SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-KSB

(Mark One)

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2007
or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 0-15235

MITEK SYSTEMS, INC.
(Name of small business issuer in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	87-0418827 (I.R.S Employer Identification No.)

8911 Balboa Ave., Suite B, San Diego, CA 92123
(Address of principal executive offices) (Zip Code)

Issuer’s telephone number **(858) 503-7810**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.001 per share
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes o No x.

State issuer’s revenues for its most recent fiscal year: $5,570,000

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of November 30, 2007 (See definition of affiliate in Rule 12b-2 of the Exchange Act.) is $4,986,795.

There were 16,751,137 shares outstanding of the registrant's Common Stock as of November 30, 2007.

MITEK SYSTEMS, INC.

FORM 10-KSB

For The Fiscal Year Ended September 30, 2007

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PART I

ITEM 1. BUSINESS

IMPORTANT NOTE ABOUT FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this Form 10-KSB and in the documents that are incorporated by reference into this Form 10-KSB. These forward-looking statements relate to Mitek's outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on Mitek's business, results of operations or financial condition. Specifically, forward looking statements used in this Form 10-KSB may include statements relating to future business prospects, revenue, income and financial condition of Mitek.

Forward-looking statements can be identified by the use of words such as "estimate," "may," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions. These statements reflect Mitek's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

In addition to those factors discussed under the heading "Risk Factors" in Part II, Item 6 of this Form 10-KSB, and in Mitek's other public filings with the SEC, important factors could cause actual results to differ materially from our expectations. These factors include, but are not limited to: (i) adverse economic conditions; (ii) general decreases in demand for Mitek products and services; (iii) intense competition (including entry of new competitors), including among competitors with substantially greater resources than Mitek; (iv) loss of key customers or contracts; (v)increased or adverse federal, state and local government regulation; (vi) inadequate capital; (vii) unexpected costs; (viii) lower revenues and net income than forecast; (ix) inability to raise prices; (x) the risk of litigation and administrative proceedings; (xi) higher than anticipated labor costs; (xii) the possible fluctuation and volatility of operating results and financial condition; (xiii) adverse publicity and news coverage; (xiv) inability to carry out marketing and sales plans; (xv) loss of key employees and executives; (xvi) changes in interest rates; and (xvii) inflationary factors.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, we undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this Form 10-KSB or to reflect the occurrence of unanticipated events.

The above list is not intended to be exhaustive and there may be other factors that would preclude us from realizing the predictions made in the forward-looking statement. We operate in a continually changing business environment and new factors emerge from time to time. We cannot predict such factors or assess the impact, if any, of such factors on their respective financial positions or results of operations.

OVERVIEW

We were incorporated under the laws of the State of Delaware in 1986. We are primarily engaged in the development and sale of software products with particular focus on intelligent character recognition and forms processing technology, products and services for the document imaging markets.

We develop, market and support, Document Image Processing and Image Analytics, products commercially available for the recognition of scanned documents, extraction of hand-printed as well as machine-printed text. We also develop fraud detection and prevention products which find signatures on any document and using patented algorithms, convert them into compact numeric codes, which are then compared against one or more reference codes of trusted signatures for highly accurate signature verification. Other capabilities include the detection of forged or illegally modified checks.

PRODUCTS AND RELATED MARKETS

During fiscal year ended September 30, 2007, we had one operating segment based on our product and service offerings: Document Image Processing and Image Analytics.

DOCUMENT IMAGE PROCESSING AND IMAGE ANALYTICS

Since 1992, we have developed and marketed pattern recognition products which enable the automation of costly, labor-intensive business functions such as check and remittance processing, forms processing, order entry and fraud detection. Our proprietary software algorithms allow us to process images of scanned documents in many ways, including image "cleanup" and repair, image quality analysis, document identification, and the extraction of hand-printed as well as machine-printed text. These capabilities work on a multitude of scanned documents: checks, coupons and other financial documents, as well as most types of other business forms. Our software can find data on so-called unstructured documents which contain the data in variable locations and formats. Our fraud detection and prevention products find signatures on any document and, using patented algorithms, convert them into compact numeric codes, which are then compared against one or more reference codes of trusted signatures for highly accurate signature verification. Other capabilities include the detection of forged or illegally modified checks. To further reduce manual labor, our software automatically distinguishes between common document types such as personal and business checks, substitute checks (so-called IRDs, permitted by the Check 21 law), pre-authorized drafts, and almost any other document type specified by the customer.

Our product family is made up of two distinct product lines: software development toolkits (SDKs) and end-user applications, and the new product line-up is fully Internet-enabled.

Intelligent Recognition Toolkits

Our Intelligent Recognition Toolkits include a suite of products (Image Net) that leverage our proprietary intelligent character recognition (ICR), image processing, and dynamic data extraction software engines. The Image Net suite of recognition toolkits includes Payments, Prep and ID, Data Capture, Fraud and Signature. These products are sold to original equipment manufacturers (OEMs) such as Advanced Financial Solutions, a Metavante Company; Harland Financial Solutions, a John Harland Company; Sungard; BancTec; J&B Software; and to systems integrators such as Computer Sciences Corporation**.**

Our products used in financial document processing, are a combination of the Legal Amount Recognition (LAR) capabilities licensed from a vendor with our proprietary Image Net Payments Courtesy Amount Recognition (CAR) technology. These products provide a high level of accuracy in remittance processing, proof of deposit, and lock box processing applications.

The ImageNet Payments product allows for the automatic reading of machine and hand print information found on scanned documents and forms from any structured form as well as bank documents, such as checks, deposit slips, and remittance coupons. ImageNet Payments integrates technology components from the ”CheckReader” product licensed from a vendor which specifically increases read rates of the courtesy and legal amounts of US and Canadian checks.

ImageNet Prep and ID is a software toolkit that provides automatic form ID, form registration and form/template removal. We believe it significantly improves automatic data capture (ICR/OCR), forms processing, document imaging and storage performance. Image Net Prep & ID reduces the image size by removing extraneous information such as pre-printed text, lines, and boxes; leaving only the filled-in data. It repairs the characters that are left, ensuring better recognition, enhanced throughput, and higher accuracy rates.

ImageScore is our Check 21 readiness solution for any financial institution that truncates or uses check images in an accounts receivables conversion environment. Integrated solution providers for financial institutions can also buy ImageScore to enhance their products. ImageScore can quickly, accurately and comprehensively analyze check images to provide the usability and quality information needed to help financial institutions act in accordance with regulatory and industry mandates. As a result, institutions minimize their risk by ensuring the integrity of check images they process, and they eliminate costly manual processes associated with managing transactions from bad check images.

ImageNet Data Capture is a software toolkit that captures data from many types of unstructured business documents. ImageNet Data Capture is used in challenging data capture applications where data must be found and extracted from documents that have no pre-determined format or layout, but share common data elements. ImageNet Data Capture locates this data on documents using contextual, positional, format and keyword specific information, even if it appears in a different location on each document. We have supplied ImageNet Data Catpure as a stand alone API to several important OEMs in the document processing field.

IDENTITY VALIDATION AND FORGERY DETECTION

Since 2001, we have applied and adapted our core competency in automatic document processes and image analytics creating a product offering our image analytics, which are built on our portfolio of innovative recognition technologies used to test, clean, read and authenticate imaged documents.

Our capabilities include:
- Image analysis of signatures
- Image repair and optimization
- OCR/ICR

Dynamic data finding on any document or check
Distributed Capture CAR/LAR

Forgery Detection Toolkits

FraudProtect™ Toolkit is an innovative product for detecting check fraud and forgery using image analytics to uncover inconsistencies and alterations in checks as they are processed by banks. These products are sold to OEMs and System Integrators.

Signature & Check Stock Verification API is fully automated and incorporates advanced imaging, image analysis and data extraction technologies that can help verify the authenticity of every signature on every check that passes through a bank, and analyzes paper stock for any indication that an item is a counterfeit.

Pre-authorized Draft (PAD) safe toolkit is the first toolkit of its kind to detect fraudulent preauthorized drafts. It automatically identifies PADs from checks, then notifies the user of any potentially suspicious PADs. As a result, the withdrawal of unauthorized funds due to fraudulent PAD transactions is reduced and often prevented. Our PayeeFind™ works to prevent payee-altered checks from clearing. As a result, PayeeFind™ can substantially reduce losses and cut administrative costs by eliminating the need for organizations to complete and file affidavits to recover funds from checks that have cleared with fraudulent payees. With PayeeFind™, this type of fraud can be stopped before recovery becomes an issue.

Forgery Detection Solution

FraudProtect™ System is a comprehensive, automated software application that allows banks to detect the most common forms of check fraud from forged signatures and counterfeit checks, as well as the detection of pre-authorized drafts and payee name alterations. Banks can significantly reduce losses due to Check Fraud by using the FraudProtect™ System.

RESEARCH AND DEVELOPMENT

Research and Development expenses for fiscal year 2007 were approximately $1,901,000, compared to approximately $1,349,000 for fiscal year 2006, an increase of approximately $552,000 or 40%. Stated as a percentage of net sales, research and development expenses for fiscal year 2007 increased to 34% compared to 22% for fiscal 2006. The increase in expenses for fiscal 2007 is primarily due to increasing outsourcing of programming and enhancements of existing products. The research and development expenses for fiscal 2007 include approximately $22,000 in stock based compensation expense. For the fiscal year 2007, approximately $140,000 compared to $838,000 for fiscal 2006, were spent in research and development related to contract development and charged to cost of sales-professional services, education and other.

Typically, our software products are developed internally. We also purchase technology and license intellectual property rights. We believe that our future success depends in part on our ability to maintain and improve our core technologies, enhance our existing products and develop new products that meet an expanding range of customer requirements. We do not believe we are materially dependent upon licenses or other agreements with third parties relating to the development of our products. Internal development allows us to maintain closer technical control over our products and gives us the freedom to designate which modifications and enhancements are most important and when they should be implemented. We devise innovative solutions to automated character processing problems, such as the enhancement and improvement of degraded images, and the development of user-manipulated tools to aid in document image processing. We intend to expand our existing product offerings and to introduce new document image processing software solutions. In the development of new products and enhancements to existing products, we use our own tools extensively. We perform all quality assurance and develop documentation internally. We strive to become informed at the earliest possible time about changing usage patterns and hardware advances that may affect software design. We intend to continue to support industry standard operating environments.

Our team of specialists in recognition algorithms, software engineering, user interface design, product documentation and quality improvement is responsible for maintaining and enhancing the performance, quality and usability of all of our products. In addition to research and development, the engineering staff provides customer technical support on an as needed basis, along with technical sales support.

In order to improve the accuracy of our Document Image Processing products, we devote significant research and development resources to enhance our core technology including our database of millions of character images that are used to "train" the neural network software that forms the core of our Intelligent Character Recognition (ICR) engine. In addition, we have expanded our research and development tasks to include pre- and post-processing of data subject to automated processing.

Our research and development organization included twelve software engineers, including three with advanced degrees, and three consultants as of September 30, 2007. We balance our engineering resources between development of ICR technology and applications development. All the software engineers are involved in applications development, including ICR research and development of the Service Oriented Architecture (SOA) compliant ImageNet API recognition engine suite, with solutions for Payments Prep & ID, Data Capture, Fraud Detection and Signatures, quality assurance, and customer services and support.

INTELLECTUAL PROPERTY

Our success depends significantly upon our proprietary technology. We have received registered trademark protection for the marks FRAUDPROTECT®, IMAGESCORE®, MITEK®, MITEK SYSTEMS, INC®, PAYEEFIND®, QUICKFX®, DYNAFIND®, TRUESIGN®, and CAPTUREQUEST®. We attempt to protect our intellectual property rights primarily through copyrights, trade secrets, employee and third party nondisclosure agreements and other measures. We have registered trademarks and will continue to evaluate the registration of additional trademarks as appropriate. We claim common law protection for, and may seek to register, other trademarks. In addition, we generally enter into confidentiality agreements with our employees.

As of September 30, 2007, we have been awarded a total of four patents, three of which were awarded in 2007. Three patents generally cover System and Method for Check Fraud detection using Signature Validation, which we believe could provide us with a material competitive advantage. In addition, as of September 30, 2007, we had five patent applications. If we are unable to protect our intellectual property or infringe intellectual property of a third party, our operation results could be harmed.

SALES AND MARKETING

We market our products and services primarily through our internal, direct sales organization. We employ a technically-oriented sales force with management assistance to identify the needs of existing and prospective customers. Our sales strategy concentrates on Original Equipment Manufacturers (OEM), Systems Integrators, and distributors and software solution companies that we believe are key users and designers of automated document processing systems for high performance, large volume applications, in addition to small and large financial institutions that are positioning themselves in the emerging Remote Data Capture (RDC) market. We currently maintain our sales and support office in California. In addition, we sell and support our products through foreign resellers in Australia, Canada, Greece, Italy, the United Kingdom, Spain, Sweden, India, Switzerland and Japan. The sales process is supported with a broad range of marketing programs which include trade shows, direct marketing, public relations and advertising.

We license our software to organizations on a term or perpetual basis. We also license software to organizations under enterprise agreements that allow the end-user customer to acquire multiple licenses, without having to acquire separate packaged products. These enterprise agreements are targeted at large organizations that want to acquire perpetual licenses to software products for their entire enterprise.

International sales accounted for approximately 28% and 15%, of our net sales for the fiscal years ended September 30, 2007 and 2006, respectively. International sales in fiscal year 2007 were made to customers in fourteen countries including Australia, Greece, Canada, United Kingdom, Spain, India, Italy, Japan, Switzerland and Sweden. We sell our products in United States currency only. We recorded a significant portion of our revenues from two customers in fiscal year 2007 and from two customers in fiscal year 2006. Net sales from these customers aggregated 32% and 35% for the fiscal years 2007 and 2006, respectively.

MAINTENANCE AND SUPPORT

Following the installation of our software at a customer site, we provide ongoing software support services to assist our customers in operating the systems. We have an internal customer service department that handles installation and maintenance requirements. The majority of inquiries are handled by telephone. For more complicated issues, our staff, after customer consent, can log on to our customers' systems remotely. Occasionally, visits to the customers' facilities are required to resolve support issues. We maintain our customers' software largely through releases which contain improvements and incremental additions. Nearly all of our in-house customers contract for annual support services from us. These services are a significant source of recurring revenue, and are contracted for an annual basis and are typically priced at approximately 8% to 20% of the particular software product's license fee.

We provide maintenance and support on a contractual basis after the initial product warranty has expired. We provide telephone support and on-site support. On site support is made at the customer's request along with pre-approval of reimbursable expenses from the customer. Customers with maintenance coverage receive software updates from us on an if and when available basis only. Foreign distributors generally provide customer training, service and support for the products they sell. Additionally, our products are supported internationally by periodic distributor and customer visits by our management. These visits include attending imaging shows, as well as sales and training efforts. Technical support is provided by telephone as well as technical visits if necessary in addition to those previously mentioned.

We believe that as the installed base of our products grows and as customers purchase additional complementary products, the software support function will become a larger source of recurring revenues. Maintenance and support service fees are deferred and recognized as income over the contract period on a straight-line basis. Costs incurred by us to supply maintenance and support services are charged to cost of sales.

COMPETITION

The market for our Document Image Processing products is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. We face direct and indirect competition from a broad range of competitors who offer a variety of products and solutions to our current and potential customers. Our principal competition comes from (i) customer-developed solutions; (ii) direct competition from companies offering automated document processing systems; (iii) companies offering competing technologies capable of recognizing hand-printed and cursive characters; and (iv) direct competition from companies offering check imaging systems to banks.

It is also possible that we will face competition from new competitors. Moreover, as the market for automated document processing, ICR, check imaging and fraud detection software develops a number of companies with significantly greater resources than we have could attempt to enter or increase their presence in our market either independently or by acquiring or forming strategic alliances with our competitors or to otherwise increase their focus on the industry. In addition, current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of our current and prospective customers.

Our Service Oriented Architecture (SOA) compliant ImageNet API products and licensed Payments, Prep & ID, Fraud Detection and Signatures products compete, to various degrees, with products produced by a number of substantial competitors. Competition among product providers in this market generally focuses on price, accuracy, reliability and technical support. We believe our primary competitive advantages are (i) recognition accuracy with regard to hand printed characters, (ii) flexibility, since our products may operate in several Microsoft Web Services environments, (iii) scalability and (iv) an architectural software design, which allows our products to be more readily modified, improved with added functionality, configured for new products allowing our software to be easily upgraded. Despite these advantages, Image Net competitors have existed longer and have far greater financial resources and industry connections than we have.

Increased competition may result in price reductions, reduced gross margins, and loss of market share, any of which could have a material adverse effect on the Company's business, operating results and financial condition.

EMPLOYEES AND LABOR RELATIONS

As of September 30, 2007, we employed a total of 21 persons, consisting of 4 in sales and marketing, 12 in research and development, product management and support, 1 in operations, and 4 in finance, administration and other capacities. We engaged various consultants in the area of Product Development and Marketing during the fiscal year ended September 30, 2007. We have never had a work stoppage. None of our employees are represented by a labor organization, and we consider our relations with our employees to be good.

AVAILABLE INFORMATION

Our internet address is www.miteksystems.com. There we make available, free of charge, our annual report on Form 10-KSB, quarterly reports on Form 10-QSB, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our SEC reports can be accessed through the investor relations section of our Web site. The public may also obtain such information on the operation of the SEC Public Reference Room by calling the SEC at 1-800-SEC-0330. The information found on our Web site is not part of this or any other report we file with or furnish to the SEC.

ITEM 2. PROPERTIES

Our principal executive office, as well as its principal research and development facility, is located in approximately 15,927 square feet of leased office building space in San Diego, California. The lease on this facility commenced in early December 2005 and expires in early December, 2012. The base monthly rent for our facility in fiscal 2007 under this lease was approximately $25,483. The base monthly rent increases every twelve months by approximately 3%.

ITEM 3. LEGAL PROCEEDINGS

We are not aware of any legal proceedings or claims that we believe may have, individually or in the aggregate, a material adverse effect on our business, financial condition, operating results, cash flow or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter ended September 30, 2007.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers as of November 30, 2007 were as follows:

Name	Age	Position with Mitek
James B. DeBello	49	President, Chief Executive Officer
John M. Thornton	75	Chairman
Tesfaye Hailemichael	58	Chief Financial Officer & Secretary

Mr. Thornton currently serves as Chairman of the Board. He served as President, Chief Executive Officer and Chief Financial Officer from August 1998 to May 2003, when he resigned as President and Chief Executive Officer but remained as Chairman and Chief Financial Officer. Mr. Thornton resigned as Chief Financial Officer in May 2005 but remains as Chairman. He has served as Chairman since 1987.

Mr. DeBello was named President and Chief Executive Officer in May 2003. He has served as a director of Mitek since 1994. Prior to being named Chief Executive Officer, he served as Chief Executive Officer of Asia Corporation Communications from 2001 to May 2003. Prior to that, he served as Chief Executive Officer of IdeaEdge Ventures from 2000 to 2001. Prior to that, he served as Chief Operating Officer of CollegeClub.com from 1999 to 2000.

Mr. Hailemichael joined Mitek in May 2005 as Chief Financial Officer. Prior to joining Mitek, he served as Chief Financial Officer at Maxwell Technologies from 2003 to 2005. Prior to that, he served as Chief Financial Officer at Raidtec Ltd from 2001 to 2003. Prior to that, he served as Executive Vice President of Transnational Computer Technology, Inc. from 1998 to 2001. Mr. Hailemichael served as Vice President of Finance and Chief Financial Officer of Dothill Systems, Inc. from 1990 to 1998.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock is traded on the OTC Bulletin Board under the symbol MITK.OB and the closing bid price on October 29, 2007 was $0.50. As of October 29, 2007, there were 432 holders of record of Mitek Systems, Inc. Common Stock.

The following table sets forth, for the fiscal period indicated, the high and low closing bid prices for the Common Stock as reported on the OTC Bulletin Board. The quotations for the Common Stock traded on the OTC Bulletin Board may reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Quarter Ended	Dec. 31	Mar. 31	Jun. 30	Sept. 30	Year
Fiscal 2007					
Common stock price per share					
High	$ 1.55	$ 1.07	$ .78	$ .68	$ 1.55
Low	.92	.66	.63	.49	.49
Fiscal 2006					
Common stock price per share					
High	$ 1.88	$ 1.85	$ 1.75	$ 1 .75	$ 1.88
Low	.70	1.25	1.05	1 .01	.70

Dividends

We have not paid any dividends on our common stock. We currently intend to retain earnings for use in our business and do not anticipate paying cash dividends in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD LOOKING STATEMENTS

In addition to historical information, this Management's Discussion and Analysis or Plan of Operation (the "MD&A") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. As contained herein, the words "expects," "anticipates," "believes," "intends," "will," and similar types of expressions identify forward-looking statements, which are based on information that is currently available to Mitek, speak only as of the date hereof, and are subject to certain risks and uncertainties. To the extent that the MD&A contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of Mitek, please be advised that our actual financial condition, operating results and business performance may differ materially from that projected or estimated by Mitek in forward-looking statements. We have attempted to identify, in context, certain factors that we currently believe may cause actual future experiences and results to differ from our current expectations. The difference may be caused by a variety of factors, including, but not limited to, adverse economic conditions, general decreases in demand for our products and services, intense competition, including entry of new competitors, increased or adverse federal, state and local government regulation, inadequate capital, unexpected costs, lower revenues and net income than forecast, price increases for supplies, inability to raise prices, the risk of litigation and administrative proceedings involving Mitek and its employees, higher than anticipated labor costs, the possible fluctuation and volatility of our operating results and financial condition, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss of key executives, changes in interest rates, inflationary factors, and other specific risks that may be alluded to in this MD&A. See "Important Note About Forward-Looking Statements" in Part I of this 10-KSB.

RESULTS OF OPERATIONS

NET SALES

Net sales were approximately $5,570,000 and approximately $6,021,000 for fiscal 2007 and 2006, respectively. Net sales decreased by approximately $451,000, or 7%, in fiscal 2007 compared to fiscal 2006. The decrease in fiscal 2007 revenue is due primarily to reduced development revenue from John H. Harland who purchased a reduced amount of development services in fiscal 2007, as compared to fiscal 2006.

Revenue from John H. Harland for engineering development services were approximately $280,000 in fiscal 2007 compared to approximately $1,100,000 for fiscal 2006. We will not realize engineering development services revenue and related maintenance revenue from John H. Harland in the future as it has terminated its agreement for engineering services and related maintenance revenue in the fourth quarter of fiscal 2007. The loss of revenue from John H. Harland may have an adverse impact on our revenue in the coming year. John H. Harland and its subsidiary, Harland Financial Solutions, is a related party which is discussed in Note 7.

COST OF SALES

Cost of sales for fiscal year 2007 was approximately $634,000 compared to approximately $1,248,000 for fiscal year 2006, a decrease of approximately $614,000 or 49%. Stated as a percentage of net sales, cost of sales were 11% compared to 21% for fiscal 2007. The dollar decrease, and the decrease as a percentage of sales, in cost of sales is due to a decrease in engineering services revenue from John Harland and direct costs related to the engineering services revenue. In the prior comparable period we incurred certain non recurring engineering development costs related to the achievement of a contractual milestone. Accordingly, cost of sales as a percentage of the John Harland development revenue in the current period is less than the percentage reflected in the prior comparable period.

OPERATIONS

Operations expenses for fiscal year 2007 and 2006 included payroll, employee benefits, and other headcount-related costs associated with purchasing, shipping and receiving. Operations expenses were approximately $88,000 and $83,000 for fiscal 2007 and 2006, respectively. Stated as a percentage of net sales, operations expenses for fiscal year 2007 and 2006 were 2% and 1%, respectively. The dollar increase in 2007 expense compared to 2006 is primarily the result of personnel and employee benefit expenses.

SELLING AND MARKETING

Selling and marketing expenses include payroll, employee benefits, and other headcount-related costs associated with sales and marketing personnel and advertising, promotions, trade shows, seminars, and other programs. Selling and marketing expenses were approximately $1,173,000 and $1,306,000 for fiscal 2007 and 2006, respectively. Stated as a percentage of net sales, selling and marketing expenses for fiscal year 2007 and 2006 were 21% and 22%, respectively. The dollar decrease in 2007 expense compared to 2006 is primarily attributable to headcount reduction which was made towards the end of fiscal year 2006.

RESEARCH AND DEVELOPMENT

Research and Development expenses include payroll, employee benefits, consultant expenses and other headcount-related costs associated with product development. These costs are incurred to maintain and enhance existing products. We maintain what we believe to be sufficient staff to maintain our existing product lines, including development of new, more feature-rich versions of our existing product lines, as we determine the demands by the marketplace. We also maintain research personnel, whose efforts are designed to ensure product paths from current technologies to anticipated future generations of products within our area of business.

Research and Development expenses for fiscal year 2007 were approximately $1,901,000, compared to approximately $1,349,000 for fiscal year 2006, an increase of approximately $552,000 or 40%. Stated as a percentage of net sales, research and development expenses for fiscal year 2007 increased to 34% compared to 22% for fiscal 2006. The increase in expenses for fiscal 2007 is primarily due to increasing outsourcing of programming and enhancements of existing products. The research and development expenses for fiscal 2007 include approximately $22,000 in stock based compensation expense. For the fiscal year 2007, approximately $140,000 compared to $838,000 for fiscal 2006, were spent in research and development related to contract development and charged to cost of sales-professional services, education and other.

GENERAL AND ADMINISTRATIVE

General and administrative expenses include payroll, employee benefits, and other headcount-related costs associated with the finance, facilities, and legal and other administrative fees. General and administrative costs were approximately $2,162,000 and approximately $2,354,000 for fiscal year 2007 and 2006, respectively**.** Stated as a percentage of net sales, general and administrative expenses for fiscal year 2007 and 2006 were 39% and 39%, respectively. The dollar decrease in 2007 over 2006 was primarily due to a reduction of legal expenses.

INTEREST AND OTHER INCOME (EXPENSE) - Net

Interest and Other Income (Expense) - Net for fiscal year 2007 was approximately $4,000 as compared to approximately ($398,000) for fiscal year 2006, a change of approximately $402,000. The primary reason for the change relates to the elimination of interest expense in fiscal 2007 relating to the debt from Laurus which was fully converted to equity in June 2006 leaving no principal balance on the note. Interest expense related to the note for fiscal year 2007 was $0 and interest expense for fiscal year 2006 was approximately $466,000 which consists of interest on the Convertible Note, as discussed in Note 6 of the accompanying financial statements, which represents amortization of the beneficial conversion feature and interest paid. Interest and other income for fiscal year 2007 was approximately $14,000 compared to approximately $68,000 for fiscal year 2006. Stated as a percentage of net sales, net interest and other income (expense) for the corresponding periods were less than 1% for fiscal year 2007 and 7% for fiscal year 2006.

INCOME TAXES

For the fiscal year 2007 and 2006, we recorded a tax provision of approximately $800 for each year for income taxes which was primarily state franchise tax.

LIQUIDITY AND CAPITAL RESOURCES

On September 30, 2007, we had approximately $2,096,000 in cash and cash equivalents as compared to approximately $2,331,000 on September 30, 2006 which is a decrease of approximately $235,000. Accounts receivable totaled approximately $542,000, a decrease of approximately $537,000 from the September 30, 2006 balance of approximately $1,079,000. The decrease in cash was due to the loss for the year, capital equipment purchases, lower revenue and significant reduction in accounts payable. The reduction in accounts receivable was due to the lower revenue for the year and improvement in collections.

Unearned revenue as of September 30, 2007 was approximately $541,000, a decrease of approximately $116,000 from September 30, 2006, which reflects the recognition of deferred license sales from September 30, 2006 of $175,000 to John H. Harland, and new anniversary product support agreements offset by continued recognition of unearned revenue from product support agreements licensed in prior periods.

During the fiscal year 2007, we financed our cash needs primarily from collections of accounts receivable and existing cash and cash equivalents. During fiscal year 2006, we financed our cash needs primarily from financing activities combined with cash carried over from the prior fiscal year.

Net cash used by operating activities during the year ended September 30, 2007 was approximately $206,000. The primary use of cash from operating activities was the net loss of approximately $384,000, a decrease in accounts payable of approximately $614,000 and a decrease in deferred revenue of approximately $116,000.The primary sources of cash from operating activities was a decrease in accounts receivable, net of provision for bad debts, of approximately $537,000, and a decrease of inventory, prepaid expenses and other assets of approximately $122,000. The primary non-cash adjustment to operating activities was depreciation and amortization expense for fixed assets of approximately $39,000 and stock based compensation expense of approximately $221,000. We used part of the cash provided from operating activities to finance the acquisition of equipment used in our business.

Our working capital and current ratio was approximately $1,796,000 and 2.91, respectively on September 30, 2007 and approximately $1,905,000 and 2.12, respectively, on September 30, 2006. On September 30, 2007 the total liabilities to equity ratio was 0.53 to 1 compared to 0.86 to 1 on September 30, 2006. As of September 30, 2007, total liabilities decreased by approximately $741,000 compared to total liabilities on September 30, 2006.

On June 11, 2004, we secured a financing arrangement with Laurus Master Fund (“Laurus”). The financing consisted of a $3 million Secured Note that bore interest at the rate of prime (as published in the Wall Street Journal), plus one percent and had a term of three years (matures June 11, 2007). Laurus has converted all of the secured note in 2006 and the agreement has expired. The company does not have financing vehicle at the moment.

On July 14, 2006, the Company announced that it had entered into an agreement to acquire substantially all of the assets and liabilities of Parascript LLC (“Parascript”), a Wyoming limited liability company. On January 23, 2007, Mitek notified Parascript that it was terminating the merger agreement. In connection with the merger, Mitek had accrued, but not yet paid, approximately $700,000 of fees and costs which were expensed as incurred. As a result of the termination of the merger agreement, Mitek was subject to additional merger related expenses of up to approximately $1,300,000. During the quarter ended March 31 and June 30, 2007, we conducted discussions with the service providers who had provided merger related services regarding the total amounts owed by Mitek inclusive of the approximate $1,300,000 of potential liabilities. During the quarter ended March 31, 2007, we settled all outstanding merger related expenses with the exception of an estimated $250,000 for remaining potential liabilities which was accrued in the quarter ended March 31, 2007. We settled the remaining potential liabilities related to the merger for approximately $250,000 during the quarter ended June 30, 2007. All accrued liabilities to various vendors who provided merger related services have been paid during the quarter ended March 31, 2007 and in the quarter ended June 30, 2007. There are no merger related obligations as of September 30, 2007. Such merger related expenses are included in general and administrative expenses for the year ended September 30, 2007.

John H. Harland Company (explained fully in Note 7 - Related Party Transactions) has terminated its agreement for engineering services and related maintenance revenue in the fourth quarter of fiscal 2007. The loss of revenue from John H. Harland may have an adverse impact on our revenue in the coming year.

There are no significant capital expenditures planned for the foreseeable future.

We evaluate our cash requirements on a quarterly basis. Historically, we have managed our cash requirements principally from cash generated from operations. Although our strategy for fiscal 2008 is to grow the identified markets for our new products and enhance the functionality and marketability of our document image processing and image analytic technology, we have not yet observed a significant change in liquidity or future cash requirements as a result of this strategy. Anticipated cash requirements over the next twelve months are principally to fund operations, including spending on research and development. We believe that we will have sufficient liquidity to finance our operations for the next twelve months using existing cash and cash generated from operations, as discussed above.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155 (“SFAS 155”), *Accounting for Certain Hybrid Financial Instruments* which amends Statement of Financial Accounting Standards No. 133 (“SFAS 133”), *Accounting for Derivative Instruments and Hedging Activities* and Statement of Financial Accounting Standards No. 140 (“SFAS 140”), *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. SFAS 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal years beginning after September 15, 2006. Earlier adoption is permitted, provided the Company has not yet issued financial statements, including for interim periods, for that fiscal year. Since the Company has no derivative instruments or hedging activities, we do not expect the adoption of SFAS 155 to have a material impact on our financial position, results of operations or cash flows.

In July 2006, the FASB issued FASB Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, FIN 48 provides guidance on the de-recognition, classification, interest and penalties, accounting in interim periods and disclosure requirements for uncertain tax positions. The accounting provisions of FIN 48 are effective for reporting periods beginning after December 15, 2006. The Company is currently assessing the impact of the adoption of FIN 48 and its impact on our financial position, results of operations, or cash flows.

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements* (“SFAS 157”). SFAS 157 provides a new single authoritative definition of fair value and provides enhanced guidance for measuring the fair value of assets and liabilities and requires additional disclosures related to the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 is effective for us as of January 28, 2008. We are currently assessing the impact, if any, of SFAS 157 on our financial position, results of operation, or cash flows.

In September 2006, the SEC released Staff Accounting Bulletin No. 108 *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements* (“SAB 108”). SAB 108 provides interpretative guidance on how public companies quantify financial statement misstatements. There have been two common approaches used to quantify such errors. Under an income statement approach, the “roll-over” method, the error is quantified as the amount by which the current year income statement is misstated. Alternatively, under a balance sheet approach, the “iron curtain” method, the error is quantified as the cumulative amount by which the current year balance sheet is misstated. In SAB 108, the SEC established an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the company’s financial statements and the related financial statement disclosures. This model is commonly referred to as a “dual approach” because it requires quantification of errors under both the roll-over and iron curtain methods. SAB 108 is effective for us as of January 1, 2007. The adoption of SAB 108 is not expected to have a material impact on our financial position, results of operations, or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of SFAS No. 115*, which allows measurement at fair value of eligible financial assets and liabilities that are not otherwise measured at fair value. If the fair value option for an eligible item is elected, unrealized gains and losses for that item shall be reported in current earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements designed to draw comparison between the different measurement attributes the company elects for similar types of assets and liabilities. This statement is effective for fiscal years beginning after November 15, 2007. We are in the process of evaluating the application of the fair value option and its effect on our results of operations or financial condition.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants (“AICPA”) and the SEC did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Mitek's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates by management are affected by management's application of accounting policies are subjective and may differ from actual results. Critical accounting policies for Mitek include revenue recognition, allowance for accounts receivable, fair value of equity instruments and accounting for income taxes.

Revenue Recognition

We enter into contractual arrangements with integrators, resellers and end users that may include licensing of the our software products, product support and maintenance services, consulting services, resale of third-party hardware, or various combinations thereof, including the sale of such products or services separately. Our accounting policies regarding the recognition of revenue for these contractual arrangements is fully described in the Notes to the Financial Statements.

We consider many factors when applying generally accepted accounting principles in the United States of America to revenue recognition. These factors include, but are not limited to:

- The actual contractual terms, such as payment terms, delivery dates, and pricing of the various product and service elements of a contract
- Time period over which services are to be performed
- Creditworthiness of the customer
- The complexity of customizations to our software required by service contracts
- The sales channel through which the sale is made (direct, VAR, distributor, etc.)
- Discounts given for each element of a contract
- Any commitments made as to installation or implementation "go live" dates

Each of the relevant factors is analyzed to determine its impact, individually and collectively with other factors, on the revenue to be recognized for any particular contract with a customer. Management is required to make judgments regarding the significance of each factor in applying the revenue recognition standards, as well as whether or not each factor complies with such standards. Any misjudgment or error by management in its evaluation of the factors and the application of the standards, especially with respect to complex or new types of transactions, could have a material adverse affect on our future revenues and operating results.

Accounts Receivable.

We constantly monitor collections from our customers and maintain a provision for estimated credit losses that is based on historical experience and on specific customer collection issues. While such credit losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past. Since our revenue recognition policy requires customers to be deemed creditworthy, our accounts receivable are based on customers whose payment is reasonably assured. Our accounts receivable are derived from sales to a wide variety of customers. We do not believe a change in liquidity of any one customer or our inability to collect from any one customer would have a material adverse impact on our financial position.

Fair Value of Equity Instruments

The valuation of certain items, including valuation of warrants, beneficial conversion feature related to convertible debt and compensation expense related to stock options granted, involve significant estimations with underlying assumptions judgmentally determined. The valuation of warrants and stock options are based upon a Black Scholes valuation model, which involve estimates of stock volatility, expected life of the instruments and other assumptions.

Deferred Income Taxes.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We maintain a valuation allowance against the deferred tax asset due to uncertainty regarding the future realization based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. Until such time as we can demonstrate that we will no longer incur losses or if we are unable to generate sufficient future taxable income we could be required to maintain the valuation allowance against our deferred tax assets.

RISK FACTORS

This Annual Report on Form 10-KSB contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of issues and uncertainties such as those listed below and elsewhere in this report, which, among others, should be considered in evaluating our financial outlook.

Risks Associated With Our Business

Because most of our revenues are from a single type of technology, our product concentration may make us especially vulnerable to market demand and competition from other technologies, which could reduce our sales and revenues and cause us to be unable to continue our business.

We currently derive substantially all of our product revenues from licenses and sales of software products to customers incorporate our character recognition technology. As a result, factors adversely affecting the pricing of or demand for our products and services, such as competition from other products or technologies, any decline in the demand for document image processing, negative publicity or obsolescence of the software environments in which our products operate could result in lower sales or gross margins and would have a material adverse effect on our business, operating results and financial condition.

Competition in our market may result in pricing pressures, reduced margins or the inability of our products and services to achieve market acceptance.

We compete against numerous other companies which address the character recognition market, many of which have greater financial, technical, marketing and other resources. Other companies could choose to enter our marketplace. We may be unable to compete successfully against our current and potential competitors, which may result in price reductions, reduced margins and the inability to achieve market acceptance for our products. Moreover, from time to time, our competitors or we may announce new products or technologies that have the potential to replace our existing product offerings. There can be no assurance that the announcement of new product offerings will not cause potential customers to defer purchases of our existing products, which could adversely affect our business, operating results and financial condition.

We must continue extensive research and development in order to remain competitive. If our products fail to gain market acceptance, our business, operating results and financial condition would be materially adversely affected by the lower sales.

Our ability to compete effectively with our character recognition product line will depend upon our ability to meet changing market conditions and develop enhancements to our products on a timely basis in order to maintain our competitive advantage. Rapidly advancing technology and rapidly changing user preferences characterize the markets for products incorporating character recognition technology. Our continued growth will ultimately depend upon our ability to develop additional technologies and attract strategic alliances for related or separate product lines. There can be no assurance that we will be successful in developing and marketing product enhancements and additional technologies, that we will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these products, or that our new products and product enhancements will adequately meet the requirements of the marketplace, will be of acceptable quality, or will achieve market acceptance.

If our new products fail to gain market acceptance, our business, operating results and financial condition would be materially adversely affected by the lower sales. If we are unable, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements, our business, operating results and financial condition may be materially and adversely affected by lower sales.

Our annual and quarterly results have fluctuated greatly in the past and will likely continue to do so, which may cause substantial fluctuations in our common stock price.

Our quarterly operating results have in the past and may in the future vary significantly depending on factors including the timing of customer projects and purchase orders, new product announcements and releases by us and other companies, gain or loss of significant customers, price discounting of our products, the timing of expenditures, customer product delivery requirements, availability and cost of components or labor and economic conditions generally and in the information technology market specifically. Any unfavorable change in these or other factors could have a material adverse effect on our operating results for a particular quarter or year, which may cause downward pressure on our common stock price. We expect quarterly and annual fluctuations to continue for the foreseeable future.

We may need to raise additional capital to fund continuing operations. If our financing efforts are not successful, we will need to explore alternatives to continue operations, which may include a merger, asset sale, joint venture, loans or further expense reductions. If these measures are not successful, we may be unable to continue our operations.

Our efforts to reduce expenses and generate revenue may not be successful. We have funded our operations in the past by raising capital, sale of certain assets and obtaining loans. If our revenues do not increase we will need to raise additional capital through equity or debt financing or through the establishment of other funding facilities in order to keep funding operations.

However, raising capital has been, and will continue to be difficult, and we may not receive sufficient funding. Any future financing that we seek may not be available in amounts or at times when needed, or, even if it is available, may not be on terms acceptable to us. Also, if we raise additional funds by selling equity or equity-based securities, the percentage ownership of our existing stockholders will be reduced and such equity securities may have rights, preferences or privileges senior to those of the holders of our common stock. Any inability to obtain additional cash as needed could have a material adverse effect on our financial position, results of operations and ability to continue in existence.

Our historical order flow patterns, which we expect to continue, have caused forecasting difficulties for us. If we do not meet our forecasts or analysts' forecasts for us, the price of our common stock may decline.

Historically, a significant portion of our sales have resulted from shipments during the last few weeks of the quarter from orders received in the last month of the applicable quarter. We do, however, base our expense levels, in significant part, on our expectations of future revenue. As a result, we expect our expense levels to be relatively fixed in the short term. Any concentration of sales at the end of the quarter may limit our ability to plan or adjust operating expenses. Therefore, if anticipated shipments in any quarter do not occur or are delayed, expenditure levels could be disproportionately high as a percentage of sales, and our operating results for that quarter would be adversely affected. As a result, we believe that period-to-period comparisons of our results of operations are not and will not necessarily be meaningful, and you should not rely upon them as an indication of future performance. If our operating results for a quarter are below the expectations of public market analysts and investors, the price of our common stock may be materially adversely affected.

Revenue recognition accounting standards and interpretations may change, causing us to recognize lower revenues.

In October 1997, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) No. 97-2, *Software Revenue Recognition*. We adopted SOP 97-2, as amended by SOP 98-4 Deferral of the Effective Date of a Provision of SOP 97-2 as of July 1, 1998. In December 1998, the AICPA issued SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions. We adopted SOP 98-9 on January 1, 2000. These standards address software revenue recognition matters primarily from a conceptual level and do not include specific implementation guidance. We believe that we are currently in compliance with SOP 97-2 and SOP 98-9. In addition, in December 1999, the Securities and Exchange Commission (SEC) staff issued Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101), which provides further guidance with regard to revenue recognition, presentation and disclosure. We adopted SAB 101 during the fourth quarter of fiscal 2000 which was subsequently superceded by SAB 104.

The accounting profession and the SEC continue to discuss certain provisions of SOP 97-2, SAB 101 and other revenue recognition standards and related interpretations with the objective of providing additional guidance on potential application of the standards and interpretations. These discussions could lead to unanticipated changes in revenue recognition standards and, as a result, in our current revenue accounting practices, which could cause us to recognize lower revenues and lead to a decrease in our stock price.

If our products have product defects, it could damage our reputation, sales, profitability and result in other costs, any of which could adversely affect our operating results which could cause our common stock price to go down.

Our products are extremely complex and are constantly being modified and improved, and as such they may contain undetected defects or errors when first introduced or as new versions are released. As a result, we have in the past and could in the future face loss or delay in recognition of revenues as a result of software errors or defects. In addition, our products are typically intended for use in applications that are critical to a customer's business. As a result, we believe that our customers and potential customers have a greater sensitivity to product defects than the market for software products generally.

There can be no assurance that, despite our testing, errors will not be found in new products or releases after commencement of commercial shipments, resulting in loss of revenues or delay in market acceptance, diversion of development resources, damage to our reputation, adverse litigation, or increased service and warranty costs, any of which would have a material adverse effect upon our business, operating results and financial condition.

Our success and our ability to compete are dependent, in part, upon protection of our proprietary technology. If we are unable to protect our proprietary technology, our revenues and operating results would be materially adversely affected.

We generally rely on trademark, trade secret, copyright and patent law to protect our intellectual property. We may also rely on creative skills of our personnel, new product developments, frequent product enhancements and reliable product maintenance as means of protecting our proprietary technologies. There can be no assurance, however, that such means will be successful in protecting our intellectual property. There can be no assurance that others will not develop technologies that are similar or superior to our technology.

The source code for our proprietary software is protected both as a trade secret and as a copyrighted work. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our products or technology without authorization, or to develop similar technology independently.

We may have difficulty protecting our proprietary technology in countries other than the United States. If we are unable to protect our proprietary technology, our revenues and operating results would be materially adversely affected.

We operate in a number of countries other than the United States. Effective copyright and trade secret protection may be unavailable or limited in certain countries. Moreover, there can be no assurance that the protection provided to our proprietary technology by the laws and courts of foreign nations against piracy and infringement will be substantially similar to the remedies available under United States law. Any of the foregoing considerations could result in a loss or diminution in value of our intellectual property, which could have a material adverse effect on our business, financial condition, and results of operations.

Companies may claim that we infringe their intellectual property or proprietary rights, which could cause us to incur significant expenses or prevent us from selling our products.

We have in the past had companies claim that certain technologies incorporated in our products infringe their patent rights. Although we have resolved the past claims and there are currently no claims of infringement pending against us, there can be no assurance that we will not receive notices in the future from parties asserting that our products infringe, or may infringe, those parties' intellectual property rights. There can be no assurance that licenses to disputed technology or intellectual property rights would be available on reasonable commercial terms, if at all.

Furthermore, we may initiate claims or litigation against parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Litigation, either as plaintiff or defendant, could result in significant expense to us and divert the efforts of our technical and management personnel from operations, whether or not such litigation is resolved in our favor. In the event of an adverse ruling in any such litigation, we might be required to pay substantial damages, discontinue the use and sale of infringing products, expend significant resources to develop non-infringing technology or obtain licenses to infringing technology. In the event of a successful claim against us and our failure to develop or license a substitute technology, our business, financial condition and results of operations would be materially and adversely affected.

We depend upon our key personnel.

Our future success depends in large part on the continued service of our key technical and management personnel. We do not have employment contracts with, or "key person" life insurance policies on, any of our employees, including Mr. James B. DeBello, our President and Chief Executive Officer, Mr. John M. Thornton, our Chairman and Mr. Tesfaye Hailemichael, our Chief Financial Officer. Loss of services of key employees could have a material adverse effect on our operations and financial condition. We are also dependent on our ability to identify, hire, train, retain and motivate high quality personnel, especially highly skilled engineers involved in the ongoing developments required to refine our technologies and to introduce future applications. The high technology industry is characterized by a high level of employee mobility and aggressive recruiting of skilled personnel.

We cannot assure you that we will be successful in attracting, assimilating and retaining additional qualified personnel in the future. If we were to lose the services of one or more of our key personnel, or if we failed to attract and retain additional qualified personnel, it could materially and adversely affect our customer relationships, competitive position and revenues.

We do not have a current credit facility.

While we believe that our current cash on hand and cash generated from operations, to finance our operations for the next twelve months, we can make no assurance that we will not need additional financing during the next twelve months or beyond. Actual sales, expenses, market conditions or other factors which could have a material affect upon us could require us to obtain additional financing. If such financing is not available, or if available, is not available on reasonable terms, it could have a material adverse effect upon our results of operations and financial condition.

The liability of our officers and directors is limited pursuant to Delaware law.

Pursuant to our Certificate of Incorporation, and as authorized under applicable Delaware Law, our directors and officers are not liable for monetary damages for breach of fiduciary duty, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit.

Risks Related to Our Stock

A few of our stockholders have significant control over our voting stock which may make it difficult to complete some corporate transactions without their support and may prevent a change in control.

As of September 30, 2007, John M. Thornton, who is our Chairman of the Board and his spouse, Director Sally B. Thornton, beneficially owned 2,844,959 shares of common stock including stock options or approximately 17% of our outstanding common stock. Our directors and executive officers as a whole, own approximately 16% of our outstanding common stock, or approximately 27% including outstanding options (vested and unvested) to acquire common stock. John H. Harland Company (“John Harland”) has 2,142,856 shares of common stock or approximately 13% of our outstanding common stock. John Harland also holds 321,428 warrants which may be exercised to acquire 321,428 shares of common stock, thereby increasing the number of shares of common stock held by John Harland to 2,464,284 shares or approximately 15% of our outstanding common stock. Laurus Funds may acquire up to 1,060,000 shares of common stock upon exercise of its warrant or approximately 6% of the outstanding common stock.

The above-described significant stockholders may have considerable influence over the outcome of all matters submitted to our stockholders for approval, including the election of directors. In addition, this ownership could discourage the acquisition of our common stock by potential investors and could have an anti-takeover effect, possibly depressing the trading price of our common stock.

Our common stock is listed on the Over-The-Counter Bulletin Board.

Our common stock is currently listed on the Over-The-Counter Bulletin Board (the “OTCBB”). If our common stock became ineligible to be listed on the OTCBB, it would likely continue to be listed on the "pink sheets." Securities traded on the OTCBB or the "pink sheets" are subject to certain securities regulations. These regulations may limit, in certain circumstances, certain trading activities in our common stock, which could reduce the volume of trading in our common stock or the market price of our common stock. The OTC market and the "pink sheets" also typically exhibit extreme price and volume fluctuations. These broad market factors may materially adversely affect the market price of our common stock, regardless of our actual operating performance. In the past, individual companies whose securities have exhibited periods of volatility in their market price have had securities class action litigation instituted against that company. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

We may issue preferred stock, which could adversely affect the rights of common stock holders.

The Board of Directors is authorized to issue up to 1,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. We have no current plans to issue shares of preferred stock. In addition, Section 203 of the Delaware General Corporation Law restricts certain business combinations with any "interested stockholder" as defined by such statute. The statute may have the effect of delaying, deferring or preventing a change in our control.

Our common stock price has been volatile. You may not be able to sell your shares of our common stock for an amount equal to or greater than the price at which you acquire your shares of common stock.

The market price of our common stock has been, and is likely to continue to be, highly volatile. Future announcements concerning us or our competitors, quarterly variations in operating results, announcements of technological innovations, the introduction of new products or changes in the product pricing policies of Mitek or its competitors, claims of infringement of proprietary rights or other litigation, changes in earnings estimates by analysts or other factors could cause the market price of our common stock to fluctuate substantially. In addition, the stock market has from time-to-time experienced significant price and volume fluctuations that have particularly affected the market prices for the common stocks of technology companies and that have often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our common stock. During the fiscal year ended September 30, 2007, our common stock price ranged from $0.49 to $1.55.

Applicable SEC Rules governing the trading of “penny stocks” limit the trading and liquidity of our common stock which may adversely affect the trading price of our common stock.

Our common stock currently trades on the OTC Bulletin Board. Since our common stock continues to trade below $5.00 per share, our common stock is considered a “penny stock” and is subject to SEC rules and regulations that impose limitations upon the manner in which our shares can be publicly traded. These regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure document explaining the penny stock market and the associated risks. Under these regulations, brokers who recommend penny stocks to persons other than established customers or certain accredited investors must make a special written suitability determination for the purchaser and receive the purchaser’s written agreement to a transaction prior to sale. These regulations have the effect of limiting the trading activity of our common stock and reducing the liquidity of an investment in our common stock.

We do not intend to pay dividends in the foreseeable future.

We have never declared or paid a dividend on our common stock. We intend to retain earnings, if any, for use in the operation and expansion of our business and, therefore, do not anticipate paying any dividends in the foreseeable future.

ITEM 7. FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Mitek Systems, Inc.

We have audited the accompanying balance sheet of Mitek Systems, Inc. as of September 30, 2007, and the related statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitek Systems, Inc. as of September 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/Mayer Hoffman McCann P.C.
San Diego, California
December 11, 2007

Report of Independent Registered Public Accounting Firm

Board of Directors Mitek Systems, Inc.
San Diego, California

We have audited the accompanying statements of operations, stockholders' equity and cash flows of Mitek Systems, Inc. (the "Company") for the year ended September 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and their cash flows for year ended September 30, 2006 in conformity with accounting principles generally accepted in the United States.

/s/ Stonefield Josephson, Inc.
Los Angeles, California
December 19, 2006

MITEK SYSTEMS, INC.
BALANCE SHEET
September 30, 2007

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	2,096,282
Accounts receivable including related party of $203,462-net of allowance for doubtful accounts of $18,977		542,009
Inventory, prepaid expenses and other current assets		99,476
Total current assets		2,737,767
PROPERTY AND EQUIPMENT - net		77,827
OTHER ASSETS		29,465
TOTAL ASSETS	$	2,845,059
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$	120,519
Accrued payroll and related taxes		249,036
Deferred revenue		541,010
Other accrued liabilities		31,510
Total current liabilities		942,075
Deferred rent		44,596
TOTAL LIABILITIES		986,671
COMMITMENTS AND CONTINGENCIES (Note 4)		
STOCKHOLDERS' EQUITY:		
Preferred Stock, Par $0.001, 1,000,000 shares authorized, none issued and outstanding		
Common stock - $.001 par value; 40,000,000 shares authorized, 16,751,137 issued and outstanding		16,751
Additional paid-in capital		14,582,894
Accumulated deficit		(12,741,257)
Total stockholders' equity		1,858,388
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,845,059

The accompanying notes form an integral part of these financial statements.

MITEK SYSTEMS, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

	2007	2006
NET SALES		
Software, including approximately $268,000 in 2007 and approximately $83,000 in 2006 to a related party	$ 3,158,229	$ 3,029,597
Professional Services, education and other, including approximately $731,000 in 2007 and $1,330,000 in 2006 to a related party	2,411,711	2,991,509
	5,569,940	6,021,106
COSTS AND EXPENSES:		
Cost of Sales-Software	380,792	276,971
Cost of Sales-Professional Services, education and other	252,916	970,575
Operations	87,656	83,017
Selling and marketing	1,172,689	1,306,157
Research and development	1,901,215	1,348,721
General and administrative	2,162,110	2,354,274
Total costs and expenses	5,957,378	6,339,715
OPERATING LOSS	(387,438)	(318,609)
OTHER INCOME (EXPENSE):		
Interest expense	(9,556)	(465,753)
Interest and other income	13,996	67,836
Total other income (expense)	4,440	(397,917)
LOSS BEFORE TAXES	(382,998)	(716,526)
PROVISION FOR TAXES	800	800
NET LOSS	$ (383,798)	$ (717,326)
NET LOSS PER SHARE - BASIC AND DILUTED	$ (0.02)	$ (0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	16,750,592	15,905,157

The accompanying notes form an integral part of these financial statements.

MITEK SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
OPERATING ACTIVITIES		
Net loss	$ (383,798)	$ (717,326)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation expense	221,221	-
Provision (recoveries) for bad debts	(50,654)	21,000
Depreciation and amortization	39,343	51,815
Amortization of debt discount	-	418,085
Provision for sales returns & allowances	-	(85,068)
Gain on disposal of property and equipment	-	(2,551)
Changes in assets and liabilities:		
Accounts receivable	587,221	(326,366)
Inventory, prepaid expenses, and other assets	121,701	60,276
Accounts payable	(614,188)	527,771
Accrued payroll and related taxes	(31,364)	(70,705)
Deferred revenue	(116,495)	229,998
Other accrued liabilities	583	(184,346)
Deferred rent	20,706	23,890
Net cash used in operating activities	(205,724)	(53,527)
INVESTING ACTIVITIES		
Purchases of property and equipment	(34,685)	(54,319)
Proceeds from sale of property and equipment	1,044	4,150
Net cash used in investing activities	(33,641)	(50,169)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	4,636	47,503
Net cash provided by financing activities	4,636	47,503
NET DECREASE IN CASH AND CASH EQUIVALENTS	(234,729)	(56,193)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,331,011	2,387,204
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,096,282	$ 2,331,011
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 9,556	$ 47,668
Cash paid for income taxes	$ 800	$ 700
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES		
Conversion of debt to equity	$ -	$ 1,639,318

The accompanying notes form an integral part of these financial statements.

MITEK SYSTEMS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders Equity
Balance, September 30, 2005	14,332,337	$ 14,332	$ 12,672,635	$ (11,640,133)	1,046,834
Exercise of stock options	71,389	71	47,432		47,503
Common stock issued in exchange for convertible debt	2,341,883	2,343	1,636,975		1,639,318
Net loss				(717,326)	(717,326)
Balance, September 30, 2006	16,745,609	$ 16,746	$ 14,357,042	$ (12,357,459)	$ 2,016,329
Exercise of stock options	5,528	5	4,631		4,636
Stock-based compensation expense	0	0	221,221		221,221
Net loss				(383,798)	(383,798)
Balance, September 30, 2007	16,751,137	$ 16,751	$ 14,582,894	$ (12,741,257)	$ 1,858,388

The accompanying notes form an integral part of these financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Mitek Systems, Inc. (the "Company") is a developer and marketer of pattern recognition products which enable the automation of costly labor intensive business functions such as check and remittance processing, forms processing, order entry and fraud detection. Our proprietary software algorithms allow process images of scanned documents in many ways, including image “cleanup” and repair, image quality analysis, document identification, and the extraction of hand-printed as well as machine-printed text.

During the years ended September 30, 2007 and 2006, the Company has incurred losses of $383,798 and $717,326, respectively. Cash used for operations increased from $53,527 in 2006 to $205,724 in 2007. The Company has a cash balance of approximately $2.1 million as of September 30, 2007. Management believes that the current cash balance and cash expected to be generated from operations for the next twelve months will be adequate to satisfy its working capital needs for the next twelve months. Should additional losses occur, the Company may need to raise significant additional funds to continue its activities. In the absence of positive cash flows from operations, the Company may be dependent on its ability to secure additional funding through the issuance of debt or equity instruments. If adequate funds are not available, the Company may be forced to significantly curtail its operations or to obtain funds through entering into additional collaborative agreements or other arrangements that may be on unfavorable terms. The Company's failure to raise sufficient additional funds on favorable terms, or at all, would have a material adverse effect on its business, results of operations and financial position.

Basis of Accounting - The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples include estimates of loss contingencies and product life cycles, and assumptions such as the elements comprising a software arrangement, including the distinction between upgrades/enhancements and new products; and when technological feasibility is achieved for our products. The Balance Sheet items that are significantly impacted by estimates include the contingencies related to the collectability of accounts receivable, the useful lives of fixed assets and the associated depreciation expense thereupon, and the valuation of tax losses and credits. In addition, we use assumptions to estimate the fair value of stock-based compensation. Actual results may differ from management’s estimates and assumptions.

Fair Value of Financial Instruments - The carrying amount of cash, cash equivalents, accounts receivable, accounts payable, and accrued liabilities are considered representative of their respective fair values because of the short-term nature of those instruments.

Revenue Recognition - Revenue from sales of software licenses sold through direct and indirect channels, which do not contain multiple elements, are recognized upon shipment of the related product, if the requirements of Statement of Position ("SOP") 97-2, as amended, are met. If the requirements of SOP 97-2, including evidence of an arrangement, delivery, fixed or determinable fee, collectability or vendor specific evidence about the fair value of an element are not met at the date of shipment, revenue is not recognized until such elements are known or resolved. Customer support services, or maintenance revenues, include post-contract support and the rights to unspecified upgrades and enhancements. Vendor specific objective evidence (“VSOE”) of fair value for customer support is determined by reference to the price the company’s customer’s pay for such element when sold separately; that is, the renewal rates offered to customers. Revenue from post-contract customer support is recognized ratably over the term of the contract. Revenue from professional services is recognized when such services are delivered and accepted by the customer. When a software sales arrangement requires professional services related to significant production, modification or customization of software, or when a customer considers our professional services essential to the functionality of the software product, we follow the guidance in Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. In these arrangements, revenue is recognized based on predetermined milestone objectives required to complete the project, under the guidance of SOP 81-1. Any expected losses on contracts in progress are recorded in the period in which the losses become probable and reasonably estimable.

Deferred Revenue - Deferred revenue represents customer billings, paid either upfront or annually at the beginning of each billing period, which are accounted for as subscriptions with revenue recognized ratably over the billing coverage period. For certain other licensing arrangements revenue attributable to undelivered elements, including post contract customer support which typically includes telephone support and the right to receive unspecified upgrades/enhancements on our software on a when-and-if-available basis, is based upon the sales price of those elements when sold separately and is recognized ratably on a straight-line basis over the term of the agreement

Stock-Based Compensation - On October 1, 2006, Mitek adopted SFAS 123R, *Share-Based Payment*, which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values. SFAS 123R supersedes Mitek’s previous accounting under Accounting Principles Board Opinion (“APB”) 25, *Accounting for Stock Issued to Employees* and SFAS 123, *Accounting for Stock-Based Compensation*. In March 2005, the SEC issued SAB 107 relating to SFAS 123R. Mitek has applied the provisions of SAB 107 in its adoption of SFAS 123R. See Note 3-Accounting for Stock-Based Compensation for additional information regarding Mitek’s share-based compensation plans and the impact of adopting SFAS 123R.

Advertising expense - Advertising costs are expensed as incurred and totaled approximately $14,000 and $24,000 during the years ended September 30, 2007, and 2006, respectively.

Cash and Cash Equivalents - Cash equivalents are defined as highly liquid financial instruments with original maturities of three months or less. A substantial portion of our cash is deposited with one financial institution. We monitor the financial condition of the financial institution and we do not believe that the deposit is subject to a significant degree of risk. However, the bank has FDIC insurance of up to $100,000, and any financial problems with the bank may impact the company.

Allowance for Doubtful Accounts - The allowance for doubtful accounts reflects our best estimate for probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience, and other currently available evidence.

Inventories - Inventories consisting of finished goods are recorded at the lower of cost or market.

Property and equipment - Property and Equipment are carried at cost. Following is a summary of property and equipment as of September 30, 2007.

Property and equipment - at cost:		
Equipment	$	621,350
Furniture and fixtures		132,015
Leasehold improvements		49,299
	$	802,664
Less: accumulated depreciation and amortization		(724,837)
Total	$	77,827

Depreciation and amortization of property and equipment are provided using the straight-line method over estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of the life of the lease or 7 years. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized. We have not capitalized any renewals and betterments in fiscal 2007. Total repairs and maintenance expenses for the year ended September 30, 2007 amounted to approximately $39,000. Depreciation and amortization of property and equipment totaled approximately $39,000 and $52,000 for the years ended September 30, 2007 and 2006, respectively.

Long-Lived Assets - We periodically evaluate the carrying value of long-lived assets including license agreements and other intangible assets when events and circumstances indicate that these assets may be impaired or whether any revision to the related amortization periods should be made. This evaluation is based on management’s projections of the undiscounted future cash flows associated with each product or asset. If management’s evaluation were to indicate that the carrying values of these intangible assets were impaired, the impairment to be recognized is measured by the amount the carrying amount of the assets exceeds the fair value of the assets. We did not record any impairment for the years ended September 30, 2007 and 2006.

Research and Development - Research and development costs are expensed in the period incurred.

Capitalized Software Development Costs - The company accounts for software development costs intended for sale in accordance with SFAS No. 86, *Accounting for Costs of Computer Software to be Sold, Leased, or Otherwise Marketed* (“SFAS 86”). SFAS 86 requires product development costs to be charged to expense as incurred until technological feasibility is attained and all other research and development activities for the hardware components of the product have been completed. Technological feasibility is attained when the Company has completed the planning, design and testing phase of development and the product has been determined viable for its intended use, which typically occurs when beta testing commences. The time between the attainment of technological feasibility and the completion of software development has historically been relatively short with immaterial amounts of development costs incurred during this period. Accordingly, the Company has not capitalized any software development costs during the periods presented.

Income Taxes - The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

Management evaluates the available evidence about future taxable income and other possible sources of realization of deferred tax assets. The valuation allowance reduces deferred tax assets to an amount that represents management's best estimate of the amount of such deferred tax assets that more likely than not will be realized. - see Note 3.

Net Income (Loss) Per Share - We calculate net income (loss) per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, *Earnings per Share*. Basic net income (loss) per share is based on the weighted average number of common shares outstanding during the period. Diluted net income per share also gives effect to all potential dilutive common shares outstanding during the period, such as convertible debt, options and warrants, if dilutive. Outstanding stock options for fiscal 2007 and 2006 of 2,510,879 and 2,616,246 respectively, were excluded from this calculation, as they would have been antidilutive. In addition, 1,060,000 Laurus warrants and 321,428 Harland warrants were excluded from this calculation in fiscal 2007 and fiscal 2006, as they would reduce net loss per share.

Segment Reporting - SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*, results in the use of a management approach in identifying segments of an enterprise. Management has determined that we operate in only one segment.

Comprehensive Income (Loss) - There are no differences between net income and comprehensive income and, accordingly, no amounts have been reflected in the accompanying financial statements and a statement of comprehensive loss is not presented.

Recent Accounting Pronouncements

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155 ("SFAS 155"), *Accounting for Certain Hybrid Financial Instruments* which amends Statement of Financial Accounting Standards No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities* and Statement of Financial Accounting Standards No. 140 ("SFAS 140"), *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. SFAS 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal years beginning after September 15, 2006. Earlier adoption is permitted, provided the Company has not yet issued financial statements, including for interim periods, for that fiscal year. Since the Company has no derivative instruments or hedging activities, we do not expect the adoption of SFAS 155 to have a material impact on our financial position, results of operations or cash flows.

In July 2006, the FASB issued FASB Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements for uncertain tax positions. The accounting provisions of FIN 48 are effective for reporting periods beginning after December 15, 2006. The Company is currently assessing the impact of the adoption of FIN 48 and its impact on our financial position, results of operations, or cash flows.

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements* (“SFAS 157”). SFAS 157 provides a new single authoritative definition of fair value and provides enhanced guidance for measuring the fair value of assets and liabilities and requires additional disclosures related to the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 is effective for us as of January 28, 2008. We are currently assessing the impact, if any, of SFAS 157 on our financial position, results of operation, or cash flows.

In September 2006, the SEC released Staff Accounting Bulletin No. 108 *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements* (“SAB 108”). SAB 108 provides interpretative guidance on how public companies quantify financial statement misstatements. There have been two common approaches used to quantify such errors. Under an income statement approach, the “roll-over” method, the error is quantified as the amount by which the current year income statement is misstated. Alternatively, under a balance sheet approach, the “iron curtain” method, the error is quantified as the cumulative amount by which the current year balance sheet is misstated. In SAB 108, the SEC established an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the company’s financial statements and the related financial statement disclosures. This model is commonly referred to as a “dual approach” because it requires quantification of errors under both the roll-over and iron curtain methods. SAB 108 is effective for us as of January 1, 2007. The adoption of SAB 108 is not expected to have a material impact on our financial position, results of operations, or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of SFAS No. 115*, which allows measurement at fair value of eligible financial assets and liabilities that are not otherwise measured at fair value. If the fair value option for an eligible item is elected, unrealized gains and losses for that item shall be reported in current earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements designed to draw comparison between the different measurement attributes the company elects for similar types of assets and liabilities. This statement is effective for fiscal years beginning after November 15, 2007. We are in the process of evaluating the application of the fair value option and its effect on our results of operations or financial condition.

NOTE 2 - INVENTORIES, PREPAID EXPENSES AND OTHER CURRENT ASSETS

Inventories, prepaid expenses and other current assets consisted of the following at September 30, 2007:

Inventories	$	2,376
Prepaid insurance		37,196
Deposits and prepaid rent		22,762
Prepaid expenses		37,142
Total	$	99,476

NOTE 3 - ACCOUNTING FOR STOCK BASED COMPENSATION

Adoption of SFAS 123 (R)

On October 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, ("SFAS 123(R)") which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires an entity to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant-date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25) for periods beginning in fiscal 2007. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 (SAB 107) relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method. In accordance with the modified prospective transition method, the Company's Financial Statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R).

Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123). Under the intrinsic value method, no stock-based compensation expense had been recognized in the Company's Statement of Operations, other than as related to option grants to employees and consultants below the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company's Statement of Operations for the twelve month period ended September 30, 2007 included compensation expense for share-based payment awards granted prior to, but not yet vested as of September 30, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to September 30, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). As stock-based compensation expense recognized in the Statement of Operations for the twelve months of fiscal 2007 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The estimated average forfeiture rates for the twelve months ended September 30, 2007 of approximately 12% for grants to all employees were based on historical forfeiture experience. The estimated expected remaining contractual life of stock option grants for the twelve month period ended September 30, 2007 was 1.3 years on grants to directors and 7.2 years on grants to employees. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2007, the Company accounted for forfeitures as they occurred.

SFAS 123R requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. Due to the Company's valuation allowance from losses in the previous years, there were no such tax benefits during the twelve month period ended September 30, 2007. Prior to the adoption of SFAS 123(R) those benefits would have been reported as operating cash flows had the Company received any tax benefits related to stock option exercises.

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model. The Black-Scholes model requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S Treasury rate that corresponds to the expected life of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods.

Valuation and Expense Information under SFAS 123(R)

The value of stock-based compensation is based on the single option valuation approach under SFAS 123R. It is assumed no dividends will be declared. The estimated fair value of stock-based compensation awards to employees is amortized using the straight-line method over the vesting period of the options. The fair value calculations for stock-based compensation awards to employees for the twelve month period ended September 30, 2007 were based on the following assumptions:

	Twelve Months Ended September 30, 2007
Risk-free interest rate	4.49% - 4.71%
Expected life (years)	4.5 - 6.1
Expected volatility	90%
Expected dividends	None

The following table summarizes stock-based compensation expense related to stock options under SFAS 123(R) for the twelve month period ended September 30, 2007 which was allocated as follows:

	Twelve Months Ended September 30, 2007
Research and development	$ 21,517
Sales and marketing	49,864
General and administrative	149,840
Stock-based compensation expense related to employee stock options included in operating expenses	$ 221,221

The following table summarizes vested and unvested options, fair value per share, weighted average remaining term and aggregate intrinsic value:

September 30, 2007	*Number of Shares*	*Weighted Average Grant Date Fair Value Per Share*	*Weighted Average Remaining contractual life (in Years)*	*Aggregate Intrinsic Value*
Vested	2,167,235	0.65	6.03	23,315
Unvested	343,644	0.48	8.62	1,214
Total	2,510,879	0.65	6.39	24,529

As of September 30, 2007, the company had $151,706 of unrecognized compensation expense expected to be recognized over a weighted average period of approximately 1.81 years. During the twelve month period ended September 30, 2007, 5,528 options with intrinsic value of $3,380 were exercised.

Pro Forma Information Under SFAS 123 for Periods Prior to Fiscal 2007

Prior to fiscal 2007, the weighted-average fair value of stock-based compensation to employees was based on the single option valuation approach.

The following table illustrates the effect on net loss and net loss per share at our fiscal year ended September 30, 2006 if we had applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation.

	Year Ended September 30, 2006
Net loss, as reported	($717,000)
Add: Stock-based employee compensation expense included in reported net loss net of related tax effects	-
Deduct: Total stock-based employee compensation expense determined under the fair value method, net of related tax effects	(406,000)
Pro Forma net loss	($1,123,000)
Net loss per share - basic and diluted, as reported	$ (.05)
Pro Forma net loss per share - basic and diluted	$ (.07)

NOTE 4 - INCOME TAXES

For the years ended September 30, 2007 and 2006 the provision for income taxes were as follows:

	2007	2006
Federal - Current	$ 0	$ 0
State - Current	$ 800	$ 800
Total	$ 800	$ 800

Under SFAS No. 109, deferred income tax liabilities and assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of our net deferred tax liabilities and assets as of September 30, 2007 and 2006 are as follows:

	2007	2006
Deferred tax assets (liabilities):		
Reserves not currently deductible	$ 8,000	$ 28,000
Book depreciation and amortization in excess of tax	25,000	30,000
Stock based compensation	88,000	-
Research credit carryforwards	51,000	551,000
AMT credit carryforward	69,000	69,000
Net operating loss carryforwards	5,175,000	4,763,000
Capitalized research and development costs	535,000	832,000
Uniform capitalization	1,000	2,000
Other	302,000	356,000
Total deferred tax assets	6,254,000	6,631,000
Valuation allowance for net deferred tax assets	(6,254,000)	(6,631,000)
Total	$ -	$ -

We have provided a valuation allowance against deferred tax assets recorded as of September 30, 2007 and 2006 due to uncertainties regarding the realization of such assets.

The research credit and net operating loss carryforwards expire during the years 2007 to 2025. The federal and California net operating loss carryforwards at September 30, 2007 are approximately $14,201,000 and $7,457,000, respectively.

The differences between the provision for income taxes and income taxes computed using the U.S. federal income tax rate were as follows for the years ended September 30:

	2007	2006
Amount computed using statutory rate	$ (132,000)	$ (260,000)
Net change in valuation allowance for net deferred tax assets	(377,000)	300,000
Non-deductible items	3,000	8,000
Expired credit	529,000	
State income taxes	(22,200)	(47,200)
Provision for income taxes	$ 800	$ 800

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Legal Matters - We are not aware of any legal proceedings or claims that Management believes may have, individually or in the aggregate, a material adverse effect on the business, financial condition, operating results, cash flow or liquidity.

Employee 401(k) Plan - We have a 401(k) plan that allows participating employees to contribute up to 15% of their salary, subject to annual limits. The Board may, at its sole discretion, approve Mitek's contributions. During fiscal 2007 and 2006, the Board elected not to make any contributions to the plan.

Termination of Merger Agreement - On July 14, 2006, the Company announced that it had entered into an agreement to acquire substantially all of the assets and liabilities of Parascript LLC ("Parascript"), a Wyoming limited liability company. On January 23, 2007, Mitek notified Parascript that it was terminating the merger agreement. In connection with the merger, Mitek had accrued, but not yet paid, approximately $700,000 of fees and costs which were expensed as incurred. As a result of the termination of the merger agreement, Mitek was subject to additional merger related expenses of up to approximately $1,300,000. During the quarter ended March 31 and June 30, 2007, we conducted discussions with the service providers who had provided merger related services regarding the total amounts owed by Mitek inclusive of the approximate $1,300,000 of potential liabilities. During the quarter ended March 31, 2007, we settled all outstanding merger related expenses with the exception of an estimated $250,000 for remaining potential liabilities which was accrued in the quarter ended March 31, 2007. We settled the remaining potential liabilities related to the merger for approximately $250,000 during the quarter ended June 30, 2007. All accrued liabilities to various vendors who provided merger related services have been paid during the quarter ended March 31, 2007 and in the quarter ended June 30, 2007. There are no merger related obligations as of September 30, 2007.

Leases - Our office is leased under a non-cancelable operating lease. The lease costs are expensed on a straight-line basis over the lease term. In September 2005, we signed a seven year lease for a property located at 8911 Balboa Avenue, San Diego, California and moved in early December of 2005. The initial term of the Lease is seven years. The Lease will be terminable by the Company after the calendar month which is forty-eight (48) full calendar months after the Commencement Date; however, termination will require certain penalties to be paid equal to two months of base rent and all unamortized improvements and commissions. As of the date of this financial statement, the Company does not have any intent to terminate this office lease

Future annual minimum rental payments payable by us under non-cancelable leases are as follows:

	Operating Leases
Year Ending September 30:	
2008	313,762
2009	323,318
2010	332,874
2011	342,430
2012	351,986
Thereafter	58,930
Total	$ 1,723,300

Rent expense for operating leases for the years ended September 30, 2007 and 2006 totaled $326,304 and $337,639, respectively.

NOTE 6 - ISSUANCE OF CONVERTIBLE DEBT

On June 11, 2004, we secured a financing arrangement with Laurus Master Fund (“Laurus”). The financing consists of a $3 million Secured Note that bears interest at the rate of prime (as published in the Wall Street Journal), plus one percent and has a term of three years (matures June 11, 2007).

As noted below, on June 2, 2006, Laurus converted the remaining Secured Note balance to Common Stock, leaving no principal balance due. The Secured Note was convertible into shares of our common stock at an initial fixed price of $0.70 per share, a premium to the 10-day average closing share price as of June 11, 2004. The Secured Note was not convertible until the sooner of (a) time the shares underlying the debt was registered with the SEC and declared effective or (b) shares were available for trading under the provisions of Rule 144.The conversion price of the Secured Note was subject to adjustment upon the occurrence of certain events, such as anti-dilution provisions, all of which were within the control of the company. A registration rights agreement was executed requiring us to register the shares of our common stock underlying the Secured Note and warrants so as to permit the public resale thereof. Liquidated damages of 2% of the Secured Note balance per month would accrue if stipulated deadlines were not met. Prior to the end of fiscal 2004, we incurred a penalty of $208,000 to Laurus Funds for failing to register the securities underlying the Secured Notes and Warrants. On October 4, 2004, the Company settled this penalty with Laurus Master Fund, LLC by agreeing to issue an additional warrant for the purchase of 200,000 shares at a price of $0.70 per share. The value of this additional warrant was calculated by us to be $73,159, using a Black-Scholes option pricing model. We incurred additional liquidated damages, payable in cash, in the amount of $215,000 for the period January 1, 2005 to May 13, 2005. The registration became effective on May 13, 2005.

In conjunction with raising capital through the issuance of convertible debt, the Company has issued various warrants that have registration rights for the underlying shares. As the contracts required the company to register the shares underlying the warrants and which contained liquidating damages, which is not within the control of the Company by September 10, 2004, pursuant to EITF 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock”, the value of the warrants at the date of issuance was recorded as a warrant liability on the balance sheet ($367,887) and the change in fair value from the date of issuance to September 30, 2004 and the applicable period in 2005 has been included in other (expense) income.

In connection with the financing, Laurus was also issued warrants to purchase up to 860,000 shares of our common stock. The warrants are exercisable as follows: 230,000 shares at $0.79 per share; 230,000 shares at $0.85 per share and the balance at $0.92 per share. The gross proceeds of the convertible debt were allocated among the debt instrument and the warrants. Then we computed the beneficial conversion feature embedded in the debt instrument using the effective conversion price in accordance with EITF 98-5 and 00-27. We have recorded a debt discount of (i) $367,887 for the valuation of the 860,000 warrants issued with the note (computed using a Black-Scholes model with an interest rate of 2.53%, volatility of 81%, zero dividends and expected term of three years); (ii) $522,384 for a beneficial conversion feature inherent in the Secured Note and (iii) $151,000 for debt issue costs paid to affiliates of the lender, for a total discount of $1,041,271. The $1,041,271 is being amortized over the term of the Secured Note. Cumulative amortization of the debt discounts through June 30, 2006 was $1,041,271. The amortization of above mentioned expenses were approximately $418,000 in fiscal 2006 and approximately $527,000 in fiscal 2005. The effective annual interest rate of this Convertible Debt, after considering the total debt issue costs (discussed below), was approximately 36%.

On June 11, 2004, to secure the payment of all obligations, we entered into a Master Security Agreement which assigned and granted to Laurus a continuing security interest in all of the following property now owned or at any time upon execution of the agreement, acquired by us or subsidiaries, or in which any assignor now have or at any time in the future may acquire any right, title or interest: all cash, cash equivalents, accounts, deposit accounts, inventory, equipment, goods, documents, instruments (including, without limitation, promissory notes), contract rights, general tangibles, chattel paper, supporting obligations, investment property, letter-of-credit rights, trademarks, trademark applications, patents, patent applications, copyrights, copyright applications, trade styles and any other intellectual property, in each case, in which any Assignor now has or may acquire, any right, title or interest, all proceeds and products thereof (including, without limitation, proceeds of insurance) and all additions, accessions and substitutions. In the event any Assignor wishes to finance an acquisition in the ordinary course of business of any hereafter-acquired equipment and have obtained a commitment from a financing source to finance such equipment from an unrelated third party, Laurus agreed to release its security interest on such hereafter-acquired equipment so financed by such third party financing source.

The Secured Note stipulated that it was to be repaid using cash payment along with an equity conversion option; the details of both methods for repayment are as follows: The cash repayments stipulated that beginning on December 1, 2004, or the first amortization date, we would make monthly payments to Laurus on each repayment date until the maturity date, each in the amount of $90,909, together with any accrued and unpaid interest to date. The conversion repayment stated that each month by the fifth business day prior to each amortization date, Laurus would deliver to us a written notice converting the monthly amount payable on the next repayment date in either cash or shares of common stock, or a combination of both. If a repayment notice was not delivered by Laurus on or before the applicable notice date for such repayment date, then we would pay the monthly amount due in cash. Any portion of the monthly amount paid in cash would be paid to Laurus in an amount equal to 102% of the principal portion of the monthly amount due. If Laurus converted all or a portion of the monthly amount in shares of our common stock, the number of such shares to be issued by us would be the number determined by dividing the portion of the monthly amount to be paid in shares of common stock, by the applicable fixed conversion price.

At various time during fiscal 2006 through June 2, 2006, Laurus exercised its right to convert the outstanding principal balance of the note to common stock at the conversion price of $0.70 per share, leaving no principal balance due. We have therefore expensed all unamortized deferred financing costs associated with this debt as of June 2, 2006. In fiscal 2006, we issued 2,341,883 shares of common stock to Laurus upon conversion of $1,639,318 of debt to equity. In fiscal 2005, we issued 800,000 shares of common stock to Laurus upon conversion of $560,000 of debt to equity. Interest expense, including expensing of unamortized financing costs and amortization of financing costs, paid to Laurus during fiscal 2006 amounted to approximately $466,000.

NOTE 7 - RELATED PARTY TRANSACTIONS

John H. Harland Company made an investment in Mitek in February and May 2005, which is discussed in detail in Note 8 under Stockholders' Equity in our 10-KSB for our fiscal year 2006. John Harland acquired a total of 2,142,856 shares of unregistered common stock for an aggregate purchase price of $1,500,000 or $0.70 per share. As part of the acquisition of shares, John Harland received warrants to purchase 321,428 additional shares of common stock at $0.70 per share. This transaction resulted in John H. Harland Company and its subsidiary, Harland Financial Services, (collectively "John Harland") being considered related parties. John Harland is not involved in the management decisions of the Company and does not participate in any board meetings, unless invited.

In fiscal 2007, we realized revenue of approximately $680,000 with John H. Harland Company for engineering development services and for maintenance covering engineering development services. In addition, we realized revenue of approximately $197,000 in software license and software maintenance. At September 30, 2007 there was a balance due from John H. Harland Company of approximately $180,000. This balance was paid subsequent to September 30, 2007. In fiscal 2006, we realized revenue of approximately $1,100,000 with John H. Harland Company for engineering development services. We will not realize engineering development services revenue and related maintenance revenue from John H. Harland in the future. John H. Harland has terminated its agreement for engineering services and related maintenance revenue in the fourth quarter of fiscal 2007. The loss of revenue from John H. Harland may have an adverse impact on our revenue in the coming year.

In fiscal 2007, we realized revenue of approximately $122,000 with Harland Financial Solutions, a subsidiary of John Harland, for software license purchases and for software maintenance. At September 30, 2007 there was a balance due from Harland Financial Solutions of approximately $22,000. This balance was paid subsequent to September 30, 2007. In fiscal 2006, we realized revenue with Harland Financial Solutions for software license purchases and software maintenance for approximately $100,000.

NOTE 8 - STOCKHOLDERS' EQUITY

Shares Issued For Conversion Of Debt To Equity

In fiscal 2006, we issued 2,341,883 shares of common stock to Laurus upon conversion of $1,639,318 in principal to equity. No shares were issued in fiscal 2007.

Stock Options

We have stock option plans for executives and key individuals who make significant contributions to Mitek. The option price to those persons owning more than 10% of the total combined voting power of the Corporation's stock shall not be less than 110% of the fair market value of the stock as determined on the date of the grant of the options.

The 1996 plan provides for the purchase of up to 2,000,000 shares of common stock through incentive and non-qualified options. Options are granted with an exercise price equal to the fair market value of our stock at the grant date and for a term of not more than ten years. Employees owning in excess of 10% of the outstanding stock are included in the plan on the same terms except that the options must be granted for a term of not more than five years. All the options available under the 1996 plan were granted prior to March of 1999 and no additional options will be granted under this plan.

The 1999 plan provides for the purchase of up to 1,000,000 shares of common stock through incentive and non-qualified options. Incentive stock options are granted with an exercise price equal to the fair market value of our stock at the grant date and for a term of not more than ten years. Non-qualified stock options may be granted with an exercise price not less than 85% of fair market value of our stock at the grant date, and for a term of not more than five years. To date, we have elected to grant non-qualified stock option grants under the 1999 plan with a three year term.

The 2000 plan provides for the purchase of up to 1,000,000 shares of common stock through incentive and non-qualified options. Incentive options must be granted with an exercise price equal to the fair market value of our stock at the grant date and for a term of not more than ten years. Non-qualified stock options may be granted with an exercise price of not less than 85% of fair market value of our stock at the grant date, and for a term of not more than five years. To date, we have elected to grant non-qualified stock option grants under the 2000 plan with a three year term.

The 2002 plan provides for the purchase of up to 1,000,000 shares of common stock through incentive and non-qualified options. Incentive options must be granted with an exercise price equal to the fair market value of our stock at the grant date and for a term of not more than ten years. Non-qualified stock options may be granted with an exercise price of not less than 85% of fair market value of our stock at the grant date, and for a term of not more than five years. To date, we have elected to grant non-qualified stock option grants under the 2002 plan with a three year term.

The 2006 plan provides for the purchase of up to 1,000,000 shares of common stock through incentive and non-qualified options. Incentive options must be granted with an exercise price equal to the fair market value of our stock at the grant date and for a term of not more than ten years. Non-qualified stock options may be granted with an exercise price of not less than 85% of fair market value of our stock at the grant date, and for a term of not more than five years. To date, we have elected to grant non-qualified stock option grants under the 2006 plan with a three year term.

Information concerning stock options granted by Mitek under all plans for the years ended September 30, 2007 and 2006 is as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)
Balance, September 30, 2005	2,006,719	$ 1.06	
Granted:			
Board of Directors	175,000	$ .85	
Executive Officers	525,000	$ .95	
Employees	347,000	$ .84	
Exercised	(71,389)	$ 1.04	
Cancelled	(366,084)	$ 2.46	
Balance, September 30, 2006	2,616,246	$ 1.01	
Granted:			
Board of Directors	90,000	$ .74	
Executive Officers	-	-	
Employees	230,000	$ .72	
Exercised	(5,528)	$ .84	
Cancelled	(419,839)	$ 1.08	
Balance, September 30, 2007	2,510,879	$ .96	6.39

The following table summarizes information about stock options outstanding on September 30, 2007:

Range of Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price of Exercisable Options	Number Unvested
$ 0.43- - $ 0.69	515,111	6.35	$ 0.51	490,833	$ 0.51	24,278
$ 0.70- - $ 0.92	1,038,722	6.29	$ 0.79	719,356	$ 0.80	319,366
$ 1.06- - $ 1.68	865,000	6.82	$ 1.13	865,000	$ 1.13	-
$ 2.13- - $ 2.68	60,525	4.29	$ 2.32	60,525	$ 2.32	-
$ 3.25- - $12.37	31,521	2.53	$ 6.81	31,521	$ 6.81	-
	2,510,879	6.39	$ .96	2,167,235	$ 1.00	343,644

NOTE 9 - PRODUCT REVENUES AND SALES CONCENTRATIONS

Product Revenues - During fiscal years 2007 and 2006, our revenues were derived primarily from the Character Recognition Product line. Revenues by product line as a percentage of net sales are summarized as follows:

	Year Ended September 30, 2007	2006
Character recognition	57%	50%
Maintenance & Other	43%	50%

Sales Concentrations - The Company sells its products primarily to community depository institutions. For the years ended September 30, 2007 and 2006, the Company had the following sales concentrations:

	Year Ended September 30, 2007	2006
Customers to which sales were in excess of 10% of total sales		
Number of customers	2	2
Aggregate percentage of sales	32%	35%
Foreign Sales - primarily Europe & Asia	28%	15%

Accounts receivable to the customers to which sales were in excess of 10% of total sales was approximately $237,000 as of September 30, 2007. This entire amount was paid subsequent to September 30, 2007. Sales to these customers including related parties during fiscal 2007 were approximately $1,751,000.

Of the $542,000 accounts receivable as shown at September 30, 2007, $450,970 were collected subsequent to September 30, 2007 but prior to December 1, 2007.

Below is a summary of the revenue by product lines:

	2007	2006
Revenue (000's)		
Recognition Toolkits	$ 3,108	$ 2,872
Document and Image Processing Solutions	50	116
Maintenance and other	2,412	3,033
Total Revenue	$ 5,570	$ 6,021

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None

ITEM 8A. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of the year ended September 30, 2007.

We have not made any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d - 15(f) under the Exchange Act) during the fiscal year ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

None

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to our Bylaws, the Board of Directors has fixed the number of authorized directors at seven. The members of the Board of Directors serve until the next annual meeting of stockholders, or until their successors have been elected. The officers serve at the pleasure of the Board of Directors. The following table includes the names and certain information about our directors and executive officers.

Name	Age	Position
John M. Thornton	75	Chairman of the Board
James B. DeBello	49	Chief Executive Officer, Director
Tesfaye Hailemichael	57	Chief Financial Officer
Michael Bealmear (1)(2)(3)	60	Director
Vinton Cunningham (2)	71	Director
Gerald I. Farmer, Ph. D.(2) (3)	73	Director
Sally B. Thornton	73	Director
William P. Tudor (1)	61	Director

(1) Compensation Committee

(2) Audit Committee

(3) Nominating & Corporate Governance Committee

John M. Thornton. Mr. Thornton has been a director of Mitek since March 1986. He was appointed Chairman of the Board as of October 1, 1987 and served as President, Chief Executive Officer and Chief Financial Officer from September 1998 to May 2003, when he resigned from his positions as President and Chief Executive Officer. He resigned from his position as Chief Financial Officer in May 2005. He continues to serve as Chairman of the Board. Previously, he served as President of Mitek from May 1991 through July 1991 and Chief Executive Officer from May 1991 through February 1992. From 1976 through 1988, Mr. Thornton served as Chairman and Vice Chairman of the Board at Micom Systems, Inc. Mr. Thornton was Chairman and President of Wavetek Corporation for 18 years. Mr. Thornton is also Chairman of the Board of Thornton Winery Corporation in Temecula, California.

James B. DeBello. Mr. DeBello has been a director of Mitek since November 1994. He has been President and Chief Executive Officer of Mitek since May 2003. Previously he was Chief Executive Officer of AsiaCorp Communications, Inc., a wireless data infrastructure and software company, from July 2001 to May 2003. He was Venture Chief Executive Officer for IdeaEdge Ventures, Inc., a venture capital company, from June 2000 to June 2001. From May 1999 to May 2000 he was President, Chief Operating Officer and a member of the Board of Directors of CollegeClub.com, an internet company. From November 1998 to April 1999 he was Chief Operating Officer of WirelessKnowledge, Inc., a joint venture company formed between Microsoft and Qualcomm, Inc. Before that, from November 1996 to November 1998, Mr. DeBello held positions as Vice President, Assistant General Manager and General Manager of Qualcomm, Inc.’s Eudora Internet Software Division, and Vice President of Product Management of Qualcomm, Inc.’s Subscriber Equipment Division. Mr. DeBello holds a B.A., magna cum laude and MBA from Harvard Business School and was a Rotary Scholar at the University of Singapore where he studied economics and Chinese.

Tesfaye Hailemichael. Mr. Hailemichael joined Mitek in May 2005 as Chief Financial Officer. Prior to joining Mitek, he served as Chief Financial Officer at Maxwell Technologies from 2003 to 2005. Prior to that, he served as Chief Financial Officer at Raidtec Ltd from 2001 to 2003. Prior to that, he served as Executive Vice President and Director of Transnational Computer Technology, Inc. from 1998 to 2001. Mr. Hailemichael served as Vice President of Finance and Chief Financial Officer of Dothill Systems, Inc. from 1990 to 1998.

Michael Bealmear. Mr. Bealmear has been a director of Mitek since April 2004. He has been President and Chief Executive Officer of Hyperroll since 2004. He was EVP and President of Worldwide Operations at Sybase, Inc. from 2002 to 2004. From 2001 to 2000 he was CEO at Convansys, Inc., from 1999 to 2000 he was CEO at Spear Technologies, and from 1997 to 1998 he was EVP at Cadence Design Systems.

Vinton Cunningham. Mr. Cunningham has been a director of the Company since May 2005. Retired since 2002, he served as Sr. Vice-President-Finance of EdVision Corporation from 1993 to 2002. Mr. Cunningham was Chief Operating Officer and Chief Financial Officer of Founders Club Golf Company from 1990 to 1993. He was Vice President-Finance of Amcor Capital, Inc from 1985 to 1990. Mr. Cunningham was Chief Financial Officer and Treasurer of Superior Farming Company, a wholly owned subsidiary of Superior Oil Company, from 1981 to 1985.

Gerald I. Farmer. Dr. Farmer has been a director of the Company since May 1994. He was Executive Vice President of the Company from November 1992 until June 1997. Before joining the Company, Dr. Farmer was Executive Vice President of HNC Software, Inc. from January 1987 to November 1992. He has held senior management positions with IBM Corporation, Xerox, SAIC and Gould Imaging and Graphics.

Sally B. Thornton. Ms. Thornton has been a director of the Company since April 1988. She has been a private investor for more than forty years. She served as a director of Micom Systems, Inc. from 1976 to 1988. From 1987 until 1996 she served as Chairman of Medical Materials, Inc, a composite plastics manufacturer. Ms. Thornton is on the Board of Directors of Thornton Winery Corporation in Temecula, California. She has been a Trustee of the Sjorgren’s Syndrome Foundation in New York and Stephens College in Missouri. Ms. Thornton is also a Life Trustee of the San Diego Museum of Art. Ms. Thornton is the spouse of John M. Thornton, Chairman of the Board.

William P. Tudor. Mr. Tudor has been a director of the Company since September 2004. He is President of Parent Tutor. Prior to that he was Executive Vice President of Scantron Corporation from July 2002 to July 2005. He was Chief Executive Officer of EdVision from June 1990 to July 2002.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% stockholders are required by Securities and Exchange Commission regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of Forms, 3, 4, and 5 and amendments thereto furnished to us, we are not aware of any director, officer or beneficial owner of 10% of our common stock that failed to file on a timely basis as disclosed on the above forms, reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended, during fiscal year 2007, except that Messrs. Thornton, Bealmear, Cunningham, Farmer and Tudor and Ms. Thornton failed to file a timely Form 4 to reflect option grants made on February 27, 2007.

We have adopted the Mitek Systems, Inc. financial Code of Professional Conduct (the “finance code of ethics”), a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer and other finance organization employees. The finance code of ethics is publicly available on our website at www.miteksystems.com. If we make any amendments to the finance code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Office and Chief Financial Officer that requires disclosure under applicable SEC rules, we intend to disclose the nature of such amendment or waiver on our website.

ITEM 10. EXECUTIVE COMPENSATION

The following table shows the compensation Mitek paid to its Chief Executive Officer and other executive officers who served as such at the end of fiscal 2007 and received annual compensation over $100,000.

Principal Position	Year	Salary ($)	Bonus ($)	Common Stock Underlying Options (#)
James B. DeBello	2007	332,174	—	—
President & Chief Executive Officer	2006	316,113	—	350,000
	2005	300,385	—	800,000
	2004	275,000		
Tesfaye Hailemichael	2007	181,191		—
Chief Financial Officer	2006	173,250	—	125,000
	2005	67,872	—	150,000

Stock Options

There were no stock options granted during the fiscal year ended September 30, 2007 to the individuals named in the Summary Compensation Table. The following table shows, as to the individuals named in the Summary Compensation Table, information concerning stock options granted during the fiscal year ended September 30, 2006.

Option Grants in Fiscal Year 2006

	Number of Securities Underlying Options Granted	Total Options Granted to Employees in FY 2006	Exercise or Base Price	Expiration	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
	(#)(1)	(%)	($/Share)	Date	5%($)	10%($)
James B. DeBello	100,000	10%	0.80	10/18/15	50,328	127,552
	100,000	10%	0.82	11/17/15	51,586	130,741
	150,000	14%	1.10	07/09/16	103,835	263,192
Tesfaye Hailemichael	25,000	2%	0.80	10/18/15	12,582	31,888
	100,000	10%	1.10	07/09/16	69,223	175,461

(1) Options vest monthly over a three-year period and have terms of ten years, subject to earlier termination on the occurrence of certain events related to termination of employment. In addition, the full vesting of the option is accelerated if there is a change in control of the Company. The options expiring on July 9, 2016 were fully vested on the date of the grant which was July 10, 2006.

(2) The potential realizable value at assumed annual rates of stock price appreciation for the option term represents hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent our estimate or projection of our future common stock prices. These amounts represent assumed rates of appreciation in the value of our common stock from the fair market value on the date of the grant. The amounts reflected in the table may not necessarily be achieved.

The following table shows, as to the individuals named in the Summary Compensation Table, information concerning stock option values at the fiscal year end September 30, 2007.

Aggregated Option Exercises in Last Fiscal Year
and Fiscal Year-End Option Values

	Number of Securities Underlying Unexercised Options at FY End		Value of Unexercised In-the Money Options at FY-End ($)(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
James B. DeBello	1,052,741	97,259	188,887	11,113
Tesfaye Hailemichael	232,611	42,389	-	-

(1) Based on a closing bid price of $0.55 on September 28, 2007 as reported on the OTC BB.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The table below shows, as of November 30, 2007, the amount and class of the Company's voting stock owned beneficially (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) by (i) each director of the Company, (ii) the executive officers named in the Summary Compensation Table, (iii) all directors and executive officers as a group and (iv) each person known by us to own beneficially 5% or more of any class of the Company's voting stock (except as noted below). The business address for each of these stockholders is c/o Mitek Systems, Inc., 8911 Balboa Ave., Suite B, San Diego, CA 92123.

Name of beneficial Owner or Identify of Group	Number of shares of common stock Beneficially Owned	Percent of Class
John M. and Sally B. Thornton	2,844,959(1)	16.98%
Gerald I. Farmer	45,000(2)	*
James B. DeBello	1,150,000(3)	6.87%
Michael Bealmear	45,000(4)	*
William Tudor	80,000(5)	*
Vinton Cunningham	45,000(6)	*
Tesfaye Hailemichael	275,000(7)	1.64%
John Harland Company	2,464,284(8)	14.71%
White Pine Capital, LLC	984,900(9)	5.88%
Directors and Officers as a Group	4,484,959(10)	26.77%

* Less than 1%.

(1) John M. Thornton and Sally B. Thornton, husband and wife, are trustees of a family trust, and are each directors of the Company. Includes 145,000 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(2) Includes 45,000 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(3) Includes 1,097,183 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(4) Includes 45,000 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(5) Includes 35,000 shares of common stock held by Mr. Tudor, and 45,000 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(6) Includes 45,000 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(7) Includes 252,051 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

(8) Based solely on Schedule 13G filed by the beneficial owner with the SEC on May 13, 2005. The beneficial owner's address is 2939 Miller Road, Decatur, Georgia 30035.

(9) Based solely on Schedule 13G filed by the beneficial owner with the SEC on December 31, 2006. The beneficial owner's address is 60 South 6th Street, Suite 2530, Minneapolis, Minnesota 55402.

(10) Includes 1,529,234 shares of common stock subject to options exercisable within 60 days of November 30, 2007.

Information with respect to beneficial ownership is based on information furnished to the Company by each person identified above.

Equity Compensation Plan Information

The following table sets forth information, as of September 30, 2007, with respect to the Company's compensation plans under which common stock is authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,510,879	0.96	1,592,311
Equity compensation plans not approved by security holders	-0-	-0-	-0-
Total	2,510,879	0.96	1,592,311

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There have been no related party transactions with Mitek directors or executive officers in the last three fiscal years.

ITEM 13. EXHIBITS

Exhibit No.	Description	Incorporated by Reference from Document	No. in Document
2.1	Amended and Restated Agreement and Plan of Merger dated September 18, 2006 by and among Mitek Systems, Inc., a Delaware corporation and Mitek Acquisition Sub, LLC, a Wyoming limited liability company and Parascript, LLC, a Wyoming limited liability company and Parascript Management, Inc., a Wyoming corporation, as the Member Representative.	A	2.1

Exhibit No.	Description	Incorporated by Reference from Document	No. in Document
3.1	Certificate of Incorporation of Mitek Systems, Inc.	A	3.1
3.2	Bylaws of Mitek Systems, Inc.	A	3.2
10.1	Mitek Systems, Inc. 2006 Stock Option Plan.	A	10.1
23.1	Consent of Mayer Hoffman McCann P.C. and Stonefield Josephson, Inc.		Filed herewith
31.1	Certification of Periodic Report by the Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934..		Filed herewith
31.2	Certification of Periodic Report by the Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.		Filed herewith
32.1	Certification of Periodic Report by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		Filed herewith
32.2	Certification of Periodic Report by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		Filed herewith

A. Incorporated by reference to Mitek's Registration Statement on Form S-4 Registration Number 333-138495.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The fees for professional services rendered for the audit of our financial statements for each of the fiscal years ended September 30, 2007 and September 30, 2006, and the reviews of the financial statements included in our Quarterly Reports on Form 10-Q (or 10-QSB) or services normally provided by the independent auditors in connection with statutory or regulatory filings or engagements, were approximately $133,000 to Mayer Hoffman McCann P.C. and approximately $70,000 to Stonefield Josephson Inc. for a total of $203,000 for fiscal 2007, and approximately $164,000 to Stonefield Josephson Inc. for fiscal 2006.

Audit Related Fees

There were no audit related fees for the fiscal years ended September 30, 2007 or September 30, 2006.

Tax Fees

There were no fees for tax compliance, tax advice or tax planning billed or expected to be billed by our independent auditors for the fiscal years ended September 30, 2007 or September 30, 2006.

All Other Fees

Other than described above, there were no other fees paid to our independent auditors. The Audit Committee believes there were no services provided by our independent auditors which would effect their independence.

Pre-Approval Policies

In accordance with the Audit Committee Charter, the Audit Committee has established policies and procedures by which it approves in advance any audit and permissible non-audit services to be provided by the Company's independent auditors. Under these procedures, prior to the engagement of the independent auditor for pre-approved services, requests or applications for the auditors to provide services must be submitted to the Audit Committee and must include a detailed description of the services to be rendered. The chief financial officer and the independent auditors must ensure that the independent auditors are not engaged to perform the proposed services unless those services are within the list of services that have received the Audit Committee's pre-approval and must cause the Audit Committee to be informed in a timely manner of all services rendered by the independent auditors and the related fees.

Each request or application must include:

- a recommendation by the chief financial officer as to whether the Audit Committee should approve the request or application; and

- a joint statement of the chief financial officer and the auditors as to whether, in their view, the request or application is consistent with the Securities and Exchange Commission's and the requirements for auditor independence of the Public Company Accounting Oversight Board ("PCAOB").

The Audit Committee also will not permit the independent auditors to be engaged to provide any services to the extent that the Securities and Exchange Commission has prohibited the provision of those services by independent auditors, which generally include:

- bookkeeping or other services related to accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions;
- human resources;
- broker-dealer, investment adviser or investment banking services;
- legal services;
- expert services unrelated to the audit; and
- any service that the PCAOB determines is not permissible.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 11, 2007	MITEK SYSTEMS, INC.
	By: /s/ James B. DeBello
	James B. DeBello, President, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ John M. Thornton John M. Thornton, Chairman of the Board and Director)	December 11, 2007
/s/ James B. DeBello James B. DeBello, President and Chief Executive Officer (Principal Executive Officer and Director)	December 11, 2007
/s/Tesfaye Hailemichael Tesfaye Hailemichael Chief Financial officer	December 11, 2007
/s/ Gerald I. Farmer Gerald I. Farmer, Director	December 11, 2007
/s/ Michael Bealmear Michael Bealmear, Director	December 11, 2007
/s/ Sally B. Thornton Sally B. Thornton, Director	December 11, 2007
/s/ William P. Tudor William P. Tudor, Director	December 11, 2007
/s/ Vinton Cunningham Vinton Cunningham, Director	December 11, 2007

SUPPLEMENTAL INFORMATION

CORPORATE OFFICE
Mitek Systems, Inc.
8911 Balboa Ave, Suite B
San Diego, California 92123
(858) 503-7810

CORPORATE OFFICERS
James B. DeBello , President and Chief Executive Officer
Tesfaye Hailemichael, Chief Financial Officer

TRANSFER AGENT
Mellon Investor Services LLC
480 Washington Blvd., Jersey City, NJ 07310-1900
www.melloninvestor.com/isd

AUDITORS
Maher Hoffman McCann, P.C.
10616 Scripps Summit Court, San Diego, California 92131

DIRECTORS
John M. Thornton, Chairman of the Board
Sally B. Thornton, Investor
Michael Bealmear (1) (2)
James B. DeBello, President, Chief Executive Officer
Gerald I. Farmer, Ph.D. (2)
William P. Tudor (1)
Vinton Cunningham (2)

NOTES

(1) Compensation Committee

(2) Audit Committee

FORM 10-K REPORT

Copies of our Form 10-KSB report to the Securities and Exchange Commission, are available free to stockholders and may be obtained by writing or calling Secretary, Mitek Systems, Inc., 8911 Balboa Ave., Suite B, San Diego, California 92123, phone (858) 503-7810.

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-80567, 333-58032, 333-106843 and 333-133765 on Form S-8 of our report dated December 11, 2007, relating to the financial statements of Mitek Systems, Inc., appearing in this Annual Report on Form 10-KSB of Mitek Systems, Inc. for the year ended September 30, 2007.

/s/ Mayer Hoffman McCann P.C.

San Diego, California
December 11, 2007

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-3888, 333-23707, 333-80567, 333-58032 and 333-106843 of Mitek Systems, Inc. of our report dated December 19, 2006 on the financial statements for the year ended September 30, 2006, appearing in this Annual Report on Form 10-KSB of Mitek Systems, Inc.

/s/ Stonefield Josephson, Inc.
Stonefield Josephson, Inc.
Los Angeles, California
December 6, 2007

Exhibit 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER

I, James B. DeBello, certify that:

1. I have reviewed this annual report on Form 10-KSB of Mitek Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 11, 2007

By: /s/ James B. DeBello

James B. DeBello
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER

I, Tesfaye Hailemichael, certify that:

1. I have reviewed this annual report on Form 10-KSB of Mitek Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 11, 2007

By: /s/ Tesfaye Hailemichael

Tesfaye Hailemichael
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James B. DeBello, Chief Executive Officer of Mitek Systems, Inc. (the “Registrant”), do hereby certify pursuant to Rule 13a of the Securities and Exchange Act of 1934, as amended, and Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of Chapter 63 of Title 18 of the United States Code that:

(1) the Registrant’s Annual Report on Form 10-KSB of the Registrant for the year ended September 30, 2007 (the "Report"), to which this statement is filed as an exhibit, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 11, 2007	By: /s/ James B. DeBello
	James B. DeBello Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Tesfaye Hailemichael, Chief Financial Officer of Mitek Systems, Inc. (the “Registrant”), do hereby certify pursuant to Rule 13a of the Securities and Exchange Act of 1934, as amended, and Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of Chapter 63 of Title 18 of the United States Code that:

(1) the Registrant’s Annual Report on Form 10-KSB of the Registrant for the year ended September 30, 2007 (the "Report"), to which this statement is filed as an exhibit, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 11, 2007

By: /s/ Tesfaye Hailemichael

Tesfaye Hailemichael
Chief Financial Officer