended enterprise and design chain

Our solutions are complemented by our experienced services and technical support organizations, as well as resellers and other strategic partners Our services and technical support organizations provide consulting, implementation and training support services to customers worldwide Our resellers supplement our direct sales force to provide greater geographic and small- and medium-size account coverage

On 1 October 2011, Parametric Technology (UK) Limited acquired the trade and net assets of MKS Systems Limited for approximately £12 1 million

Total revenue in 2012 as compared to 2011 increased 28% (£4 7 million) with license revenue up 68% (£2 4 million), maintenance revenue up 28% (£2 6 million) and services revenue down 10% (£ 0 35 million) We attribute the increase in license revenue and maintenance to increased demand for our products and services as a result of improvement in the economy, our competitive positioning, significant new product releases and the business taken over from MKS Systems Limited

Future Outlook

Based on 2012 results, current economic conditions and spending patterns and the competitive strength of our products, we believe we are well-positioned in the markets we serve The PLM, ALM and the CAx markets present different growth opportunities for us We believe the market among large businesses for our PLM and ALM Solutions presents the greatest opportunity for revenue growth for us We believe that the market for our CAx Solutions among small- and medium-size businesses also provides an opportunity for future growth Conversely, the market for our CAx solutions among large businesses is highly penetrated and presents a lower growth opportunity for us

Going concern

PTC Inc , the company's ultimate parent, has confirmed its intention to provide sufficient working capital to the company to enable it to carry on its business without a significant curtailment of its operations for the foreseeable future and at least for the next 12 months from the date of approval of the financial statements On this basis, the directors consider it appropriate for the financial information to be prepared on a going concern basis

Directors' report
for the year ended 30 September 2012 (continued)

Results and dividends

The company's result for the financial year is shown on page 6 The directors do not recommend the payment of a dividend (2011 £nil)

Principal risks and uncertainties

The principal risk for the company is a downturn in the British Isles market for the products and services of the PTC Group From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of the PTC Group, which include those of the company, are discussed in the group's annual report which does not form part of this report

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate cash flow risk The company has in place a risk management programme that seeks to limit the adverse effects of these risks on the performance of the company

Price risk The PTC Group seeks to continually modify and enhance the company's products to keep pace with changing technology and address customers' needs, any failure to do so could reduce demand for the company's products

Credit risk Policies are implemented by the company's finance department to carefully monitor such risk via credit checking and no material bad debts were incurred during the year

Liquidity risk The ultimate parent company, PTC Inc , continues to provide financial support to ensure the company is able to meet all of its financial obligations

Interest rate cash flow risk The company has no debt outside of the PTC Group of companies The company has no interest bearing debt as of 30 September 2012 (2011 £nil)

The company does not use derivative financial instruments and as such no hedge accounting is applied

Key performance indicators

Given the straightforward nature of the business, the company's directors is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors' report for the year ended 30 September 2012 (continued)

Research and development

The company carries out research and development activities, including developing new releases of our software that work together in a more integrated fashion and that include functionality enhancements desired by our customers This is carried out under the guidance of our ultimate parent company, PTC Inc Research and development costs expensed for the year appear in note 3 to the financial statements

Directors

The directors of the company during the year to 30 September 2012 and up to the date of signing of the financial statements are as follows

C Dunn
P Heck

The directors of the company had the benefit of a qualifying indemnity provision throughout the financial year ending 30 September 2012 and is currently in force

Statement of directors' responsibilities
The directors are responsible for preparing the directors' 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 prepared 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,

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

Statement on disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
2) each director has taken all the steps that ought to have been taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board

P Heck
Director
22 July 2013

Independent auditors' report to the members of Parametric Technology (UK) Limited

We have audited the financial statements of Parametric Technology (UK) Limited for the year ended 30 September 2012 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)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of directors' responsibilities set out on page 3 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 30 September 2012 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 matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Parametric Technology (UK) Limited (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

Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
8 August 2013

Profit and loss account
for the year ended 30 September 2012

	Notes	2012	2011
		£'000	£'000
Turnover	2	**21,069**	16,406
Cost of sales		**(5,073)**	(3,920)
Gross profit		**15,996**	12,486
Administrative expenses		**(22,108)**	(18,766)
Other operating income		**6,769**	6,142
Operating profit/(loss)	3	**657**	(138)
Interest receivable and similar income	4	**41**	5
Interest payable and similar charges	5	**(450)**	-
Profit/(Loss) on ordinary activities before taxation		**248**	(133)
Tax on profit/(loss) on ordinary activities	8	**(290)**	63
(Loss) for the financial year	17	**(42)**	(70)

All results derive from continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the financial years stated above and their historical cost equivalents

Balance sheet
as at 30 September 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	9	**9,001**	-
Tangible assets	10	**354**	451
		9,355	451
Current assets			
Debtors amounts falling due within one year	11	**6,356**	4,585
Debtors amounts falling due after more than one year	11	**192**	298
Cash at bank and in hand		**460**	468
		7,008	5,351
Creditors. amounts falling due within one year	12	**(7,359)**	(6,404)
Net current liabilities		**(351)**	(1,053)
Total assets less current liabilities		**9,004**	(602)
Provisions for liabilities and charges	13	**(98)**	(145)
Net assets/(liabilities)		**8,906**	(747)
Capital and reserves			
Called up share capital	16	**188**	138
Share premium account	17	**37,281**	27,331
Other reserves	17	**-**	15
Profit and loss account	17	**(28,563)**	(28,231)
Total equity shareholders' funds/(deficit)	18	**8,906**	(747)

The financial statements on pages 6 to 21 were approved by the board of directors on 22nd July 2013 and were signed on its behalf by

P Heck
Director

Registered number 02513030

Notes to the financial statements for the year ended 30 September 2012

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year are set out below

Going concern

PTC Inc , the company's ultimate parent, has confirmed its intention to provide sufficient working capital to the company to enable it to carry on its business without a significant curtailment of its operations for the foreseeable future and at least for the next 12 months from the date of approval of these financial statements On this basis, the directors consider it appropriate for the financial information to be prepared on a going concern basis

Cash flow statement and related party transactions

The company is exempt from the requirements of FRS 1 'Cash flow statements (revised 1996)' to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of PTC Inc whose consolidated financial statements, which include the company's financial statements, are publicly available

The company is also exempt under the terms of paragraph 3(c) FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the PTC Group

Turnover

Turnover is derived from the licensing of product lifecycle management (PLM) software products and from service revenue consisting of training, consulting and maintenance License revenue is recognised upon contract execution, provided all shipment obligations have been met, fees are fixed or determinable and collection is probable Turnover from software maintenance contracts and royalties is recognised monthly over the contract period Turnover from consulting and training is recognised upon performance Turnover is stated net of value added tax and trade discounts

Accrued income

Revenue that is due on services rendered but not billed is recognised within the same accounting period in which the cost of providing that service is also recognised, and is included in accrued income

Deferred income

The group undertakes to maintain customers' software under maintenance contracts on which the company invoices in advance The income is recognised as turnover on a straight line basis over the life of the contract Maintenance costs are expensed as incurred

Other operating income

Other operating income includes charges for the provision of training and other services to group companies and the reimbursement of research and development expenditure incurred by Parametric Technology (UK) Limited on behalf of other group companies

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Principal accounting policies (continued)

Goodwill

Goodwill represents the difference between the fair value of assets acquired and the fair value of consideration paid Goodwill is capitalised and amortised over the period in which benefit is to be gained from the acquisition The amortisation period used for goodwill arising on acquisitions made since the introduction of FRS 10 – 'Goodwill and intangible assets' ranges from 5 to 11 years Prior to the issue of FRS 10, goodwill was written off to reserves No prior year adjustment regarding goodwill written off to reserves in prior years of £15 0 million has been made The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation The cost of tangible fixed assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, which are principally as follows

Leasehold improvements	Over the lease term
Fixtures and fittings	3 years

Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred

Provisions

A provision is recognised in the balance sheet when the company has a present obligation as a result of an event prior to the closing date and when an outflow of resources embodying economic benefits that can be reliably measured becomes probable Provisions are discounted when the impact of the time value of money is considered material

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the transaction date Monetary assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date Exchange differences are taken to the profit and loss account in the period in which they arise

Notes to the financial statements for the year ended 30 September 2012 (continued)

1 Principal accounting policies (continued)

Pension costs

The company operates a number of defined contribution pension schemes The assets of the schemes are held in independently administered funds The company's contributions to the defined contribution schemes are charged to the profit and loss account as they fall due (Note 20)

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred

Share based payments

The PTC group issues equity-settled share based payments to certain employees Equity-settled share based payments are measured at fair value at the date of grant The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on estimates of shares that will eventually vest At each balance sheet date, the company revises its estimates of the number of equity settled share based payments that are expected to vest It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

2 Turnover

An analysis of turnover by class of business is as follows

	2012	2011
	£'000	£'000
Licence revenue	5,929	3,539
Maintenance revenue	12,142	9,518
Training and consulting revenue	2,998	3,349
	21,069	16,406

An analysis of turnover by geographical market is as follows

	2012	2011
	£'000	£'000
United Kingdom	19,402	15,708
Rest of world	1,667	698
	21,069	16,406

Notes to the financial statements for the year ended 30 September 2012 (continued)

3 Operating profit/(loss)

	2012 £'000	2011 £'000
Operating loss is stated after charging/(crediting)		
Amortisation of intangible assets	**899**	-
Depreciation of tangible assets	**270**	230
Operating lease rentals		
- plant and machinery	**18**	36
- other	**725**	725
Research and development	**4,650**	4,953
Provision for onerous lease (note 13)	**43**	99
Net exchange difference on foreign currency	**52**	18
Services provided by the company's auditor:		
- Fees payable to the company's auditors for the audit	**47**	89
Fees payable to the company's auditors for other services		
- Taxation services	**32**	8

4 Interest receivable and similar income

	2012 £'000	2011 £'000
Other interest receivable	**41**	5

5 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to group undertakings	**450**	-

Notes to the financial statements for the year ended 30 September 2012 (continued)

6 Staff numbers and costs

The average monthly number of employees of the company dunng the year (includıng dırectors) was

	2012	2011
	Number	Number
Sales	**37**	39
General admınıstratıon	**11**	11
Support servıces	**44**	56
Technıcal development	**86**	63
	178	169

The aggregate payroll costs were as follows

	2012	2011
	£'000	£'000
Wages and salanes	**11,495**	10,418
Socıal securıty costs	**1,505**	1,232
Stock based compensatıon (note 19)	**581**	608
Other pensıon costs (note 20)	**452**	402
	14,033	12,660

7 Directors' emoluments

No dırectors are remunerated for theır servıces as dırectors of Parametnc Technology (UK) Lımıted (2011 £nıl) No dırectors were entıtled to retırement benefits under any pensıon scheme at 30 September 2012 (2011 none) The dırectors are employed by the group and theır servıces to the company are ıncıdental Two dırectors (2011 two) exercısed share optıons dunng the year

Notes to the financial statements for the year ended 30 September 2012 (continued)

8 Tax on profit/(loss) on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
United Kingdom corporation tax on profit/(loss) for the year	-	-
Adjustments in respect of previous years	80	(63)
Total current tax charge/(credit)	**80**	(63)
Deferred tax:		
Origination and reversal of timing differences	210	-
Total deferred tax charge	**210**	-
Tax on profit/(loss) on ordinary activities	**290**	(63)

The current tax charge of £80,000 (2011 tax credit of £63,000) relates to adjustments of gains/(losses) surrendered via group relief in prior years

Factors affecting tax in the current year and prior year

The tax assessed for the year is higher (2011 lower) than the income before tax multiplied by the standard rate of corporation tax in the UK (25%) (2011 27%) The differences are explained below

	2012 £'000	2011 £'000
Profit/(Loss) on ordinary activities before taxation	**248**	(133)
Profit/(Loss) on ordinary activities multiplied by standard rate in the UK of 25% (2011 27%)	**62**	(36)
Effects of:		
Expenses not deductible for tax purposes	**328**	(68)
Accelerated capital allowances and other timing differences	**(881)**	104
Capital transactions	**491**	-
Adjustments in respect of previous years	**80**	(63)
Total current tax charge/(credit)	**80**	(63)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 Accordingly, the company's profits for this accounting period are taxed at a blended rate of 25%

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 2014 These further changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year

Notes to the financial statements for the year ended 30 September 2012 (continued)

9 Intangible fixed assets

	Customer lists £'000	Goodwill £'000
Cost		
At 1 October 2011	-	6,191
Additions	**2,341**	9,900
Disposals	**(2,341)**	
At 30 September 2012	**-**	**16,091**
Aggregate amortisation		
At 1 October 2011	-	(6,191)
Charge for the year	-	(899)
At 30 September 2012	**-**	**(7,090)**
Net book value		
At 30 September 2012	**-**	**9,001**
At 30 September 2011	-	-

10 Tangible fixed assets

	Leasehold improvements £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 October 2011	258	1,056	1,314
Additions	3	273	276
Disposals	(17)	(131)	(148)
At 30 September 2012	**244**	**1,198**	**1,442**
Accumulated depreciation			
At 1 October 2011	150	713	863
Charge of the year	59	211	270
Disposals	(17)	(28)	(45)
At 30 September 2012	**192**	**896**	**1,088**
Net book value			
At 30 September 2012	**52**	**302**	**354**
At 30 September 2011	108	343	451

Notes to the financial statements for the year ended 30 September 2012 (continued)

11 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Trade debtors	**3,200**	2,801
Amounts owed by group undertakings	**2,730**	1,459
Other debtors	**46**	8
Prepayments and accrued income	**380**	317
	6,356	4,585
Amounts falling due after more than one year:		
Other debtors	**192**	298

Amounts owed by group undertakings relate to the recharge of costs borne by the company on behalf of other group entities They are unsecured, interest free and repayable on demand

12 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Trade creditors	**22**	364
Amounts owed to group undertakings	-	137
Taxation and social security	**945**	638
Accruals and deferred income	**6,392**	5,265
	7,359	6,404

Amounts owed to group undertakings relate to the recharge of costs borne by other group entities on behalf of the company They are unsecured, interest free and repayable on demand

13 Provisions for liabilities and charges

	Facility Restoration £'000	Onerous lease £'000	Total
At 1 October 2011	72	73	**145**
Charge to profit and loss account (note 3)	26	(43)	**(17)**
Utilised during the year	-	(30)	**(30)**
At 30 September 2012	**98**	-	**98**

Provision has been made for future restoration costs of leased properties

Notes to the financial statements for the year ended 30 September 2012 (continued)

14 Deferred tax

The unrecognised deferred taxation asset is as follows	**2012 £'000**	2011 £'000
Capital allowances in excess of depreciation	**(1,333)**	(1,619)
Other short term timing differences	**(119)**	(31)
Losses	**(9,024)**	(9,578)
Total deferred tax asset not recognised	**(10,476)**	(11,228)

1 October	**(11,228)**	(12,016)
Utilisation of losses	**210**	-
Other deferred tax movements	**542**	788
At 30 September	**(10,476)**	(11,228)

In the directors' opinion it is uncertain as to when the deferred tax asset will crystallise and accordingly it has not been recognised

15 Financial commitments

As at 30 September 2012 the company had annual commitments under non-cancellable operating lease agreements expiring as follows

	2012			2011		
	Land and buildings £'000	**Other £'000**	**Total £'000**	Land and buildings £'000	Other £'000	Total £'000
Commitments expiring						
Within 1 year	**413**	**6**	**419**	178	10	188
Within 2 to 5 years	**158**	**7**	**165**	653	10	663
After more than 5 years	**-**	**-**	**-**	-	-	-
Total	**571**	**13**	**584**	831	20	851

16 Called up share capital

	2012 £'000	2011 £'000
Authorised·		
500,000 (2011 500,000) ordinary shares of £1 each	**500**	500
Allotted and fully paid:		
188,185 (2011 138,185) ordinary shares of £1 each	**188**	138

The Company issued 50,000 ordinary shares to the immediate parent company, Parametric Holdings (UK) Limited The shares have a nominal value of £1 and rank pari passu with existing ordinary shares Total consideration received was £10,000,000

Notes to the financial statements for the year ended 30 September 2012 (continued)

17 Reserves

	Profit and loss account £'000	Other Reserves £'000	Share Premium Account £'000
As at 1 October 2011	(28,231)	15	27,331
Premium on ordinary shares issued	-	-	9,950
Loss for the financial year	(42)	-	-
Stock based compensation (note 19)	-	581	-
Recharge in respect of share options granted to employees	(290)	(596)	-
As at 30 September 2012	**(28,563)**	**-**	**37,281**

Other reserves are in relation to the equity incentive plan outlined in note 19

18 Reconciliation of movements in total shareholders' funds/(deficit)

	2012 £'000	2011 £'000
(Loss) for the financial year	**(42)**	(70)
Stock based compensation	**581**	(811)
Recharge in respect of share options granted to employees	**(886)**	-
Net proceeds of issue of ordinary share capital	**10,000**	-
Net increase/(decrease) in shareholder's funds	**9,653**	(881)
Shareholders' (deficit)/funds at 1 October	**(747)**	134
Shareholders' funds/(deficit) at 30 September	**8,906**	(747)

19 Equity incentive plan

The 2000 Equity Incentive Plan (2000 Plan) of the ultimate holding company, PTC Inc provides for the grants of non-qualified and incentive stock options, common stock, restricted stock, restricted stock units and stock appreciation rights to its employees, directors, officers and consultants The United Kingdom employees participate in this plan

The company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award That cost is recognised over the period during which an employee is required to provide service in exchange for the award

Until 2005, the company generally granted stock options For those options, the option exercise price was typically the fair market value at the date of grant, and they generally vested over four years and expire ten years from the date of grant The fair value of options was estimated at the date of grant using the Black-Scholes option-pricing model No performance conditions were included in the fair value calculations No stock options have been granted since 2005 to United Kingdom employees

Notes to the financial statements
for the year ended 30 September 2012 (continued)

19 Equity incentive plan (continued)

A reconciliation of option movements over the year to 30 September 2012 is shown below

	2012			2011		
	Shares	Weighted average exercise price		Shares	Weighted average exercise price	
Outstanding at 1 October	52,322	$	14 87	81,665	$	16 00
Granted	-	$	-	2,629	$	6 16
Transfers out	-	$	-	(4,000)	$	(20 75)
Exercised	(35,485)	$	(14.41)	(24,172)	$	(15 36)
Forfeited	(9,880)	$	(20.73)	(3,800)	$	(23 96)
Outstanding at 30 September	**6,957**	**$**	**8.89**	**52,322**	**$**	**14 87**
Exercisable at 30 September	**6,957**	**$**	**9 09**	**52,322**	**$**	**15.18**

Note - the weighted average exercise prices are in US Dollar (exchange rate of 1 5736)

Information for stock options outstanding at 30 September 2012 is shown below

	2012				2011			
Range of exercise prices	**Weighted average exercises price**		**Number of shares**	**Weighted average remaining contractual life**	**Weighted average exercises price**		**Number of shares**	**Weighted average remaining contractual life**
$5 94 - $6 43	$	6 16	2,629	3 09	$	6 16	2,629	4 09
$7 75 - $9 75	$	9 05	2,088	1 19	$	8 51	16,823	1 31
$11 45 - $20 75	$	11 93	2,240	1 57	$	18 82	32,870	0 66
$5 94 - $20 75			**6,957**				**52,322**	

Note - the weighted averaged exercise prices are in US Dollars (exchange rate of 1 5736)

The weighted average share price during the year for options exercised over the year was $8 89 (2011 $14 87) The total charge for the year relating to stock option employee share based payment plans was £nil (2011 £nil), all of which related to equity-settled share based payment transactions

Restricted Stock Units

Since 2005, the company has awarded restricted stock units as the principal equity incentive awards for United Kingdom employees Each restricted stock unit represents the contingent right to receive one share of PTC Inc common stock The fair value of restricted stock units is based on the fair market value of PTC Inc stock on the date of grant, and they are generally vested over a three year period

The fair value of restricted stock units granted in the year was $1 2 million (2011 $1 1 million)

Notes to the financial statements for the year ended 30 September 2012 (continued)

19 Equity incentive plan (continued)

A reconciliation of restricted stock unit movements over the year to 30 September 2012 is shown below

	2012			2011		
	Shares		Weighted average grant date price	Shares		Weighted average grant date price
Outstanding at 1 October	109,416	$	18.03	210,802	$	14.37
Granted	56,935	$	20 95	51,204	$	22 25
Transfers in	482	$	20.71	-	$	-
Transfers out	(963)	$	(21 59)	(33,375)	$	(13.56)
Released	(56,018)	$	(15 81)	(104,846)	$	(14.80)
Forfeited	(4,242)	$	(18 00)	(14,369)	$	(14.30)
Outstanding at 30 September	105,610	$	20 77	109,416	$	18.03

Note - the weighted average grant date prices are in US Dollar (exchange rate of 1 5736)
The total charge for the year relating to employee restricted stock-based compensation was £580,915 (2011 £607,607), all of which related to equity-settled share-based payment transactions

20 Pension commitments

The company operates a number of defined contribution pension schemes The assets of the schemes are held in independently administered funds The contributions to the schemes payable by the company for the year were £452,000 (2011 £402,000) The contributions outstanding as at the balance sheet date were £56,000 (2011 £48,000)

21 Post balance sheet events

On January 1, 2013, various European PTC entities acquired the trade and net assets of Servigistics Limited for $15 million

Thereof Parametric Technology (UK) Limited acquired net assets for a total amount of $3 3 million (£2 1 million)

The net assets acquired are set out below

	£'000
Tangible fixed assets	2
Debtors and other receivables	1,192
Creditors, accruals and other liabilities	(1,192)
Cash at bank	680
Customer Lists	823
Net assets	1,505
Goodwill	566
Consideration	2,071

Notes to the financial statements for the year ended 30 September 2012 (continued)

22 Contingent liabilities

The company has no contingent liabilities at 30 September 2012 (2011 £nil)

23 Parent undertakings and ultimate controlling party

The company's immediate parent company at 30 September 2012 was Parametric Holdings (UK) Limited, a company incorporated in the United Kingdom

The ultimate parent undertaking and the parent of the smallest and largest group for which group financial statements are prepared and of which Parametric Technology (UK) Limited is a member, is PTC Inc , a company incorporated in the United States of America

Copies of these consolidated financial statements can be obtained from

Parametric Technology (UK) Limited
1st Floor, The Hub, IQ Business Park, Fowler Avenue
Farnborough
GU14 7JF

PTC Inc is the ultimate controlling party

24 Acquisition

Parametric Technology (UK) Limited acquired the trade and net assets of MKS Systems Limited on 1 October 2011 The net assets acquired are set out below

	Book Value	Total adjustments	Fair Value
	£'000	£'000	£'000
Tangible Fixed Assets	47	-	47
Investments	13	-	13
Debtors	1,394	(189)	1,205
Creditors	(1,593)	-	(1,593)
Cash at bank	228	-	228
Intangible assets	-	2,341	2,341
	89	**2,152**	**2,241**
Goodwill			9,900
Consideration			**12,141**
Consideration satisfied by			
Cash			12,141

The following fair value adjustments were made to the book value of the assets and liabilities of the above acquisition

	£'000
Taxation	(189)
Customer lists	2,341
	2,152

Notes to the financial statements for the year ended 30 September 2012 (continued)

24 Acquisition (continued)

Before acquisition, the last financial year of the MKS Systems Limited began on 1 May 2011 The loss after tax from 1 May 2011 to the date of acquisition on 1 October 2011 was £0 6m The profit after tax of the company for the previous 12 months was £2 6m

From the date of acquisition to 30 September 2012 the business contributed £3 1m to turnover

An indication of the contribution of the operating profit post-acquisition cannot be given, because as of acquisition date MKS Systems Limited was fully integrated into Parametric Technology (UK) Limited where both businesses participated in synergy effects in revenues and costs and therefore cannot be separated in detail