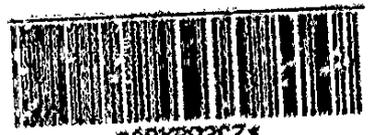


PARAMETRIC TECHNOLOGY (UK) LIMITED
(Registered Number: 2513030)

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1993



98790207

984 RECEIPT DATE: 23/08/94

PARAMETRIC TECHNOLOGY (UK) LIMITED

DIRECTORS' REPORT

The directors of the company present their annual report and the audited accounts for the year ended 30 September 1993.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was providing training, consultancy and support to customers of its parent undertaking who have operational units in the British Isles.

The activity level has continued to rise and further growth is being experienced.

RESULTS AND DIVIDENDS

The profit for the year is £130,431 (1992: £59,918). The directors do not recommend the payment of a dividend and the resulting profit has therefore been transferred to reserves.

FIXED ASSETS

Details of movements in tangible fixed assets are given in note 8 to the accounts.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who have served during the year are as follows:

SC Walske
MJ Gallagher
JD McMahon

No director had any beneficial interest in the share capital of the company. The interests of the directors in the share capital of the ultimate parent undertaking are shown in that company's financial statements.

PARAMETRIC TECHNOLOGY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

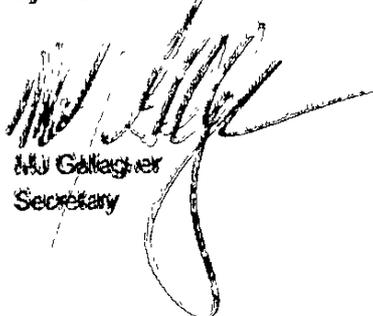
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution proposing their reappointment will be submitted to the annual general meeting.

By Order of the Board



M.J. Gallagher
Secretary

5 January 1994

PARAMETRIC TECHNOLOGY (UK) LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 30 SEPTEMBER 1993

	<u>1993</u> £	<u>1992</u> £
TURNOVER (Note 2)	2,733,752	1,335,104
Administrative expenses	<u>(2,520,874)</u>	<u>(1,226,594)</u>
OPERATING PROFIT	212,878	108,510
Interest receivable (Note 3)	6,199	5,023
Interest payable (Note 4)	(435)	(436)
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 5)	218,542	113,097
Tax on profit on ordinary activities (Note 7)	<u>(88,211)</u>	<u>(53,179)</u>
PROFIT FOR THE FINANCIAL YEAR	130,431	59,918
Retained profit brought forward	<u>83,365</u>	<u>23,447</u>
RETAINED PROFIT CARRIED FORWARD	<hr/> <u>213,796</u>	<hr/> <u>83,365</u>

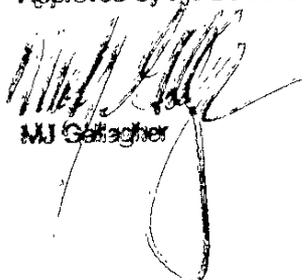
There were no recognised gains or losses other than the profit for the year

PARAMETRIC TECHNOLOGY (UK) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1993

	<u>1993</u>		<u>1992</u>	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 8)		337,542		152,740
CURRENT ASSETS				
Debtors (Note 9)	298,970		94,830	
Cash at bank and in hand	84,607		213,110	
		<u>383,577</u>		<u>307,940</u>
CREDITORS - amounts falling due within one year (Note 10)	<u>(485,774)</u>		<u>(333,420)</u>	
NET CURRENT LIABILITIES		<u>(102,197)</u>		<u>(25,480)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		235,345		127,260
CREDITORS - amounts falling due after more than one year (Note 11)				(33,895)
Deferred Taxation (Note 12)		<u>(11,549)</u>		
NET ASSETS		<u>223,796</u>		<u>93,365</u>
CAPITAL AND RESERVES				
Called up share capital (Note 13)		10,000		10,000
Profit and loss account		<u>213,796</u>		<u>83,365</u>
		<u>223,796</u>		<u>93,365</u>

Approved by the Board of Directors on 5 January 1994


MJ Gallagher

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993

1 ACCOUNTING POLICIES

(1) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of services during the year.

(3) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost. Depreciation is calculated to write off the cost of fixed assets over their expected useful lives by the straight line method at the following rates per annum:

	Over the lease term
Leasehold improvements	33%
Office equipment	33%
Computer hardware	33%
Computer software	33%

(4) Operating Leases

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

(5) Deferred Taxation

Deferred taxation liabilities are provided using the liability method in respect of timing differences only where it is expected that the liability will become payable within the foreseeable future.

(6) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the relevant transaction. All differences are taken to the profit and loss account.

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

1 ACCOUNTING POLICIES (Continued)

(7) Pension Costs

The company operates defined contribution schemes. The assets of the schemes are held separately from the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

(8) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

2 TURNOVER

The analysis of turnover is as follows:

	<u>1993</u>	<u>1992</u>
	£	£
Service fee income from parent undertaking	2,376,582	1,233,328
Training and consulting revenue	<u>357,170</u>	<u>101,778</u>
	<u>2,733,752</u>	<u>1,335,104</u>

All training and consulting revenue was derived from customers in the United Kingdom.

3 INTEREST RECEIVABLE

	<u>1993</u>	<u>1992</u>
	£	£
Bank interest	<u>6,199</u>	<u>5,023</u>

4 INTEREST PAYABLE

	<u>1993</u>	<u>1992</u>
	£	£
On bank overdraft repayable within 5 years	<u>435</u>	<u>436</u>

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1993</u> £	<u>1992</u> £
	Profit on ordinary activities before taxation is stated after charging the following:		
	Directors' remuneration	NIL	NIL
	Auditors' remuneration	3,500	1,750
	Depreciation of tangible assets	93,467	32,707
	Operating lease rentals:		
	Land and Buildings	120,472	97,032
	Vehicles	100,400	46,861
	Other equipment	52,892	11,500
		<hr/>	<hr/>
6	STAFF NUMBER AND COSTS	<u>1993</u> No	<u>1992</u> No
	The average number of employees of the company (excluding directors) during the period was:	33	13
		<hr/>	<hr/>
	The aggregate payroll costs were as follows:		
		<u>1993</u> £	<u>1992</u> £
	Wages and salaries	1,103,126	533,020
	Social security costs	111,175	54,116
	Other pension costs	48,414	17,088
	Other costs	<u>10,854</u>	<u>9,651</u>
		<u>1,265,569</u>	<u>613,875</u>
7	TAXATION		
	The taxation charge, based on the profit for the year, comprises:		
		<u>1993</u> £	<u>1992</u> £
	UK corporation tax at 33%	76,662	49,700
	Deferred tax charge	11,549	-
	Prior year adjustment - UK corporation tax	<hr/>	<u>3,470</u>
		<u>88,211</u>	<u>53,170</u>

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

8 TANGIBLE FIXED ASSETS	Leasehold improvements	Office equipment	Computer hardware	Computer software	Total
	£	£	£	£	£
Cost					
At 1 October 1992	39,737	42,875	112,180	4,928	199,720
Additions	95,264	60,226	147,368	6,026	308,884
Disposals	(41,808)	-	(1,095)	-	(43,803)
	<u>93,193</u>	<u>103,101</u>	<u>257,553</u>	<u>10,954</u>	<u>464,801</u>
At 30 September 1993					
Depreciation					
At 1 October 1992	4,219	5,028	37,318	415	46,980
Charge for year	16,043	15,160	60,052	2,172	93,467
Disposals	(12,010)	-	(1,178)	-	(13,188)
	<u>8,252</u>	<u>20,188</u>	<u>96,232</u>	<u>2,587</u>	<u>127,259</u>
At 30 September 1993					
Net Book Amount					
At 30 September 1993	<u>84,941</u>	<u>82,913</u>	<u>161,321</u>	<u>8,367</u>	<u>337,542</u>
At 30 September 1992	<u>35,518</u>	<u>37,847</u>	<u>74,962</u>	<u>4,513</u>	<u>152,740</u>

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

9	DEBTORS	<u>1993</u> £	<u>1992</u> £
	Trade debtors	66,333	32,826
	Amounts owed by parent undertaking	61,556	-
	Other debtors	66,282	43,466
	Prepayments and accrued income	17,752	5,675
	Deposits	87,047	12,860
		<hr/>	<hr/>
		298,970	94,830
		<hr/>	<hr/>
10	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1993</u> £	<u>1992</u> £
	Trade creditors	277,534	1 08
	Amounts owed to parent undertaking	-	67,403
	Corporation tax	99,962	57,929
	Other taxes and social security	35,792	18,988
	Other creditors	-	21,369
	Accruals and deferred income	72,486	63,123
		<hr/>	<hr/>
		485,774	333,420
		<hr/>	<hr/>
11	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1993</u> £	<u>1992</u> £
	Accruals and deferred income	-	35,395
		<hr/>	<hr/>

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

12 DEFERRED TAXATION

Deferred taxation provided for in the accounts and the potential amounts, for which provision has not been made, are as follows:

	Provided		Unprovided	
	1993 £	1992 £	1993 £	1992 £
Capital allowances in advance of depreciation	16,482	-	-	4,500
Other	<u>(4,933)</u>	-	-	-
	<u>11,549</u>	-	-	<u>4,500</u>

13 CALLED UP SHARE CAPITAL

	1993 £	1992 £
Authorised: 100,000 Ordinary shares of £1 each	100,000	100,000
Allocated, issued and fully paid: 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

14 LEASING COMMITMENTS

Payment under non-cancellable operating leases which are committed to be paid in the next financial year are as follows:

	1993			1992		
	Land & Buildings £	Other £	Total £	Land & Buildings £	Other £	Total £
Commitments expiring						
Within one year	-	42,251	42,251	-	-	-
Within 2 to 5 years	<u>174,399</u>	<u>99,908</u>	<u>274,307</u>	<u>67,975</u>	<u>54,775</u>	<u>122,750</u>
Total	<u>174,399</u>	<u>142,159</u>	<u>316,558</u>	<u>67,975</u>	<u>54,775</u>	<u>122,750</u>

PARAMETRIC TECHNOLOGY (UK) LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1993 (Continued)

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1993</u>	<u>1992</u>
	£	£
Profit for the financial year	130,431	59,918
Opening Shareholders' funds	<u>93,365</u>	<u>33,447</u>
Closing Shareholders' funds	<u>22,796</u>	<u>93,365</u>

16 ULTIMATE HOLDING COMPANY

The ultimate holding company is Parametric Technology Corporation, which is incorporated in the United States of America. Consolidated accounts for Parametric Technology Corporation can be obtained from 128 Technology Drive, Waltham, Massachusetts 02154.