

Registered no 02513030

Parametric Technology (UK) Limited
Annual report
for the year ended 30 September 2009

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Parametric Technology (UK) Limited

Annual report for the year ended 30 September 2009

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Directors' report for the year ended 30 September 2009

The directors present their report and the audited financial statements of the company for the year ended 30 September 2009

Business review and principal activities

The company's principal activities during the year were the licensing of product lifecycle management (PLM) software and the provision of training, consultancy and support to its customers and those customers of its parent undertakings who have operational units in the British Isles

The net results for the company show a pre-tax loss of £2.4 million (2008 pre-tax profit of £28.7 million after a gain of £25.6 million arising from the waiving of various intercompany balances and a gain £7.7 million on the curtailment of the defined benefit pension scheme) for the year and sales of £18.6 million (2008 £21.4 million). The company performed in line with expectation

Future outlook

The company is continuing with cost cutting initiatives and the directors expect this will improve operating results in the upcoming years

Going concern

Parametric Technology Corporation, 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

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 (2008 £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 Parametric Technology Corporation 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 Parametric Technology Corporation 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 Parametric Technology Corporation 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

Directors' report for the year ended 30 September 2009 (continued)

Financial risk management (continued)

Liquidity risk The ultimate parent company, Parametric Technology Corporation, 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 Parametric Technology Corporation Group of companies. The company's debt is primarily at fixed rate. However £9.5 million (2008: £11.7 million) is subject to fluctuations in London Interbank Offered Rate "LIBOR" (see Note 13 to the financial statements)

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

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 its ultimate parent company, Parametric Technology Corporation. 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 2009 and up to the date of signing of the financial statements are as follows

R D Seifert	(resigned 1 October 2008)
A von Staats	
C Dunn	
C Weingaertner	(appointed 1 October 2008 and resigned 26 April 2010)
P Heck	(appointed 1 October 2008)

Directors' report for the year ended 30 September 2009 (continued)

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 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.

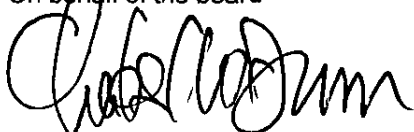
The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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, and
- 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



C Dunn
Director

20 August 2010

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 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.

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 2009 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
31 August 2010

Profit and loss account for the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	18,592	21,381
Cost of sales		(4,145)	(4,812)
Gross profit		14,447	16,569
Administrative expenses		(21,563)	(17,648)
Other operating income		5,043	31,120
Operating (loss)/profit	3	(2,073)	30,041
Interest receivable and similar income	4	43	262
Interest payable and similar charges	5	(404)	(991)
Other finance expense	21	-	(654)
(Loss)/profit on ordinary activities before taxation		(2,434)	28,658
Tax credit on (loss)/profit on ordinary activities	8	353	1,151
(Loss)/profit for the financial year	18, 19	(2,081)	29,809

All results derive from continuing operations

There is no material difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the financial year stated above and their historical cost equivalents

Statement of total recognised gains and losses for the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
(Loss)/profit for the financial year		(2,081)	29,809
Actuarial gain on pension scheme	21	-	1,929
Total recognised (losses)/gains for the year		(2,081)	31,738

Balance sheet as at 30 September 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	405	435
		405	435
Current assets			
Debtors amounts falling due within one year	11	5,077	8,856
Debtors amounts falling due after more than one year	11	462	4,547
Cash at bank and in hand		224	424
		5,763	13,827
Creditors: amounts falling due within one year	12	(17,036)	(10,448)
Net current (liabilities)/assets		(11,273)	3,379
Total assets less current liabilities		(10,868)	3,814
Creditors: amounts falling due after more than one year	13	-	(11,683)
Provisions for liabilities and charges	14	(242)	(1,684)
Pension liability	21	-	-
Net liabilities		(11,110)	(9,553)
Capital and reserves			
Called up share capital	17	73	73
Share premium account	18	14,396	14,396
Other reserves	18	1,119	595
Profit and loss account	18	(26,698)	(24,617)
Total equity shareholders' deficit	19	(11,110)	(9,553)

The financial statements on pages 6 to 22 were approved by the board of directors on 20 August 2010 and were signed on its behalf by



C Dunn
Director

Company Number: 02513030

Notes to the financial statements for the year ended 30 September 2009

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

Parametric Technology Corporation, 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 Parametric Technology Corporation 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 Parametric Technology Corporation 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. In 2008 it also included a gain arising from the waiving of various intercompany balances and a gain arising on the curtailment of the defined benefit pension scheme.

Notes to the financial statements for the year ended 30 September 2009 (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' is 5 years. Prior to the issue of FRS 10, goodwill was written off to reserves.

Deferred taxation

Deferred taxation 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 cost less accumulated depreciation. The cost of tangible fixed assets is their purchase price together with any incidental costs of acquisitions. 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 2009 (continued)

1 Principal accounting policies (continued)

Pension costs

The company operated both a funded defined benefit pension scheme (closed to new members) and a funded defined contribution pension scheme. The assets of the schemes are held separately from the company in independently administered funds.

On 15 July 2008, the company made a contribution of £341,000 to the defined benefit pension scheme. This represented the final balancing payment towards the Section 75 Debt, closing the company's liability to the plan. The plan commenced wind up on 23 February 1999. Due to the date of commencement of wind-up, the Section 75 Debt was based on the statutory Minimum Funding Requirement (MFR) basis for the deferred member liability. As a result, the Section 75 Debt amount was significantly less than the deficit on an FRS17 "Retirement benefits" basis and also significantly less than the cost of meeting full benefits on a buyout basis. Reduced benefits have been secured for the members.

Prior to the closing of the scheme the scheme assets were measured using market value. Pension scheme liabilities were measured using the projected unit actuarial method and were discounted at the rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period was charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time were included in other finance income. Actuarial gains and losses were recognised in the statement of total recognised gains and losses.

The company's contributions to the defined contribution scheme are charged to the profit and loss account as they fall due (Note 21).

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 Parametric Technology Corporation 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. The credit is taken as an adjustment to reserves.

Notes to the financial statements for the year ended 30 September 2009 (continued)

2 Turnover

	2009	2008
	£'000	£'000
Licence revenue	3,176	6,012
Maintenance revenue	10,687	9,999
Training and consulting revenue	4,729	5,370
	18,592	21,381

The level of sales made outside of the United Kingdom is not considered significant

3 Operating (loss)/profit

	2009	2008
	£'000	£'000
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation of tangible assets		
- owned	243	287
Impairment of intangible assets (note 9)	525	658
Operating lease rentals		
- plant and machinery	76	89
- other	703	503
Research and development	4,461	4,504
Provision for onerous lease (note 14)	158	2,305
Net exchange difference on foreign currency	(152)	(185)
Waiver of intercompany balances (note 13)	-	(25,598)
Gain on curtailment of pension plan (note 21)	-	(7,725)
Services provided by the Company's auditor:		
- Fees payable to Company auditor for the audit	64	62
Fees payable to Company auditor for other services		
- Taxation services	8	8

Notes to the financial statements for the year ended 30 September 2009 (continued)

4 Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest receivable	5	32
Other interest receivable	13	42
Interest receivable on facility deposits	25	188
	43	262

5 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable to group undertakings	404	991

6 Staff numbers and costs

The average monthly number of employees of the company during the year (including directors) was

	2009 Number	2008 Number
Sales	51	67
General administration	13	20
Support services	55	56
Technical development	63	51
	182	194

The aggregate payroll costs were as follows

	2009 £'000	2008 £'000
Wages and salaries	11,928	12,970
Social security costs	1,362	1,659
Stock based compensation (note 20)	936	537
Other pension costs (note 21)	416	470
	14,642	15,636

7 Directors' emoluments

No directors are remunerated for their services as directors of Parametric Technology (UK) Limited (2008 £nil) No directors were entitled to retirement benefits under any pension scheme at 30 September 2009 (2008 none) The directors are employed by the group and their services to the company are incidental Four directors (2008 four) exercised share options during the year

Notes to the financial statements for the year ended 30 September 2009 (continued)

8 Tax credit on (loss)/profit on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
United Kingdom corporation tax on (loss)/profit for the year	(353)	(1,099)
Adjustments in respect of previous years	-	(52)
Tax credit on (loss)/profit on ordinary activities	(353)	(1,151)

The current tax credit of £353,000 (2008 £1,099,000) relates to losses surrendered via group relief

Factors affecting the tax credit in the current year and prior year

The tax assessed for the year is higher (2008 lower) than the income before tax multiplied by the standard rate of corporation tax in the UK (28%) (2008 29%) The differences are explained below

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before tax	(2,434)	28,658
(Loss)/profit on ordinary activities before tax multiplied by standard rate in the UK of 28% (2008 29%)	(682)	8,311
Effects of:		
Expenses not deductible for tax purposes	253	(6,904)
Accelerated capital allowances and other timing differences	76	(2,506)
Adjustments to tax charge in respect of previous years	-	(52)
Current tax credit for the year	(353)	(1,151)

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008

Notes to the financial statements for the year ended 30 September 2009 (continued)

9 Intangible assets

	Goodwill £'000
Cost	
At 1 October 2008	5,666
Additions	525
At 30 September 2009	6,191
Aggregate amortisation	
At 1 October 2008	(5,666)
Impairment charge	(525)
At 30 September 2009	(6,191)
Net book value	
At 30 September 2009	-
At 30 September 2008	-

10 Tangible assets

	Leasehold improvements £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 October 2008	922	731	1,653
Additions	72	201	273
Disposals	(822)	(253)	(1,075)
At 30 September 2009	172	679	851
Accumulated depreciation			
At 1 October 2008	796	422	1,218
Charge for the year	80	163	243
Disposals	(822)	(193)	(1,015)
At 30 September 2009	54	392	446
Net book value			
At 30 September 2009	118	287	405
At 30 September 2008	126	309	435

Notes to the financial statements for the year ended 30 September 2009 (continued)

11 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade debtors	4,310	6,566
Amounts owed by group undertakings	255	985
Other debtors	-	10
Prepayments and accrued income	512	1,295
	5,077	8,856
Amounts falling due after more than one year:		
Accrued income	195	-
Other debtors	267	4,547
	462	4,547

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

	2009 £'000	2008 £'000
Trade creditors	228	68
Amounts owed to group undertakings	10,009	1,875
Taxes and social security	746	1,384
Accruals and deferred income	6,053	7,121
	17,036	10,448

Included in the amounts owed to group undertakings is a short term loan facility of £9,546,000 (2008 £nil) which bears interest at LIBOR + 0.5% per annum. The amounts owed are unsecured and have no fixed repayment date.

13 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group companies	-	11,683

Interest on long term loans included in amounts due to group companies is charged at LIBOR + 0.5% per annum.

Notes to the financial statements for the year ended 30 September 2009 (continued)

14 Provisions for liabilities and charges

	Facility Restoration £'000	Onerous lease £'000	Total
At 1 October 2008	-	1,684	1,684
Charge to profit and loss account (note 3)	98	158	256
Utilised during the year	-	(1,698)	(1,698)
At 30 September 2009	98	144	242

Provision has been made for the expected future shortfall of rental receipts against payments due on a lease of a property not occupied by the company. The provision has not been discounted.

Provision has also been made for future restoration costs of leased properties.

15 Deferred tax

The unrecognised deferred taxation asset is as follows

	2009 £'000	2008 £'000
Capital allowances in excess of depreciation	(1,965)	(1,918)
Short term timing difference	(547)	(547)
Losses	(10,014)	(9,985)
Total deferred tax asset not recognised	(12,526)	(12,450)
1 October	(12,450)	(15,000)
Movement on unrecognised deferred tax in the year	(76)	2,550
At 30 September	(12,526)	(12,450)

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

16 Financial commitments

As at 30 September 2009 the company had annual commitments under non-cancellable operating lease agreements expiring as follows

	2009			2008		
	Land and Buildings £'000	Other £'000	Total £'000	Land and Buildings £'000	Other £'000	Total £'000
Commitments expiring						
Within 1 year	190	21	211	653	6	659
Within 2 to 5 years	589	34	623	514	69	583
After more than 5 years	-	-	-	-	-	-
Total	779	55	834	1,167	75	1,242

Notes to the financial statements for the year ended 30 September 2009 (continued)

17 Called up share capital

	2009 £'000	2008 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
73,185 ordinary shares of £1 each	73	73

18 Reserves

	Profit and loss account £'000	Other reserves £'000	Share Premium account £'000
As at 1 October 2008	(24,617)	595	14,396
Loss for the financial year	(2,081)	-	-
Stock based compensation (note 20)	-	524	-
As at 30 September 2009	(26,698)	1,119	14,396

19 Reconciliation of movements in equity shareholders' deficit

	2009 £'000	2008 £'000
Profit/(loss) for the financial year	(2,081)	29,809
Stock based compensation (Note 20)	524	(496)
Actuarial gain on pension scheme (Note 21)	-	1,929
Net proceeds of issue of ordinary share capital	-	8,837
Net (decrease)/increase in shareholder's funds	(1,557)	40,079
Shareholders' deficit at 1 October	(9,553)	(49,632)
Shareholders' deficit at 30 September	(11,110)	(9,553)

Notes to the financial statements for the year ended 30 September 2009 (continued)

20 Equity incentive plan

The 2000 Equity Incentive Plan (2000 Plan) of the ultimate holding company, Parametric Technology Corporation 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.

A reconciliation of option movements over the year to 30 September 2009 is shown below.

	2009		2008	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at 1 October	203,845	\$ 15.50	215,670	\$ 16.68
Granted	-	\$ -	-	\$ -
Transfers in	-	\$ -	48,500	\$ 11.99
Exercised	(39,200)	\$ 11.27	(34,775)	\$ 9.46
Forfeited	(12,340)	\$ 23.89	(25,550)	\$ 27.04
Outstanding at 30 September	152,305	\$ 15.91	203,845	\$ 15.50
Exercisable at 30 September	152,305	\$ 15.91	203,845	\$ 15.50

Note - The weighted average exercise prices are in US Dollar (exchange rate of 1.5644) for 2009.

Notes to the financial statements for the year ended 30 September 2009 (continued)

20 Equity incentive plan (continued)

Information for stock options outstanding at 30 September 2009 is shown below

Range of exercise prices	2009			2008		
	Weighted average exercises price	Number of shares	Weighted average remaining contractual life	Weighted average exercises price	Number of shares	Weighted average remaining contractual life
\$7.75 - \$9.75	\$ 8.64	50,945	3.30	\$ 8.68	62,385	4.31
\$11.27 - \$29.20	\$ 18.71	98,800	2.28	\$ 17.43	135,500	3.58
\$30.78 - \$76.72	\$ 52.71	2,560	0.25	\$ 41.61	5,960	0.94
\$7.75 - \$76.72		152,305			203,845	

Note - The weighted averaged exercise prices are in US Dollars (exchange rate of 1.5644) for 2009

The total charge for the year relating to stock option employee share based payment plans was £700 (2008 £42,000), all of which related to equity-settled share based payment transactions

Restricted Stock Units

Since 2005, the company have 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 Parametric Technology Corporation common stock. The fair value of restricted stock units is based on the fair market value of Parametric Technology Corporation stock on the date of grant, and they are generally vested over a three year period.

The weighted average fair value of restricted stock units granted in the year was \$1.4m (2008 \$2.6m)

A reconciliation of restricted stock unit movements over the year to 30 September 2009 is shown below

	2009		2008	
	Shares	Weighted average grant date price	Shares	Weighted average grant date price
Outstanding at 1 October	206,340	\$ 17.71	83,010	\$ 16.84
Granted	133,881	\$ 10.26	149,260	\$ 17.80
Transfers in	-	\$ -	22,287	\$ 17.34
Transfers out	(5,319)	\$ 18.36	(186)	\$ 17.93
Released	(58,991)	\$ 16.94	(44,872)	\$ 16.31
Forfeited	(15,946)	\$ 17.00	(3,159)	\$ 16.57
Outstanding at 30 September	259,965	\$ 14.07	206,340	\$ 17.71

Note - The weighted average grant date prices are in US Dollar (exchange rate of 1.5644) for 2009

The total charge for the year relating to employee restricted stock-based compensation was £935,000 (2008 £495,000), all of which related to equity-settled share-based payment transactions

Notes to the financial statements for the year ended 30 September 2009 (continued)

21 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 £416,000 (2008: £470,000). The contributions outstanding as at the balance sheet date were £58,000 (2008: £55,000).

Defined benefit scheme

On 15 July 2008, the company made a contribution of £341,000 to the defined benefit pension scheme. This represented the final balancing payment towards the Section 75 Debt, effecting closing the company's liability to the plan. The plan commenced wind up on 23 February 1999. Due to the date of commencement of wind-up, the Section 75 Debt was based on the statutory Minimum Funding Requirement (MFR) basis for the deferred member liability. As a result, the Section 75 Debt amount was significantly less than the deficit on an FRS17 basis and also significantly less than the cost of meeting full benefits on a buyout basis. Reduced benefits have been secured for the members.

An actuarial valuation of the defined benefit scheme was carried out as at 30 September 2008 by Harry Harper FIA. As the Company's liability to the plan ceased in the prior year, no valuation was required in the current year. The major assumptions used by the independent actuary in the prior year were:

	2009 %	2008 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment		
- on pensions accrued after April 1997	n/a	3.70
- on pensions accrued prior to April 1997	n/a	0.00
Rate of increase in pensions in deferment	n/a	3.70
Discount rate	n/a	5.80
Inflation assumption	n/a	3.70

The net liabilities in the defined benefit scheme and the expected rate of return were:

	Long-term rate of return expected at 30 September 2009 %	Value at 30 September 2009 £'000	Long-term rate of return expected at 30 September 2008 %	Value at 30 September 2008 £'000
Bonds	n/a	-	n/a	-
Bulk annuities	n/a	-	n/a	-
Total market value of assets		-		-
Present value of scheme liabilities		-		-
Deficit in the scheme		-		-
Related deferred tax asset		-		-
Net pension liability		-		-

Notes to the financial statements for the year ended 30 September 2009 (continued)

21 Pension commitments (continued)

	2009	2008
	£'000	£'000
Analysis of amount charged to operating profit		
Current service cost	-	-
Settlements and curtailments	-	(7,725)
Total operating charge	-	(7,725)

	2009	2008
	£'000	£'000
Analysis of amount charged to other finance cost		
Expected return on pension scheme assets	-	666
Interest on pension scheme liabilities	-	(1,320)
Net finance cost	-	(654)

	2009	2008
	£'000	£'000
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	-	654
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	-	1,275
Actuarial gain/(loss) recognised in the STRGL	-	1,929

	2009	2008
	£'000	£'000
Movement in deficit during the year		
Deficit in scheme at the beginning of the year	-	(9,066)
Movement in year		
Current service cost	-	-
Contribution	-	341
Expenses	-	(275)
Curtailment gain	-	7,725
Other finance cost	-	(654)
Actuarial gain recognised in the STRGL	-	1,929
Deficit in scheme at the end of the year	-	-

Notes to the financial statements for the year ended 30 September 2009 (continued)

21 Pension commitments (continued)

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Difference between the expected and actual return of scheme assets	-	654	(1,286)	252	833
Percentage of scheme assets at year end	n/a	n/a	(8%)	2%	6%
Experience gains and losses of scheme liabilities	-	-	(77)	987	398
Percentage of the present value of the scheme liabilities at year end	n/a	n/a	0%	4%	2%
Total amount recognised in the STRGL	-	1,929	(796)	(595)	(2,741)
Percentage of the present value of the scheme liabilities at year end	n/a	n/a	(3%)	(2%)	(11%)

22 Contingent liabilities

The company has no contingent liabilities at 30 September 2009 (2008 £nil)

23 Parent undertakings and ultimate controlling party

The company's immediate parent company at 30 September 2009 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 Parametric Technology Corporation, 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

Parametric Technology Corporation is the ultimate controlling party