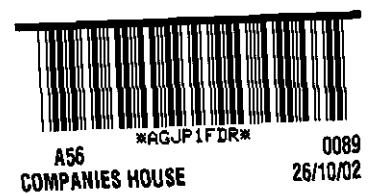


MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES
COMPANY NUMBER 944342

FINANCIAL STATEMENTS

31 DECEMBER 2001



MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

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MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

COMPANY INFORMATION

DIRECTORS

H D DuPreez
A J Fillingham
S J Griffiths
E M Toombs
L Wasserstein

SECRETARY

A J Cook

REGISTERED OFFICE

MiTek House
Grazebrook Industrial Park
Pear Tree Lane
Dudley
West Midlands
DY2 0XW

AUDITORS

Mazars
The Broadway
Dudley
West Midlands
DY1 4PY

BANKERS

Lloyds TSB Bank plc
Dudley Court
28/30 The Inhedge
Dudley
West Midlands
DY1 1RR

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 2001.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the group are the manufacture of metal connector plates and the supply of building software design services, builders' products and machinery for the manufacture of trussed rafters for the construction industry.

On 12 June 2001 Rexam plc announced its intent to dispose of the entire share capital of MiTek Inc to Berkshire Hathaway Inc. This disposal was completed by 31 July 2001

The Directors intend to build on the progress made during 2001 by increasing turnover and profitability in the forthcoming year.

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 December 2001 are set out in the financial statements.

The directors recommend the payment of a dividend of 0.40p per Ordinary Share.

Retained profits for the year have been transferred to reserves.

FIXED ASSETS

Details of movements in fixed assets are given in note 8 to the financial statements.

RESEARCH AND DEVELOPMENT

MiTek continues to seek out new products to enhance its existing comprehensive range. Software development is ongoing, in order to ensure our customers have the most advanced software available.

DIRECTORS

The directors who served during the year were as follows:

H D DuPreez
A J Fillingham
S J Griffiths
E M Toombs
L Wasserstein

None of the directors have a beneficial interest in the ordinary share capital of Berkshire Hathaway Inc

The options granted to the directors under the Rexam Executive Share Option Scheme and the Savings Related Share Option Scheme in the ordinary share capital of Rexam plc were as follows :

	Executive Scheme		Savings Related Scheme	
	2001	2000	2001	2000
H D Du Preez	-	-	-	-
A J Fillingham	-	-	-	2,911
S J Griffiths	-	10,000	-	9,211
E M Toombs	-	-	-	-
L Wasserstein	-	10,000	-	-

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable accounting standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SUPPLIER PAYMENT POLICY

The group seeks to agree payment terms with each of its suppliers ensuring that they are aware of these terms, when it enters into binding purchase transactions. Terms of payment are adhered to, subject to the group being satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions in the relevant purchase agreement.

At 31 December 2001, the group's trade creditors, expressed as a number of days was 43.6 (2000 34 days).

AUDITORS

During the year the group re-tendered its audit service and appointed Mazars Neville Russell. On 1 September 2002 Mazars Neville Russell, changed their name to Mazars. A resolution to re-appoint Mazars as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board on 1 October 2002
and signed on its behalf



A J Cook
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

We have audited the financial statements of MiTek Industries Limited and its Subsidiaries for the year ended 31 December 2001 which comprise of the profit and loss account, the balance sheets, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Group and company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group and company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and of the group as at 31 December 2001 and the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS
Chartered Accountants and Registered Auditors
The Broadway
Dudley
West Midlands
DY1 4PY

1 October 2002

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
TURNOVER	2	14,867,230	13,958,754
Cost of sales		(7,459,680)	(7,264,822)
GROSS PROFIT		7,407,550	6,693,932
Selling and distribution expenses		(2,493,939)	(2,393,143)
Administrative expenses		(3,571,529)	(2,798,299)
Other operating income		298,232	285,055
OPERATING PROFIT		1,640,314	1,787,545
Interest receivable and similar income		31,668	27,615
Interest payable and similar charges	6	(39,907)	(123,318)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,632,075	1,691,842
Taxation on results on ordinary activities	7	(320,656)	(6,212)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,311,419	1,685,630
Dividends		(1,054,864)	(350,000)
RETAINED PROFIT FOR THE YEAR	17	256,555	1,335,630

The group has no recognised gains or losses other than the profit for the year.

The group's turnover and expenses all relate to continuing operations.

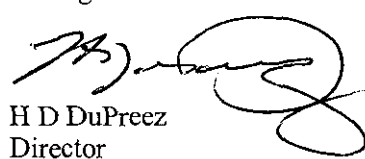
The profit for the year has been calculated on the historical cost basis.

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	1,320,847	1,590,399
Intangible fixed assets	9	1,765,986	1,892,128
		<u>3,086,833</u>	<u>3,482,527</u>
CURRENT ASSETS			
Stocks	11	643,133	662,512
Debtors	12	3,554,619	4,510,776
Cash at bank and in hand		1,565,949	313,219
		<u>5,763,701</u>	<u>5,486,507</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(<u>4,207,912</u>)	(<u>4,577,969</u>)
NET CURRENT ASSETS		<u>1,555,789</u>	<u>908,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,642,622	4,391,065
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(<u>70,002</u>)	(<u>75,000</u>)
NET ASSETS		<u><u>4,572,620</u></u>	<u><u>4,316,065</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	2,637,160	2,637,160
Profit and loss account	17	1,935,460	1,678,905
		<u>4,572,620</u>	<u>4,316,065</u>
SHAREHOLDERS' FUNDS	17	<u><u>4,572,620</u></u>	<u><u>4,316,065</u></u>

Approved by the Board on 1 October 2002
and signed on its behalf

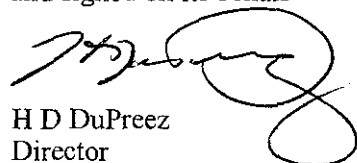

H D DuPreez
Director

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET AT 31 DECEMBER 2001

	<u>Notes</u>	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	1,245,536	1,489,580
Investments - group companies	10	1,922,715	1,880,799
		<u>3,168,251</u>	<u>3,370,379</u>
CURRENT ASSETS			
Stocks	11	629,380	662,512
Debtors	12	2,701,807	3,746,785
Cash at bank and in hand		1,485,489	2,000
		<u>4,816,676</u>	<u>4,411,297</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(3,429,536)	(3,717,616)
NET CURRENT ASSETS		<u>1,387,140</u>	<u>693,681</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,555,391	4,064,060
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(70,002)	(75,000)
		<u>4,485,389</u>	<u>3,989,060</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,637,160	2,637,160
Profit and loss account	17	1,848,229	1,351,900
SHAREHOLDERS' FUNDS	17	<u>4,485,389</u>	<u>3,989,060</u>

Approved by the Board on 1 October 2002
and signed on its behalf


H D DuPreez
Director

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	£	2001 £	£	2000 £
Net cash inflow from operating activities	18a		3,026,246		1,896,126
Returns on investments and servicing of finance					
Interest received		32,206		27,615	
Interest paid		(40,445)		(123,318)	
Net cash outflow from returns on investment and servicing of finance			(8,239)		(95,703)
Taxation					
Corporation tax paid			(73,749)		(127,069)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(165,658)		(484,445)	
Receipts from sale of tangible fixed assets		27,215		34,934	
Investment in subsidiaries		(-)		(1,872,920)	
Net cash outflow from capital expenditure and financial investment			(138,443)		(2,322,431)
Dividends Paid			(-)		(350,000)
Net cash inflow/(outflow) before financing			2,805,815		(999,077)
Financing			-		-
Increase in cash	18c		<u>2,805,815</u>		<u>(999,077)</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of MiTek Industries Limited and all its subsidiaries made up to 31 December 2001. No profit and loss account is presented for MiTek Industries Limited, as provided by S230(3) of the Companies Act 1985.

Turnover

Turnover represents amounts invoiced by the group in respect of goods sold to customers during the year stated net of value added tax. It excludes revenue from sale of engineering design work which is included under other operating income.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over the expected useful life as follows:-

Leasehold improvements	10-20	years
Plant and equipment	2-10	years
Motor vehicles	3-4	years

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value after making allowance for any obsolescence or slow moving items.

In the case of finished goods or work in progress, cost comprises materials, direct labour and an appropriate proportion of manufacturing overheads.

Operating leases

Rental costs incurred under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

Pensions

The group operates a defined benefit scheme on behalf of its employees. The pension fund is administered by Trustees and is accounted for separately from the group finances. Contributions are paid in accordance with actuarial advice and are charged so as to spread the cost of pensions over the expected remaining service lives of current employees.

Further details are given in Note 22 to the Accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

1 ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants received towards capital expenditure are treated as deferred income and credited to the profit and loss account over the expected useful economic lives of the relevant assets.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Deferred taxation

Deferred taxation is provided in respect of the tax effect on all timing differences on a full provision basis.

Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 15 years.

Foreign currencies

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

Investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

2 SEGMENTAL INFORMATION

The turnover, pre-tax result and net assets are attributable to the principal activities of the group.

	2001 £	2000 £
A geographical analysis of turnover is given below:		
United Kingdom	8,895,062	8,278,452
Other European Countries	5,802,539	5,580,333
Rest of the World	169,629	99,969
	<hr/>	<hr/>
	14,867,230	13,958,754
	<hr/>	<hr/>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs (note 4)	3,678,892	3,004,731
Profit on disposal of fixed assets	(19,668)	(22,832)
Depreciation of owned tangible fixed assets	427,662	471,506
Amortisation of goodwill	126,142	-
Auditors' remuneration - Audit fees	18,756	23,000
Operating lease payments	368,938	339,477
Foreign exchange losses	68,514	64,353
	<u>3,678,892</u>	<u>3,004,731</u>
 4 STAFF COSTS		
Wages and salaries	3,143,447	2,583,897
Social security costs	329,624	256,656
Other pension costs	205,821	164,178
	<u>3,678,892</u>	<u>3,004,731</u>
 The average number of persons employed by the group (including directors) during the year was as follows:		
	Number	Number
Management	4	4
Sales, design, software and administration	70	70
Production and distribution	35	35
	<u>109</u>	<u>109</u>
Total employees	109	109

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
5 DIRECTORS		
Emoluments:	<u>699,057</u>	<u>581,257</u>
The emoluments of directors shown above include the following amounts paid to the highest paid director, who is also the Chairman:		
Emoluments	<u>92,411</u>	<u>89,363</u>
Accrued pension benefits	<u>11,120</u>	<u>8,935</u>
During the year, the number of directors participating in pension schemes was as follows:	Number	Number
Accrued benefits under money purchase pension schemes	5	4
Accrued benefits under defined benefit pension schemes	<u>4</u>	<u>4</u>
	2001 £	2000 £
6 INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdraft interest	<u>39,907</u>	<u>123,318</u>
7 TAXATION		
Corporation tax at 30% (2000 30%)	320,907	6,212
Adjustment in respect of prior year	(251)	(-)
	<u>320,656</u>	<u>6,212</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	Leasehold improvements £	Vehicles, equipment, plant & machinery £	Total £
8a TANGIBLE FIXED ASSETS - GROUP			
COST			
At 1 January 2001	770,364	3,190,916	3,961,280
Additions	31,965	133,693	165,658
Disposals	(-)	(163,930)	(163,930)
	<u>802,329</u>	<u>3,160,679</u>	<u>3,963,008</u>
ACCUMULATED DEPRECIATION			
At 1 January 2001	286,831	2,084,051	2,370,882
Charge for the year	63,968	363,694	427,662
Eliminated on disposals	(-)	(156,383)	(156,383)
	<u>350,799</u>	<u>2,291,362</u>	<u>2,642,161</u>
NET BOOK VALUES			
At 31 December 2001	<u>451,530</u>	<u>869,317</u>	<u>1,320,847</u>
At 31 December 2000	<u>483,533</u>	<u>1,106,866</u>	<u>1,590,399</u>
8b TANGIBLE FIXED ASSETS - COMPANY			
COST			
At 1 January 2001	770,364	2,932,597	3,702,961
Additions	31,965	102,896	134,861
Disposals	(-)	(152,430)	(152,430)
	<u>802,329</u>	<u>2,883,063</u>	<u>3,685,392</u>
DEPRECIATION			
At 1 January 2001	286,831	1,926,550	2,213,381
Charge for the year	63,968	307,390	371,358
Disposals	(-)	(144,883)	(144,883)
	<u>350,799</u>	<u>2,089,057</u>	<u>2,439,856</u>
NET BOOK VALUE			
At 31 December 2001	<u>451,530</u>	<u>794,006</u>	<u>1,245,536</u>
At 31 December 2000	<u>483,533</u>	<u>1,006,047</u>	<u>1,489,580</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

9 INTANGIBLE FIXED ASSETS

GROUP

COST	Goodwill £
At 1 January 2001 and at 31 December 2001	1,892,128
AMORTISATION	
At 1 January 2001	-
Charge for the year	126,142
At 31 December 2001	126,142
NET BOOK VALUES	
At 31 December 2000	1,892,128
At 31 December 2001	1,765,986

Goodwill arising on the acquisition of B & Z Software Technology Limited in 2000 is being amortised over 15 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

10 INVESTMENTS - COMPANY

COST	2001 £	2000 £
Shares in subsidiary undertakings		
At 1 January 2001	1,880,799	-
Additions	41,916	1,880,799
At 31 December 2001	1,922,715	1,880,799

Details of the company's subsidiaries are as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Class of Shares Held</u>	<u>Percentage held by the Company</u>	<u>Nature of Business</u>
B & Z Software Technology Limited	England and Wales	Ordinary	100%	Holding Company
RCS Construction Software Limited (name changed to Sitestream Software Limited on 1 August 2002)	England and Wales	Ordinary	100%	Software development
MiTek Industries Polska	Poland	Ordinary	100%	Supply of connector plates, building software & services

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Group		Company	
	2001	2000	2001	2000
	£	£	£	
11 STOCKS				
Raw materials	112,802	225,899	112,802	225,899
Work in progress	1,265	-	1,265	-
Finished goods and consumables	529,066	436,613	515,313	436,613
	<u>643,133</u>	<u>662,512</u>	<u>629,380</u>	<u>662,512</u>

12 DEBTORS

Trade debtors	2,641,041	2,740,557	1,877,648	2,048,305
Other debtors	28,077	43,267	27,766	43,267
Amounts owed by group undertaking	658,167	1,573,132	620,204	1,541,767
Prepayments	207,334	153,820	176,189	113,446
Corporation tax recoverable	20,000	-	-	-
	<u>3,554,619</u>	<u>4,510,776</u>	<u>2,701,807</u>	<u>3,746,785</u>

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans and overdraft	-	1,553,085	-	1,553,085
Trade creditors	971,980	913,513	938,285	898,574
Other taxation and social security costs	248,557	234,605	111,548	84,893
Amount owed to group undertaking	110,181	268,141	57,372	215,362
Other creditors	1,025	2,451	831	2,451
Corporation tax payable	246,907	26,387	246,907	-
Proposed dividends	1,054,864	8,506	1,054,864	-
Accruals and deferred income	1,574,398	1,571,281	1,019,729	963,251
	<u>4,207,912</u>	<u>4,577,969</u>	<u>3,429,536</u>	<u>3,717,616</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Government grants	<u>70,002</u>	<u>75,000</u>	<u>70,002</u>	<u>75,000</u>
The movement in Government grants during the year was as follows:				
			2001 £	2000 £
At 1 January 2001			75,000	80,000
Transfer to profit and loss account			(4,998)	(5,000)
At 31 December 2001			<u>70,002</u>	<u>75,000</u>
15 PROVISIONS FOR LIABILITIES AND CHARGES				
The full potential liability for deferred taxation based on a rate of 30% (2000 30%) is as follows:				
Excess of tax allowances over depreciation			-	-
Less: Other timing differences			-	-
			<u>-</u>	<u>-</u>
A deferred tax asset exists at the year end.				
			2001 £	2000 £
16 SHARE CAPITAL				
Authorised:				
Ordinary shares of £1 each			<u>2,650,000</u>	<u>2,650,000</u>
Allotted, issued and fully paid:				
Ordinary shares of £1 each			<u>2,637,160</u>	<u>2,637,160</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Share capital £	Profit and loss account £	Total shareholders' funds £
17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS			
GROUP			
Balance at 31 December 2000	2,637,160	1,678,905	4,316,065
Retained profit for the year	-	256,555	256,555
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2001	<u>2,637,160</u>	<u>1,935,460</u>	<u>4,572,620</u>
COMPANY			
Balance at 31 December 2000	2,637,160	1,351,900	3,989,060
Retained profit for the year	-	496,329	496,329
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2001	<u>2,637,160</u>	<u>1,848,229</u>	<u>4,485,389</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £	
18 NOTES TO THE GROUP CASH FLOW STATEMENT			
(a) Reconciliation of operating profit to net cash			
Inflow from operating activities:			
Operating profit	1,640,314	1,764,713	
Release of government grants	(4,998)	(5,000)	
Amortisation of goodwill	126,142	-	
Depreciation	427,662	465,631	
Profit on sale of tangible fixed assets	(19,668)	(24,832)	
Change in stocks	19,379	(72,755)	
Change in debtors	946,549	567,582	
Change in creditors	(109,134)	(799,213)	
	<u>3,026,246</u>	<u>1,896,126</u>	
Net cash inflow from operating activities			
(b) Reconciliation of net cash flow to movement in net debt			
Increase in cash	1,553,085	(693,644)	
Movement in net debt in the year			
Net debt at 1 January 2001	(1,553,085)	(841,441)	
	<u>-</u>	<u>(1,553,085)</u>	
Net debt at 31 December 2001			
(c) Analysis of changes in net debt			
	At 1 January 2001 £	Cashflow £	At 31 December 2001 £
Cash in hand	2,058	223	2,281
Bank account	311,161	1,252,507	1,563,668
		1,252,730	
Bank loans and overdraft	(1,553,085)	1,553,085	-
	<u>(1,239,866)</u>	<u>2,805,815</u>	<u>1,565,949</u>

19 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2000 £Nil).

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
20 CAPITAL COMMITMENTS		
Capital expenditure that has been contracted for but has not been provided for in the financial statements amounted to:	<u>15,000</u>	<u>28,766</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for amounted to:	<u>44,500</u>	<u>-</u>

21 OPERATING LEASE COMMITMENTS

At 31 December 2001, the company has annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2001 £	Other 2001 £	Land and buildings 2000 £	Other 2000 £
Operating leases which expire:				
Within one year	-	6,609	4,085	-
In the second to fifth year	-	11,279	-	6,600
Over five years	<u>351,050</u>	<u>-</u>	<u>343,867</u>	<u>-</u>
	<u>351,050</u>	<u>17,888</u>	<u>347,952</u>	<u>6,600</u>

The leases of land and buildings are subject to rent review.

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

22 PENSIONS

MiTek Industries Limited operates a defined benefit pension scheme in the UK. A full actuarial valuation was carried out as at 1 May 2001 and updated to 31 December 2001 by a qualified independent actuary. Contributions to the Plan are paid by staff members at the rate of 4% of Pensionable Salaries and by the Company at the rate of 12.2% of Pensionable Salaries. Individual contribution rates are payable in respect of executive members of the Plan.

The traditional SSAP 24 valuation basis shows that the actuarial value of the scheme's assets was £3,616,000 (1998 £2,162,000) and was sufficient to cover 102.6% (1998 104.6%) of the benefits that have accrued to members, after allowing for expected future increase in earning.

The new FRS 17 disclosure requirements value the fund as follows:-

The major assumptions used by the actuary at 31 December 2001 were:

Rate of increase in salaries	3.5%
Rate of increase in pensions	
GMPs	3.0%
Pre- 1992 excess	3.0%
Post - 1992 excess	2.25%
Discount rate	6.25%
Inflation assumption	2.5%

The assets in the Plan and the expected rates of return at 31 December 2001 were:

	Expected rate of return	£000's
Equities	7.75%	2,742
Bonds	5.75%	487
Property	7.75%	132
Cash	4.0%	115
		<hr/>
Total market value of assets		3,476
		<hr/>
Actuarial value of liability		3,776
		<hr/>
Deficit in the Plan		(300)
		<hr/> <hr/>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

23 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the group is MiTek Inc, a company incorporated in the United States of America and whose address is:

14515 North Outer Forty
Suite 300,
Chesterfield,
Missouri, 63017
USA

The ultimate parent undertaking is Berkshire Hathaway Inc, a company which is registered in the United States of America.

Copies of its group accounts, which include the company are available from:
1440 Kiewit Plaza
Omaha,
Nebraska, 68131
USA