

VICON INDUSTRIES, INC.

AUDIT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Audit Committee of Vicon Industries, Inc. (the "Company") is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Company to any governmental body or the public; the Company's systems of internal controls regarding finance and accounting that management and the Board have established; and the Company's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.

Review and appraise the audit efforts of the Company's independent accountants.

Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The members of the Audit Committee shall each satisfy the applicable membership requirements under the rules of the American Stock Exchange.

At least one member shall also be financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve for a term of one year or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Audit Committee shall meet at least four times annually or more frequently as circumstances dictate. At any meeting, a simple majority shall constitute a quorum.

As part of its function to foster open communication, the Audit Committee should meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee should meet with the independent accountants and management quarterly to review the Company's financials.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review in consultation with the independent auditor the scope of the annual audit, along with any items of special attention.
2. Review the Company's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent accountants.
3. Review such reports of audits of member reimbursements, director and officer expense assumed and management perquisites.
4. Review with financial management and the independent accountants the 10-Q and other related quarterly financial statements prior to their filing or prior to the release of earnings.

Independent Accountants

5. Retain and, where warranted in the Audit Committee's judgment, terminate the Company's independent accountants to audit its financial statements. On an annual basis, the Audit Committee should review and discuss with the accountants all significant relationships the accountants have with the Company to determine the accountants' independence.
6. Approve audit and non-audit services of the independent accountants as detailed in the attached pre-approval policies and procedures.
7. Periodically consult with the independent accountants out of the presence of management about internal controls and the fairness and accuracy of the Company's financial statements.

Financial Reporting Processes

8. In consultation with the independent accountants, review the integrity of the Company's financial reporting processes, both internal and external.
9. Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles, as applied in its financial reporting.
10. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent accountants or management.
11. Review and discuss the audited financial statements with management. Discuss with the independent auditors the matters required to be discussed by SAS 61. Obtain from the independent accountants the written disclosures and letter required by Independence Standards Board Standard No. 1.
12. The Audit Committee shall make regular reports to the Board of Directors. The Audit Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. The Audit Committee will see that the Charter is published at least every three years in the proxy statement. The Committee shall also submit to the Board a written report for inclusion in the annual proxy statement.

Process Improvement

13. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
14. Following completion of the annual audit, review separately with each of management and the independent accountants any disagreements or significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
15. Receive reports of internal auditors concerning their reviews of internal controls and other matters and management's responses thereto.

Ethical and Legal Compliance

16. The Audit Committee may retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.
17. Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.
18. The Audit Committee shall establish procedures for:
 - The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters from internal or external sources.
 - The confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

19. Consult with management to ensure that appropriate ethical standards for business conduct are communicated to Company employees generally, and review compliance with such standards.

V. PROPOSED MEETING SCHEDULES

- a) Review of quarterly and annual financial reports with independent auditors and management prior to public release of said documents.
- b) Annual meeting with Company's accountants to review scope of current audit and to discuss fee arrangement.
- c) Meet annually with the Director of Internal Audit to review the annual internal audit plan and more frequently as the Committee deems appropriate.
- d) Any other meetings that might deem to be appropriate from time to time.

VI. CLARIFICATION OF AUDIT COMMITTEE'S ROLE

The Audit Committee's Role is one of oversight. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor. Therefore, each member of the Audit Committee, in exercising his business judgment, shall be entitled to rely on the statements and submissions of management and the independent auditor.

VICON INDUSTRIES, INC.

AUDIT AND NON-AUDIT SERVICES

PRE-APPROVAL POLICIES AND PROCEDURES

I. GENERAL PRINCIPLES

The Audit Committee of Vicon Industries, Inc. is required to pre-approve the audit and non-audit services performed by the independent auditors in order to assure that the services provided do not impair the auditor's independence.

Unless a type of service to be provided by the independent auditors has received general pre-approval pursuant to this policy, it will require separate pre-approval by the Audit Committee.

Annually, the Audit Committee reviews and pre-approves the categories and related services along with an estimated fee for each category. Separate pre-approval is required in those circumstances where the estimated actual fee for the approved category exceeds the pre-approved fee.

The Audit Committee will annually review and revise as needed the list of pre-approved categories and related services.

II. DELEGATION

The Audit Committee may delegate pre-approval authority to one or more of its members. Such member(s) will report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

The Audit Committee will not delegate its responsibilities to pre-approve services performed by the independent auditors to management.

III. SERVICES TO BE PROVIDED

The annual audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. Any changes in terms, conditions and fees resulting from a change in scope, company organization or other matters, will require pre-approval of the Audit Committee.

In addition to the annual audit services engagement, the Audit Committee may grant pre-approval of all other services when the independent auditors are deemed to be the best provider of the service. These may include audit related services, tax services, and all other services. The Audit Committee may add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations. The independent auditors have reviewed this policy and believe that implementation of the policy will not adversely affect the auditor's independence.

IV. APPROVAL PROCEDURES

Requests or applications to obtain pre-approval for services or to provide services that require separate approval by the Audit Committee will be submitted directly to the Audit Committee or any of its member designees. The request must include an explanation of services in detail in order for the Audit Committee to determine that the request or application is consistent with the Securities and Exchange Commission's rules on auditor independence.

V. PROHIBITED NON-AUDIT SERVICES

Approval will not be granted for prohibited services as defined by the Securities and Exchange Commission and identified as follows.

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- 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