



NIX.CZ, z.s.p.o.

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**Annual Report 2007**

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### **Historical Development of the Association**

The NIX.CZ Association was founded in 1996 and on 1 October 1996 it was entered into the Register of Professional Associations of Legal Entities kept by the Department of Internal Affairs of the City District Office in Prague 6 under reg. no. ZS/25/5/96. The relevant Register was changed in 2003, and since that time NIX.CZ has been entered in the Register of Professional Associations of Legal Entities kept by the Department of Civil-Administration Agenda of the Capital City of Prague Magistrate.

The main reason for establishing the Association was the effort to simplify the system of connecting members' internet networks and to save financial resources for these connections. The development of the Internet has caused the growth in the number of members as well as the volume of transmitted data. At the beginning, members joining the Association were only companies from the Czech Republic. In recent year these is a significant growth in the number of foreign companies interested in cooperating with the Association. The NIX.CZ Association has been an important and reliable partner of telecommunication companies and ranks among 10 largest peering centres in Europe.

### **Mission of the Association**

NIX.CZ is a professional association of legal entities; its members are important ISPs active within the Czech Republic. The Association's task is to ensure the operation of a Neutral Internet Exchange (peering) node which enables the mutual interconnection of individual members' Internet networks (peering). Another subject of the Association's activities is protection of the common interests of ISPs in the Czech Republic.

### **Registered Office and Contact Data**

Hand in hand with the development of the Association there arose the necessity to move the Association into larger premises, so the Association changed the registered office in October 2007. The new address provides better accessibility of the Association as well as faster access to all location of the interconnection points of the Association.

### The registered office and contact data of the Association in 2007 were:

Until October 1, 2007

Registered office: Nad Elektrárnou 411  
106 00 Praha 10

Registration number: 65990471  
Tax reg. number: CZ65990471  
Phone: +420 267 198 350  
Fax: +420 267 198 349  
e-mail: info@nix.cz  
URL: http://www.nix.cz

From October 1, 2007

Registered office: Vinohradská 184/2396  
130 52 Praha 3

Registration number: 65990471  
Tax reg. number: CZ65990471  
Phone: +420 272 660 628  
Fax: +420 272 660 629  
e-mail: info@nix.cz  
URL: http://www.nix.cz

### The Association operates interconnection points at the following locations:

NIX1  
České Radiokomunikace  
Mahlerovy sady 1  
Praha 3

NIX3  
T-Systems PragoNet Telehouse  
5. května 65  
Praha 4

NIX2  
GTS Telehouse  
Vinohradská 190  
Praha 3

NIX4  
SITEL Telehouse  
Nad Elektrárnou 411  
Praha 10

**Dear reader,**

Let me write here a few words on behalf of the Board of Directors.

First, I would like to say thank you to the whole team of NIX.CZ, in particular to its director, Mr. Tomáš Maršálek, an excellent manager, expert, visionary and mainly an Internet enthusiast who greatly contributed to the successful development of the NIX.CZ peering node and association.

Who would have guessed at the beginning that during more than 10 years a small group of a few companies will grow into a large professional organization and the first Ethernet hub of the shared capacity of 10Mbps will develop into a robust network with redundant high-capacity technology with 10Gbps ports. We have managed that and today the connections of our members having the speed of 10Gbps are a commonplace. I believe that everything is prepared for our further development, even though it is very difficult to foresee which technologies NIX.CZ will be using in 5 or 10 years. Who knows?

The NIX.CZ Association provides high-quality services with the main asset of the Association being the professional technical solution and, in particular, its stability. Its commercial strategy has also proven to be successful, which is evidenced by the ever growing number of members and customers while prices of the services remain the same or tend to get lower. The position of NIX.CZ in the international ranking ladder of interconnection nodes is also quite significant. Foreign networks can appreciate our price policy as well as the number of connected networks.

I believe the ever growing value of NIX.CZ will be appreciated mainly by its members and customers: the current ones as well as the ones that will join the Association in the future.

I wish NIX.CZ to remain one of the leading European peering nodes.



Josef Chomyn  
Chairman of the Board of Directors



### Ladies and Gentlemen,

The year 2007 brought further growth in the overall traffic running over the NIX.CZ node, which almost doubled in comparison to the previous year. Thanks to this, NIX.CZ keeps the position in the "top ten" of the largest European IXP concerning the exchanged traffic.

The NIX.CZ nodes have been witnessing not only the volume of the overall traffic but also the growth in the number of members and customers from the Czech Republic and abroad. This development resulted in the growth in administration and number of employees, thus it was necessary to enlarge the working space of the Association and to move the insufficient office into new premises. I personally consider this step to be the most important event in NIX.CZ Association operation in 2007.

The technological platform of Cisco Catalyst 6500 was sufficient in 2007 as far as the capacity is concerned, but with respect to the traffic growth trends we have been examining the possibilities to use "larger" boxes. I would like to mention another very positive thing here – there was not a single failure of NIX.CZ technology in 2007.

I believe the NIX.CZ Association will continue to develop and its operation will remain stable as it was so-far.



Ing. Tomáš Maršálek  
Director of NIX.CZ Association



## Changes in 2007

### New Members

Company name	Member from
NFX z.s.p.o.	1.2.2007
CZ.NIC z.s.p.o. (by this time customer)	1.3.2007
MobilKom, a.s.	1.6.2007
Web4U s.r.o.	1.6.2007
NEW TELEKOM, spol. s r.o.	1.9.2007
SuperNetwork, s.r.o.	1.9.2007
Trestel SK, a.s. (by this time customer)	1.9.2007
Visual Connection, a.s.	1.9.2007
Blue4.cz s.r.o.	1.10.2007
M-SOFT, spol. s r.o.	1.10.2007
IJC, s.r.o.	1.11.2007
Seznam.cz, a.s.	1.12.2007

### New Customers

Company name	Customer from
GLOBAL INSPIRATION, s.r.o.	12.1.2007
Trestel SK, a.s.	5.2.2007
CoproSys, a.s.	14.3.2007
IP Exchange GmbH	21.3.2007
LeaseWeb BV	13.4.2007
Fortech, spol. s r.o.	8.11.2007

### Membership termination

Company name	Member until
ETEL s.r.o.	30.9.2007
net4net, a.s.	31.10.2007

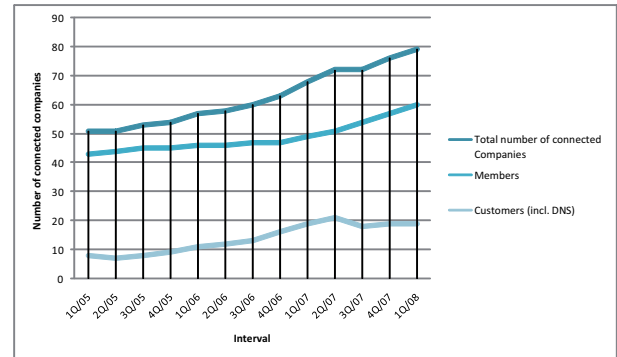
### Customers termination

Company name	Customer until
CZ.NIC z.s.p.o. (from now on member)	28.2.2007
SuperNetwork, s.r.o.	31.8.2007
Trestel SK, a.s. (from now on member)	1.9.2007
Karneval Media s.r.o.	30.9.2007

### List of Customers as of December 31, 2007

Company name	Registration number
CABEL MEDIA, s.r.o.	27288668
CET 21 s.r.o.	45800456
CoproSys, a.s.	45534152
DAT, s.r.o.	25521233
DNS.BE vzw/asbl (DNS)	
EURid vzw/asbl (DNS)	
Fortech, spol. s r.o.	48155811
GLOBAL INSPIRATION, s.r.o.	26209543
IP Exchange GmbH	
LambdaNet Communication s.r.o.	26201691
LeaseWeb BV	
MIRAMO spol. s r.o.	43960987
NetCologne GmbH	
Oxid network, s.r.o.	26890950
NIC.AT (DNS)	
Plus.line AG	
PODA s.r.o.	25816179
Unient Communication, a.s	63078171
Verisign (DNS)	

Chart of Connection Development



As of December 31, 2007 the NIX.CZ Association had a total of 19 customers.



### List of members as of December 31, 2007

<b>Company name</b>	<b>Reg. number</b>	<b>Company name</b>	<b>Reg. number</b>
ACTIVE 24, s.r.o.	25115804	MGI.CZ s.r.o.	26220318
AT&T Czech Republic s.r.o.	25785435	MobilKom, a.s.	48171000
Blue4.cz s.r.o.	27461254	Mopos Communications, a.s.	26222396
BroadNet Czech, a.s.	26201224	NETWAY.CZ, s.r.o.	26421046
BT Limited, organizační složka	70802025	NEW TELEKOM, spol. s r.o.	26690471
Casablanca INT s.r.o.	25079832	NFX z.s.p.o.	75093201
CentroNet, a.s.	26165473	Orange Business Services	49620037
CESNET, z.s.p.o.	63839172	OVANET, a.s.	25857568
CL-NET s.r.o.	25011022	SELFservis spol. s r.o.	18826016
COOLHOUSING s.r.o.	14893983	Seznam.cz, a.s.	26168685
CZ.NIC z.s.p.o.	67985726	SkyNet, a.s.	25346687
ČD-Telematika a.s.	61459445	Sloane Park Property Trust, a.s.	25036459
České Radiokomunikace a.s.	27444902	SMART Comp. a.s.	25517767
ČEZnet, a.s.	26470411	SuperNetwork, s.r.o.	25492063
Dial Telecom a.s.	28175492	T-Mobile Czech Republic a.s.	64949681
Freebone, s.r.o.	25503286	T-Systems PragoNet, a.s.	61059382
GiTy, a.s.	25302400	Telefónica O2 Czech Republic, a.s.	60193336
GREPA Networks s.r.o.	25492900	Telekom Austria Czech Republic, a.s.	63080150
GTS NOVERA a.s.	61058904	TERMS a.s.	14499037
ha-vel internet s.r.o.	25354973	TISCALI Telekomunikace Česká republika s.r.o.	64788610
IGNUM, s.r.o.	26159708	Trestel SK, a.s.	
IJC, s.r.o.	26762544	TRIOPTIMUM s.r.o.	25722492
INTERNET CZ, a.s.	26043319	UPC Česká republika, a.s.	00562262
INTERNEXT 2000, s.r.o.	25352288	Verizon Czech s.r.o.	26174081
Interoute Czech, s.r.o.	26147653	Visual Connection, a.s.	18630758
Ipex a.s.	45021295	Vodafone Czech Republic a.s.	25788001
M-SOFT, spol. s r.o.	49434853	Web4U s.r.o.	26058774
Master Internet, s.r.o.	26277557	WIA spol. s r.o.	26703297
MAXPROGRES, s.r.o.	25307126		

As of December 31, 2007 the NIX.CZ Association had a total of 57 members

### Board of Directors:

In 2007, the Board of Directors consisted of:

<b>Name</b>	<b>Position</b>	<b>Term</b>
Mgr. Josef Chomyn	předseda představenstva	1.1.2007 - 31.12.2007
Mgr. Ondřej Filip	člen představenstva	1.1.2007 - 31.12.2007
Milan Švácha	člen představenstva	1.1.2007 - 31.12.2007

### Supervisory Board:

In 2007, the Supervisory Board consisted of:

<b>Name</b>	<b>Position</b>	<b>Term</b>
Radek Majer	předseda dozorčí rady	1.1.2007 - 31.12.2007
Mgr. Karel Taft	člen dozorčí rady	1.1.2007 - 31.12.2007
Ing. Michael Macek	člen dozorčí rady	1.1.2007 - 31.12.2007

As of December 31, 2007 the Association employed four full-time employees in the position of Director of the Association, two Technical Specialists and one Office Manager.

The Director organizes and coordinates internal and external communications. Further, in cooperation with the Board of Directors, he prepares concepts and background information for members' voting (on the Association's intranet), specifically for the purposes of new members and customers admission, as well as principal changes in the organization of the NIX Association.

The Technical Specialists look after technical, operational and development matters.

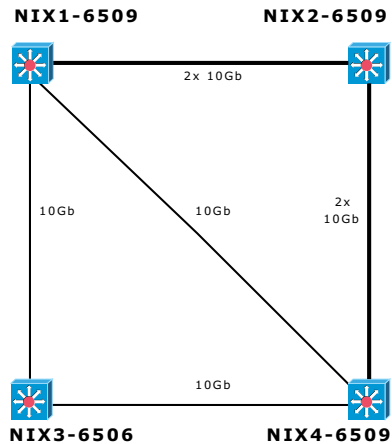
The Office Manager focuses on the operational and administrative matters of the Association.

### Technical Solution

The total amount of aggregated data traffic transmitted by the interconnection nodes of the Association exceeded 35 Gbps in December 2007, which represents 75% increase compared to the previous year.

In 2007, the capacity of backbone interconnection between nodes NIX1-NIX2 has been increased to 20 Gbps and the chassis in the location of NIX1 was replaced in order to increase the number of available slots for link cards.

The following diagram shows the infrastructure as of the end of 2007.



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The backbone platform remains a series of CISCO 6500 switches. In all nodes, connection lines with a throughput capacity of up to 10 Gbps are supported. In 2007, the Association investigated the possibility to use a technology from another producer with respect to the increasing traffic in the nodes and the growing interest in 10Gbps links.

The NIX.CZ interconnection technology remains on the link layer (Ethernet). The Association operates its 6881 autonomous system on the CISCO 7300 platform.

The Association continues to enable its members and customers to be interconnected using the IPv6 protocol. This connection is implemented within the same VLAN as IPv4; this fact enables the members and customers to operate routers and interfaces in a double protocol buffer mode. As of the end of 2007, 14 IPv6 networks have been interconnected, which means stagnation with respect to the situation in 2005 (13 networks).

In July 2007, new any-cast secondary domain servers for .TLD .COM and .NET were put into operation in the premises of NIX.CZ together with the J-ROOT name-server, operated by Verisign Company.

In 2007, the Association was further improving its own system of infrastructure monitoring, which is predominantly used for the diagnostics of interconnection problems and for the monitoring of operational discipline.

In 2007, the Association focused on reinforcing the physical security of the equipment installed in individual nodes by means of a special system of key distribution. The location NIX4 was equipped with a cage protecting the NIX.CZ racks against the access of unauthorised persons.

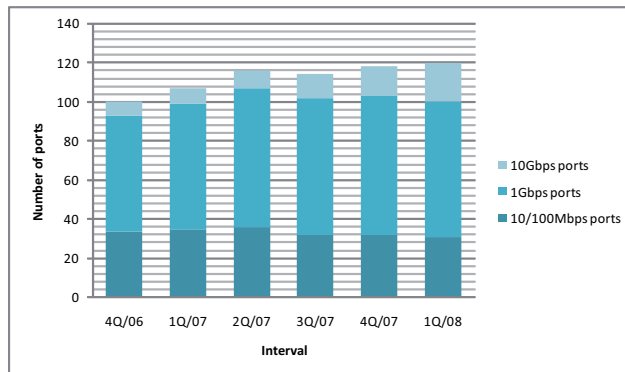
### Association Public Relations

In 2007 the Association continued in focusing on two areas of public relations: The first area is concerned with informing the professional public about the Association's activities on the Czech market. The main communication channels for that purpose were the Association's website and press releases issued by the Association.

In 2007, the Association organised two informal meetings of its members.

The second area focused on informing foreign ISPs about the Association's activities in order to persuade them to start using the Association's services. The main communication channels for that purpose were the Association's website and updated presentations at RIPE, NANOG, APRIKOT conferences in the EIX-WG workgroup and at Euro-IX meetings.

Growth in Port Density and Port capacity



(in thousands CZK)

As of the last day of the year	2003	2004	2005	2006	2007
<b>Total assets</b>	<b>4 626</b>	<b>6 698</b>	<b>9 666</b>	<b>15 950</b>	<b>22 836</b>
Fixed assets	3 107	2 408	3 035	5 172	6 858
Intangible assets - gross	17	25	25	25	25
Adjustment to intangible assets	-17	-25	-25	-25	-25
Tangible assets	6 177	6 648	8 031	10 989	14 944
Adjustment to tangible assets	-3 070	-4 240	-4 996	-5 817	-8 086
Unfinished investments	0	0	0	0	0
Financial investments	0	0	0	0	0
Current assets	1 519	3 695	6 234	10 392	15 746
Inventory	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Short-term receivables	430	3 002	3 687	4 620	7 477
Financial accounts	1 089	693	2 547	5 772	8 269
Other assets	0	595	397	386	232
<b>Total liabilities</b>	<b>4 626</b>	<b>6 698</b>	<b>9 666</b>	<b>15 950</b>	<b>22 836</b>
Own resources	3 325	5 149	8 453	13 619	20 332
Capital	0	0	0	0	0
Retained earnings	2 025	3 325	5 149	8 453	13 619
Profit and loss of current AP	1 300	1 824	3 304	5 166	6 713
Outside resources	1 301	1 549	1 213	2 331	2 483
Reserves	0	0	0	0	0
Long-term liabilities	7	7	7	7	7
Short-term liabilities	1 294	1 542	1 206	2 324	2 476
Bank loans	0	0	0	0	0
Other liabilities	0	0	0	0	21

## Profit and Loss Statement

(in thousands CZK)  
for year

	2003	2004	2005	2006	2007
<b>Performance – sale of services</b>	<b>6 753</b>	<b>9 150</b>	<b>12 976</b>	<b>17 827</b>	<b>23 260</b>
Out of which:					
sale of services	6 753	9 150	12 976	17 827	23 260
change in inventory	0	0	0	0	0
activation	0	0	0	0	0
<b>Consumption</b>	<b>3 036</b>	<b>3 637</b>	<b>4 890</b>	<b>5 752</b>	<b>6 661</b>
Out of which:					
material, small assets and utilities	811	705	545	600	949
purchased services	2 225	2 932	4 345	5 152	5 712
<b>Added value</b>	<b>3 717</b>	<b>5 513</b>	<b>8 086</b>	<b>12 075</b>	<b>16 599</b>
<b>Staff expenses</b>	<b>1 493</b>	<b>1 829</b>	<b>2 468</b>	<b>3 925</b>	<b>6 145</b>
Out of which:					
employees	830	1 109	1 748	3 205	5 425
remuneration to statutory bodies	663	720	720	720	720
Taxes and fees	12	6	3	6	12
<b>Depreciation of fixed assets</b>	<b>1 002</b>	<b>1 307</b>	<b>1 432</b>	<b>1 734</b>	<b>2 575</b>
Revenues from sales of fixed assets	39	37	149	0	127
Net book value of sold fixed assets	27	130	121	0	0
Other operating revenues	0	1	3	13	45
Other operating expenses	37	13	135	49	142
Financial revenues (interest)	2	2	2	8	54
Membership fees	450	100	150	150	550
<b>Profit (loss) before taxation</b>	<b>1 637</b>	<b>2 368</b>	<b>4 231</b>	<b>6 532</b>	<b>8 501</b>
Income tax	337	544	927	1 366	1 788
<b>Profit (loss) after taxation</b>	<b>1 300</b>	<b>1 824</b>	<b>3 304</b>	<b>5 166</b>	<b>6 713</b>



In 2007, the Board of Directors and the Association Director will work in the following areas in addition to the normal operational issues:

- Association policy and strategy for the period 2008-2011
- necessary modification – amendment to the Operating Rules
- NIX nodes security, access rights, technology backup
- new members and customers attracting
- outlook for future technology and investment strategy in 2008-2011
- cooperation with other IXs, mainly in the area of sharing know-how and technology
- active participation in EURO-IX
- participation in national as well as international conferences
- cooperation with important associations operating in the field of the Internet in the Czech Republic
- cooperation with international organizations active operating in the field of the Internet
- continuous growth of the professionalism of the Association, new personnel recruiting and enhancement of the internal know-how
- social gatherings and events organising

The examined financial statements of NIX.CZ, z.s.p.o. for the period from 1 January 2007 to 31 December 2007 have been drawn up in compliance with valid regulations for the area of accountancy and shall replace the financial statements drawn up as of 31 December 2006.

Individual phases of the audit have not revealed any discrepancies that would suggest that the accounts of the company are not complete, transparent or accurate in any of the important aspects .

In my opinion, the accounts of NIX.CZ, z.s.p.o. for the year 2007 document all the financial operations in compliance with the accounting regulations valid in the Czech Republic.

The financial statements drawn up as of 31 December 2007 provide the true picture of the financial situation of NIX.CZ, z.s.p.o., its financial results and money flows in compliance with the International standards for financial statements as well as the auditing standards valid in the jurisdiction of the Czech Republic. Therefore, I approve the financial statements

**"without reservation"**

Ing. Milena Dušková  
Auditor's Registration Number: 573

