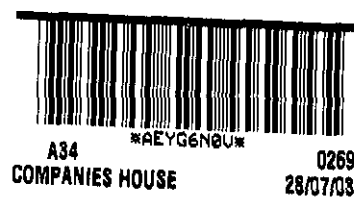


MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES
COMPANY NUMBER 944342

FINANCIAL STATEMENTS

31 DECEMBER 2002



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
D Fraser
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 2002.

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 29 April 2002 one of the subsidiary companies B & Z Software Limited changed its name to Sitestream Software Limited and then on 1 August 2002, this company again changed its name to RCS Construction Software Limited. On the same day another subsidiary, RCS Construction Software Limited changed its name to Sitestream Software Limited. RCS Construction Software Limited is now dormant.

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 December 2002 are set out in the financial statements.

The directors recommend the payment of a dividend of 0.50p (2001 0.40p) per Ordinary Share amounting to £1,316,459 (2001 £1,054,864). The retained profits for the year have been transferred to reserves.

FIXED ASSETS

Details of movements in tangible 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 period from 1 January 2002 were as follows:

H D DuPreez
A J Fillingham
D Fraser (appointed 5 January 2003)
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

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 2002, the group's trade creditors, expressed as a number of days was 43.5 days (2001 43.6 days).

AUDITORS

On 1 September 2002 the auditors 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 12TH JUNE 2003
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 2002 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.

This report is made solely to the company's and group's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the company's and group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and group and the company's and group's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

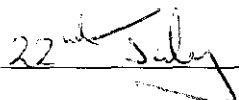
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2002 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

 22 July 2003

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
TURNOVER	2	16,520,517	14,867,230
Cost of sales		(8,190,368)	(7,459,680)
GROSS PROFIT		8,330,149	7,407,550
Selling and distribution expenses		(2,609,608)	(2,493,939)
Administrative expenses		(3,487,902)	(3,571,529)
Other operating income		339,861	298,232
OPERATING PROFIT		2,572,500	1,640,314
Interest receivable and similar income		50,256	31,668
Interest payable and similar charges	6	(-)	(39,907)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,622,756	1,632,075
Taxation on results on ordinary activities	7	51,656	(320,656)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,674,412	1,311,419
Dividends		(1,316,459)	(1,054,864)
RETAINED PROFIT FOR THE YEAR	17	1,357,953	256,555

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 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8a	1,043,243	1,320,847
Intangible fixed assets	9	1,621,731	1,765,986
		<u>2,664,974</u>	<u>3,086,833</u>
CURRENT ASSETS			
Stocks	11	1,014,314	643,133
Debtors	12	4,374,882	3,554,619
Cash at bank and in hand		1,603,135	1,565,949
		<u>6,992,331</u>	<u>5,763,701</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(3,661,730)	(4,207,912)
NET CURRENT ASSETS		<u>3,330,601</u>	<u>1,555,789</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,995,575	4,642,622
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(65,002)	(70,002)
NET ASSETS		<u>5,930,573</u>	<u>4,572,620</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,637,160	2,637,160
Profit and loss account	17	3,293,413	1,935,460
SHAREHOLDERS' FUNDS	17	<u>5,930,573</u>	<u>4,572,620</u>

Approved by the Board on 12TH JUNE 2003
and signed on its behalf

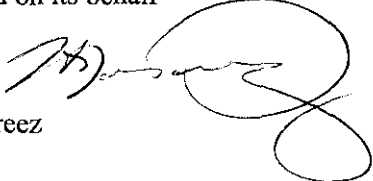

H D DuPreez
Director

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

COMPANY BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8b	959,703	1,245,536
Investments - group companies	10	1,922,715	1,922,715
		<u>2,882,418</u>	<u>3,168,251</u>
CURRENT ASSETS			
Stocks	11	991,123	629,380
Debtors	12	3,468,555	2,701,807
Cash at bank and in hand		1,386,529	1,485,489
		<u>5,846,207</u>	<u>4,816,676</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(2,837,881)	(3,429,536)
NET CURRENT ASSETS		<u>3,008,326</u>	<u>1,387,140</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,890,744	4,555,391
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(65,002)	(70,002)
		<u>5,825,742</u>	<u>4,485,389</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,637,160	2,637,160
Profit and loss account	17	3,188,582	1,848,229
SHAREHOLDERS' FUNDS	17	<u>5,825,742</u>	<u>4,485,389</u>

Approved by the Board on 12th JUNE 2003
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 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	18a	3,088,254	3,026,246
Returns on investments and servicing of finance			
Interest received		50,256	31,668
Interest paid		(-)	(39,907)
Net cash inflow/(outflow) from returns on investment and servicing of finance		50,256	(8,239)
Taxation			
Corporation tax paid		(620,407)	(73,749)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(127,959)	(165,658)
Receipts from sale of tangible fixed assets		18,365	27,215
Net cash outflow from capital expenditure and financial investment		(109,594)	(138,443)
Dividends paid		(2,371,323)	(-)
Net cash inflow before financing		37,186	2,805,815
Financing		-	-
Increase in cash	18c	37,186	2,805,815

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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 2002. 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 Financial Statements.

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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 annual 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.

	2002 £	2001 £
A geographical analysis of turnover is given below:		
United Kingdom	10,011,410	8,895,062
Other European Countries	6,375,445	5,802,539
Rest of the World	133,662	169,629
	<hr/>	<hr/>
	16,520,517	14,867,230
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MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 £	2001 £
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs (note 4)	3,851,419	3,678,892
Profit on disposal of fixed assets	(8,214)	(19,668)
Depreciation of owned tangible fixed assets	359,980	427,662
Amortisation of goodwill	124,848	126,142
Auditors' remuneration - Audit fees	15,770	18,756
Operating lease payments	397,200	368,938
Foreign exchange losses	34,416	68,514
	<u>3,851,419</u>	<u>3,678,892</u>
 4 STAFF COSTS		
Wages and salaries	3,303,437	3,143,447
Social security costs	337,620	329,624
Other pension costs	210,362	205,821
	<u>3,851,419</u>	<u>3,678,892</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	68	70
Production and distribution	36	35
	<u>108</u>	<u>109</u>
 Total employees	<u>108</u>	<u>109</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 £	2001 £
5 DIRECTORS		
Emoluments:	<u>569,920</u>	<u>699,057</u>
The emoluments of directors shown above include the following amounts paid to the highest paid director:		
Emoluments	<u>84,562</u>	<u>92,411</u>
Accrued pension benefits	<u>12,715</u>	<u>11,120</u>
During the year, the number of directors participating in pension schemes was as follows:		
	Number	Number
Accrued benefits under money purchase pension schemes	3	5
Accrued benefits under defined benefit pension schemes	<u>4</u>	<u>4</u>
	2002 £	2001 £
6 INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdraft interest	<u>-</u>	<u>39,907</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 £	2001 £
7 TAXATION		
(a) Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the year	-	320,907
Adjustment in respect of previous years	(51,656)	(251)
	<u>(51,656)</u>	<u>320,656</u>
Total current tax (see (b) below)	(51,656)	320,656
Deferred tax:		
Origination and reversal of timing differences (see note 15)	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(51,656)</u>	<u>320,656</u>
(b) Factors affecting tax charge for year		
Profit on ordinary activities before tax	<u>2,622,756</u>	<u>1,632,075</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	786,827	489,622
Effects of:		
Depreciation in excess of capital allowances	13,897	13,294
Expenses not deductible for tax purposes	5,902	14,913
Adjustments to tax charge in respect of previous years	(51,656)	(251)
Group relief utilised	(806,626)	(196,922)
	<u>(51,656)</u>	<u>320,656</u>
Current tax charge for year (see (a) above)	<u>(51,656)</u>	<u>320,656</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Leasehold improvements £	Vehicles, equipment, plant & machinery £	Total £
8a TANGIBLE FIXED ASSETS - GROUP			
COST			
At 1 January 2002	802,329	3,160,679	3,963,008
Additions	-	127,959	127,959
Disposals	(-)	(207,172)	(207,172)
Exchange difference	(-)	(1,173)	(1,173)
	<u>802,329</u>	<u>3,080,293</u>	<u>3,882,622</u>
At 31 December 2002	<u>802,329</u>	<u>3,080,293</u>	<u>3,882,622</u>
ACCUMULATED DEPRECIATION			
At 1 January 2002	350,799	2,291,362	2,642,161
Charge for the year	78,807	281,173	359,980
Eliminated on disposals	(-)	(158,467)	(158,467)
Exchange difference	(-)	(4,295)	(4,295)
	<u>429,606</u>	<u>2,409,773</u>	<u>2,839,379</u>
At 31 December 2002	<u>429,606</u>	<u>2,409,773</u>	<u>2,839,379</u>
NET BOOK VALUES			
At 31 December 2002	<u>372,723</u>	<u>670,520</u>	<u>1,043,243</u>
At 31 December 2001	<u>451,530</u>	<u>869,317</u>	<u>1,320,847</u>
8b TANGIBLE FIXED ASSETS - COMPANY			
COST			
At 1 January 2002	802,329	2,883,063	3,685,392
Additions	-	33,313	33,313
Disposals	(-)	(86,502)	(86,502)
	<u>802,329</u>	<u>2,829,874</u>	<u>3,632,203</u>
At 31 December 2002	<u>802,329</u>	<u>2,829,874</u>	<u>3,632,203</u>
DEPRECIATION			
At 1 January 2002	350,799	2,089,057	2,439,856
Charge for the year	78,807	226,003	304,810
Disposals	(-)	(72,166)	(72,166)
	<u>429,606</u>	<u>2,242,894</u>	<u>2,672,500</u>
At 31 December 2002	<u>429,606</u>	<u>2,242,894</u>	<u>2,672,500</u>
NET BOOK VALUE			
At 31 December 2002	<u>372,723</u>	<u>586,980</u>	<u>959,703</u>
At 31 December 2001	<u>451,530</u>	<u>794,006</u>	<u>1,245,536</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

9 INTANGIBLE FIXED ASSETS - GROUP

	Goodwill £
COST	
At 1 January 2002	1,892,128
Disposal of investment	(19,407)
	<u>1,872,721</u>
AMORTISATION	
At 1 January 2002	126,142
Charge for the year	124,848
At 31 December 2002	<u>250,990</u>
NET BOOK VALUES	
At 31 December 2001	<u>1,765,986</u>
At 31 December 2002	<u>1,621,731</u>

Goodwill arising on the acquisition of B & Z Software Technology Limited in 2000 is being amortised over 15 years. During 2002 B & Z Software Technology Limited changed its name to RCS Construction Software Limited.

10 INVESTMENTS - COMPANY

	2002 £	2001 £
COST		
Shares in subsidiary undertakings		
At 1 January 2002	1,922,715	1,880,799
Additions	-	41,916
	<u>1,922,715</u>	<u>1,922,715</u>
At 31 December 2002	<u>1,922,715</u>	<u>1,922,715</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

10 INVESTMENTS – COMPANY (CONTINUED)

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 (name changed to Sitestream Software Limited on 29 April 2002 and then to RCS Construction Software Limited on 1 August 2002)	England and Wales	Ordinary	100%	Dormant
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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	
11 STOCKS				
Raw materials	593,181	112,802	593,181	112,802
Work in progress	-	1,265	-	1,265
Finished goods and consumables	421,133	529,066	397,942	515,313
	<u>1,014,314</u>	<u>643,133</u>	<u>991,123</u>	<u>629,380</u>

12 DEBTORS

Trade debtors	2,846,705	2,641,041	2,047,090	1,877,648
Other debtors	15,506	28,077	15,182	27,766
Amounts owed by group undertaking	873,885	658,167	804,206	620,204
Prepayments	212,379	207,334	175,670	176,189
Corporation tax recoverable	426,407	20,000	426,407	-
	<u>4,374,882</u>	<u>3,554,619</u>	<u>3,468,555</u>	<u>2,701,807</u>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
13 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade creditors	1,641,872	971,980	1,627,579	938,285
Other taxation and social security costs	213,380	248,557	66,428	111,548
Amount owed to group undertaking	141,966	110,181	106,847	57,372
Other creditors	194	1,025	-	831
Corporation tax payable	-	246,907	-	246,907
Proposed dividends	-	1,054,864	-	1,054,864
Accruals and deferred income	1,664,318	1,574,398	1,037,027	1,019,729
	<u>3,661,730</u>	<u>4,207,912</u>	<u>2,837,881</u>	<u>3,429,536</u>

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Government grants	<u>65,002</u>	<u>70,002</u>	<u>65,002</u>	<u>70,002</u>
The movement in Government grants during the year was as follows:				
			2002 £	2001 £
At 1 January 2002			70,002	75,000
Transfer to profit and loss account			(5,000)	(4,998)
At 31 December 2002			<u>65,002</u>	<u>70,002</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

The full potential liability for deferred taxation based on a rate of 30% (2001 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.

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

		2002 £	2001 £
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>
		Share capital £	Profit and loss account £
17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		Total shareholders' funds £
	GROUP		
	Balance at 31 December 2001	2,637,160	4,572,620
	Retained profit for the year	<u>-</u>	<u>1,357,953</u>
	Balance at 31 December 2002	<u>2,637,160</u>	<u>5,930,573</u>
	COMPANY		
	Balance at 31 December 2001	2,637,160	4,485,389
	Retained profit for the year	<u>-</u>	<u>1,340,353</u>
	Balance at 31 December 2002	<u>2,637,160</u>	<u>5,825,742</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

18 NOTES TO THE GROUP CASH FLOW STATEMENT

- (a) Reconciliation of operating profit to net cash inflow from operating activities:

	2002 £	2001 £
Operating profit	2,572,500	1,640,314
Release of government grants	(5,000)	(4,998)
Amortisation of goodwill	124,848	126,142
Depreciation	359,980	427,662
Profit on sale of tangible fixed assets	(8,214)	(19,668)
Change in stocks	(371,181)	19,379
Change in debtors	(413,856)	946,549
Change in creditors	829,177	(109,134)
	<u>3,088,254</u>	<u>3,026,246</u>
Net cash inflow from operating activities	<u>3,088,254</u>	<u>3,026,246</u>

- (b) Reconciliation of net cash flow to movement in net funds

Increase in cash	37,186	3,119,034
Movement in net funds/(debt) in the year		
Net funds/(debt) at 1 January 2002	<u>1,565,949</u>	(1,553,085)
Net funds at 31 December 2002	<u>1,603,135</u>	<u>1,565,949</u>

- (c) Analysis of changes in net funds

	At 1 January 2002 £	Cashflow £	At 31 December 2002 £
Cash in hand	2,281	(281)	2,000
Bank account	<u>1,563,668</u>	<u>37,467</u>	<u>1,601,135</u>
	1,565,949	37,186	1,603,135
Bank loans and overdrafts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,565,949</u>	<u>37,186</u>	<u>1,603,135</u>

19 CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2001 £Nil).

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

	2002 £	2001 £
20 CAPITAL COMMITMENTS		
Capital expenditure that has been contracted for but has not been provided for in the financial statements amounted to:	<u>89,050</u>	<u>15,000</u>

21 OPERATING LEASE COMMITMENTS

At 31 December 2002, the company has annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2002 £	Other 2002 £	Land and buildings 2001 £	Other 2001 £
Operating leases which expire:				
Within one year	-	-	-	6,609
In the second to fifth year	28,000	48,000	-	11,279
After five years	331,200	-	351,050	-
	<u>359,200</u>	<u>48,000</u>	<u>351,050</u>	<u>17,888</u>

The leases on 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 2002

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 2002 by a qualified independent actuary, allowing for the actuarial method and assumptions prescribed under Financial Reporting Standard 17 (FRS17) 'Retirement Benefits'. Contributions to the Plan are paid by staff members at the rate of 5% of Pensionable Salary and by the Company at the rate of 8.2% of Pensionable Salaries. Individual contribution rates are payable in respect of executive members of the Plan.

The following figures have been prepared in compliance with the transitional provisions of FRS 17:-

The major assumptions used by the actuary were:

	At 31 December 2002	At December 2001
Discount rate	6.0% pa	6.25% pa
Salary growth	3.25% pa	3.50% pa
Price inflation	2.25% pa	2.50% pa
LPI	2.25% pa	2.25% pa

The expected rates of return and the market value of the Plan's assets were:

	At 31 December 2002 £000's		At 31 December 2001 £000's	
Equities	8.0% pa	2,410	8.25% pa	2,610
Bonds	6.0% pa	459	6.25% pa	619
Property	8.0% pa	122	8.25% pa	132
Cash	4.0% pa	70	4.0% pa	115

The valuations of the Plan's assets and liabilities were:

	At 31 December 2002 £000's	At December 2001 £000's
Total value of assets	3,061	3,476
Present value of liabilities	4,294	3,776
Deficit in the plan	(1,233)	(300)

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

22 PENSIONS (Continued)

Analysis of the amount charged to operating profit

	2002 £000's
Current service cost	121
Past service cost	-
	<hr/>
Total operating charge	121
	<hr/>

Analysis of the amount credited to other finance income

Expected return on assets	260
Interest on liabilities	(248)
	<hr/>
Net return	12
	<hr/>

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

Actual return less expected return on assets	(862)
Experience gains and losses arising on liabilities	-
Changes in the assumptions underlying the present value of liabilities	(97)
	<hr/>
Actual gain recognised on STRGL	(959)
	<hr/>

Movement in surplus during the year

Deficit in Plan at start of year	(300)
Employer current service costs	(121)
Employer contributions received	135
Past service costs	-
Other finance income	12
Actuarial gain	(959)
	<hr/>
Deficit in Plan at end of year	(1,233)
	<hr/>

MITEK INDUSTRIES LIMITED AND ITS SUBSIDIARIES

NOTES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

22 PENSIONS (Continued)

2002
£000's

History of experience gains and losses

Difference between actual and expected return on scheme assets:

Amount	(862)
Percentage of scheme assets	28%

Experience gains and losses on scheme liabilities:

Amount	-
Percentage of scheme liabilities	0%

Amount recognised in Statement of Total Recognised Gains & Losses:

Amount	(959)
Percentage of scheme liabilities	22%

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