

DATE: Monday, January 7, 2008

Visonic

Trading Update

Visonic (LSE: VSC.L; TASE: VSC.TA), the international developer and manufacturer of electronic security systems (alarms) and home management systems, announces the following trading update:

The sales performance in the second half of the year to 31 December 2007 continued the first half's strong growth trend and for the full year Visonic's Group revenues will be up approximately 12% on full year 2006.

Margins continued to be impacted by the weak US\$ and Visonic's ongoing commitment to the R & D investment vital to maintaining the Group's competitive advantage in wireless technologies. Nevertheless, net cash flow was positive in the second half of 2007, after a cash outflow in the first half, as the inventory reduction programme took effect.

The Board expects to make provisions totalling approximately \$2.5 million in the 2007 results, for a decrease in the value of two classes of financial assets – the Company's investment in TMT Telemedicine SA and its investments in US bonds. The provisions, however, have no operational cash flow impact.

The first of these provisions relates to the write-off of the Company's \$1.2 million minority interest in the French-based home healthcare joint venture, TMT Telemedicine SA, which failed to achieve a viable level of sales. The Board's general confidence in the opportunities offered by the home healthcare market is nonetheless undiminished and this view is supported by promising sales during 2007 for these products around the world, based on Visonic's market-leading Amber System.

The Board also intends to make a provision for the diminution in market value of certain US corporate debenture instruments, resulting from impaired liquidity in the debt markets. This action is required by the IFRS Accounting Standards, although the Board believes that more stable debt market conditions will allow an upward revaluation of these assets in due course. In the meantime, these instruments continue to pay interest at favourable rates.

Overall, after the provisions detailed above, the Board expects that Visonic will record a modest profit before tax for the year to 31 December 2007. The order book for January is strong and the Board's expectation is that Visonic's profits will improve materially in 2008.

Commenting, Dr. Avi Shachrai, CEO and President of Visonic, said:

"In sales terms, Visonic has had an excellent year, demonstrating continuing strong demand for our market leading products in our core businesses and a slight recovery

by Visonic Technologies in the second half. It is therefore disappointing that margins remained under pressure throughout the year, primarily from the persistent weakness of the US\$ against our key currencies.”

“We continue to implement a major cost reduction programme, the benefits of which will flow through in 2008; but will maintain our commitment to investing in the R & D that underpins Visonic’s ability to deliver a stream of attractive and innovative products.”

“The order book for January is strong and the Board’s expectation is that Visonic’s profits will improve materially in 2008.”

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