

Dears,

We are delighted to bring you this maiden edition of RacomNews RACOM's news bulletin.

Through this medium we would like to inform you about news and interesting events from our company. We hope to do our best, through RacomNews, to provide you not only with information from our special branch of business but also, through short columns, draw your attention to our activities in others spheres. It is our intention, with RacomNews, to bring you some moments of pleasant reading and relaxation. You will find the new releases of RacomNews on our website www.racom.cz. If interested you may register at www.racom.cz for e-mail delivery of RacomNews.

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International conference

29th and 30th September 2005



As in previous years, we are preparing to meet with our business partners this year too. This meeting will be held from the 29th to the 30th of September, 2005, in Hotel Colorado Grand on the grounds of Siklův mlyn, and is already the 4th meeting of its kind.

The goal of the international conference is not only to **present our latest projects and the plans of our partners but also to exchange experiences and find new possibilities for MORSE system applications.**

Besides the two-day official program there is also the possibility of taking part in individual meetings or special MORSE training.

We have prepared a special program to allow participants to relax and enjoy themselves in the western style of Siklův mlyn or experience Prague's historic sights through a guided tour.

We believe that the conference will provide all participants with new experiences and will help strengthen the good relationships with and among our partners. ●

RACOM penetrated to Hungary

RACOM in co-operation with HydroCont, its Hungarian partner, have built the first MORSE radio data network in Hungary.

For more informations see page No 3

ISO Certification

RACOM received ISO Certification on 20th of July 2005 according to CSN EN ISO 9001:2001 standards. For more informations see page No 4



Construction of a network for Telenor in Norway

RACOM announces that together with Last Mile Communication AS (RACOM's exclusive partner for Norway and Sweden) has obtained a **contract for the development and implementation of VHF Data network infrastructure from Telenor Telecom Solutions AS.** The VHF Data network is meant for communication with ships on the open sea in the 160 MHz band. The infrastructure must be designed so that tens to thousands of ships will be able to communicate simultaneously on available narrow-band frequencies.

This contract has been preceded by two-years of testing. Requirements of this contract include the installation of 50 fully equipped base stations along the Norwegian coast, as well as the development of customized software applications and special hardware.

The installed pilot network already transfers data from GPS for ship tracking, data from payment terminals on ferries and e-mails.

For more informations see page No 2





VHF Data

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VHF Data is a network for communicating with ships on the open sea and is being built by Telenor Telecom Solutions AS in Norway.

In June 2005 RACOM and Last Mile Communication AS (RACOM's exclusive partner for Norway and Sweden) signed an extensive contract for the development and implementation of the infrastructure for this network.

In the first phase of implementation 50 base stations shall be installed on Telenor communication towers along the whole of the Norwegian coast from Oslo to Kirkenes (near the border with

Russia). Should the capacity and coverage be found inadequate, Telenor has at its disposal another 80 locations for base stations. For VHF Data operation there are 2x9 pairs of duplex channels of 25 kHz bandwidth available.

Signing of the contract was preceded by two-years of testing in which RACOM built and Telenor operated the pilot network project. Today the pilot network is used by paying customers. Positive user responses, practical experiences from operation, high technological level and reliability have been the main arguments for Telenor's decision, as the investor, that VHF Data shall be based on the RACOM MORSE communication system.

VHF Data is operated by Telenor as a public network; full operation will commence at the end of year 2006. The network will be used above all for:

GPS tracking of ships

The application fulfils the international recommendation for tracking of fishing and other ships.

Information about ship movement is transferred from VHF Data to the relevant Norwegian state offices.

Payment terminals

On ferries and cargo ships it is possible to connect on-line payment terminals for credit/debit cards.

VHF Data has been approved by the Norwegian Interbank Payment Centre (BBS).

E-mails

The transfer of e-mails is designed such that each ship has its own subdomain within the domain vhfdata.com. That means there can be an unlimited number of users on board working with their own e-mail accounts, and each account can be set-up differently.

E-mails are sent to/from the public Internet via the central server.

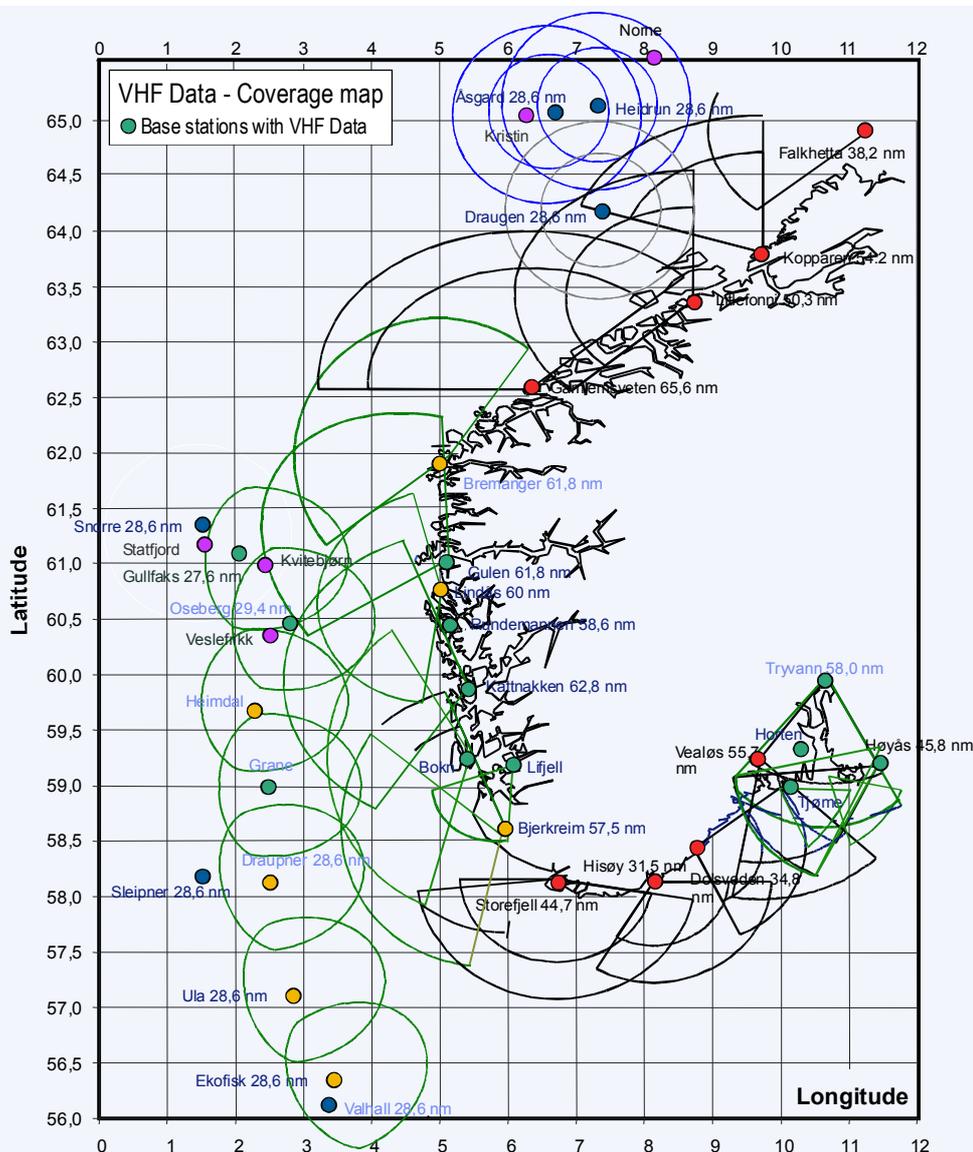
Browsing

VHF Data provides for restricted http browsing. It counts on the possibility of access to selected www pages (e.g. weather forecasts). Some pages will run locally on ships and they will be collectively updated by broadcast packets.

Transparent IP network

Other applications (e.g. remote supervision of control systems and machinery on ships) will probably make use of the fact that the MORSE network can be set up as a transparent IP network and that there can be an unlimited quantity of IP addresses on one ship (behind one radio modem).

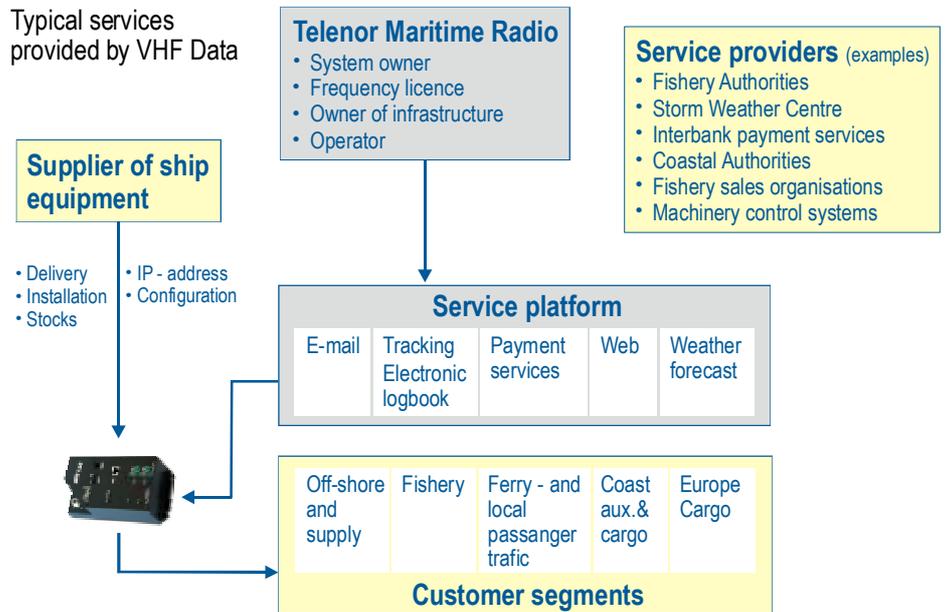
RACOM has developed a unique frequency switching system for the VHF Data network: if the operating frequen-



cy starts to become overloaded the ship automatically retunes to other free channel. Valid regulations facilitate association of the channels in this band which is why RACOM, under this contract, has prepared a radio modem with a signalling rate > 100kbps for a channel width of 225 kHz.

The frequency band used for VHF Data is determined worldwide for data communication with ships and for that reason Telenor presented the VHF Data system at the ITU spring meeting in Geneva. After a very positive response we anticipate the speedy application of the VHF Data system in other countries naturally, the MORSE system enables international roaming.

Typical services provided by VHF Data



Indonesia is the 17th country on RACOM's partners list

PT. BINA SELARAS BERSAMA made in September 2005 an agreement with RACOM in order to be a **RACOM partner in Indonesia**. PT. BINA SELARAS BERSAMA has been very successful and materialized the first project very soon. There is a pilot installation of

MORSE network for SCADA system for Electricity distribution in Tegal City, Central Java. The end user is very satisfied after 2 months of running of the MORSE network. It is supposed to extend the network very soon. PT. BINA SELARAS BERSAMA is very active and it has got a lot of projects in tender phases now. RACOM expects to materialize the next MORSE networks in Indonesia, soon.

RACOM penetrated to Hungary

Continuation from page No 1

HydroCont has installed the first part of radio data network for water plant Paksi Vízmű Ltd. in Pacs.

The 4 main stations are already working in this first phase. Every station is equipped with radiomodem MR400 and two of them are assembled with internal I/O module with digital/analogue inputs/outputs. The protocol SBUS is used for communication between RACOM radios and SAIA PLC's on remote sites as well as between MR400 and central software in the center.

The end user is very satisfied after the first weeks of running the new MORSE system and they plan to replace the existing system at the next 18 stations to monitor and control the whole water distribution system through RACOM MORSE network.

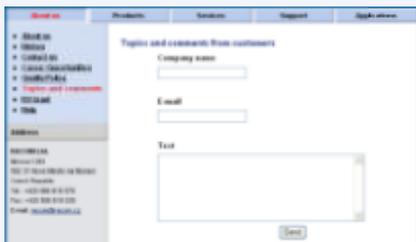
After this initial success RACOM and HydroCont believe the MORSE system will very soon find its next users in Hungary. Some potential users have already visited this trial installation.



New www pages

We would like to introduce you to the new design of our web site www.racom.cz. Besides the new design you will find here a number of links and "aids" to assist you in browsing through the site and providing you with increased transparency and availability of information.

We shall be pleased to receive your opinions, suggestions and comments on the content or design of our web pages. ●



EU Grant

RACOM has obtained a financial grant from the European Regional



Development Fund and Ministry of Industry and Trade of the Czech Republic for its innovation and market introduction of its **radio transceiver with an implemented structure of digital radio technologies**. The grant was provided from the European Community Structural Fund and from the state budget of the Czech Republic as part of the Operational Program of Industry and Enterprise. ●

ISO Certification

Continuation from page No 1

During the first half of this year RACOM finished a long term preparation for the certification audit of quality management according to ISO standards. This preparation work ended in the company obtaining a Quality Certificate for **development, design, production, installation, service and sale of electric, electronic, telecommunication and radio equipment**.

In terms of quality management system implementation RACOM's management has defined a Quality Policy which is linked to the strategic objective of becoming one of the leading companies in the Czech Republic, and in the world, specializing in the **"Development and production of radio modem and communication equipment"**.

The certification audit was made by TDS CERT a certification body for certification of quality management systems.

The attainment of the Quality Certificate is proof of our commitment to continually improve the quality of our products and services that we provide to you, our customers. ●

RACOM Quality Policy

- High technological level of products
- Maximum quality of sold products
- High-quality technical support for customers
- Flexibility and promptness of deliveries
- Maximum sales volume

