**NIX.CZ,
z.s.p.o. IČ
65990471**
Nad Elektrárnou
411 106 00 Praha 10

# 2004 Annual Report

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# Basic Characterisation of the Association

The NIX.CZ, z.s.p.o. Association was founded in 1996 and 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 on 1 October 1996.
The Register was changed in 2003, and since that time NIX.CZ z.s.p.o. 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 Association's registered address was changed in 2004.

Registered address:   Na Příkopě 411/106, Praha 10
IČ (Company No.):     65990471
DIČ (Tax Reg. No.):   CZ65990471
Telephone:            +420 267 198 350
Fax:                  +420 267 198 349
E-mail:               info@nix.cz
URL:                  http://www.nix.cz

# Activities of the Association

NIX.CZ, z.s.p.o. is a professional association of legal entities; it members are important ISPs active in the Czech Republic. The prevailing purpose of the Association's activities 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 the protection of ISPs' common interests in the Czech Republic.

The Association provides both its members and customers with the exchange-node services. Having equality of operators and technical neutrality in mind, the Association's customers have rights and obligations with respect to the operation as its members; the only difference is that customers cannot vote about issues connected with the future of the Association.

# Members and Customers of the Association

Membership changes in 2004

### New members

| Name | Membership date |
|------|-----------------|
| WIA s.r.o. | 1 February 2004 |
| Dial Telecom, s.r.o. | 1 April 2004 |

### Terminated memberships

| Name | Member until |
|------|--------------|
| PEMAC systems, s.r.o. | 31 December 2004 |
| TES Media, spol. s r.o. | 31 July 2004 |

The total number of NIX.CZ members was thus increased to 45.

List of members as of 31.12.04

| Name | IČO (Company No.) |
| --- | --- |
| ACTIVE 24, s.r.o. (Globe Internet, s.r.o.) | 25115804 |
| Aliatel a.s. | 61058904 |
| AT & T Global Network Services Czech Republic s.r.o. | 25785435 |
| BroadNet Czech, a.s. | 26201224 |
| BT Limited, organizační složka | 70802025 |
| Casablanca INT s.r.o. | 25079832 |
| CE Com Czech, s.r.o. | 26147653 |
| CentroNet, a.s. | 26165473 |
| CESNET, z.s.p.o. | 63839172 |
| CL-NET s.r.o. | 25011022 |
| Contactel, s.r.o. | 25733621 |
| Czech On Line a.s. | 63080150 |
| ČD-Telekomunikace a.s. | 61459445 |
| ČESKÉ RADIOKOMUNIKACE a.s. | 60193671 |
| **ČESKÝ TELECOM,** a.s. | 60193336 |
| Dial Telecom, s.r.o. | 26422298 |
| Equant Czech Republic, s.r.o. | 49620037 |
| ETEL s.r.o. | 25630636 |
| Eurotel Praha, spol. s r.o. | 15268306 |
| EuroWeb Czech Republic, spol. s r.o. | 48591319 |
| GiTy Net, spol. s r.o. | 25543768 |

| Name | IČO (Company No.) |
|---|---|
| GTS CZECH, a.s. | 63999501 |
| ha-vel voice a.s. | 26190516 |
| IGNUM, s.r.o. | 26159708 |
| INTERNET CZ, a.s. | 26043319 |
| INTERNEXT 2000, s.r.o. | 25352288 |
| InWay, a.s. | 25135198 |
| Ipex a.s. | 45021295 |
| Master Internet, s.r.o. | 26277557 |
| MGI.CZ s.r.o. | 26220318 |
| Mopos Communications, a.s. | 26222396 |
| net4net, a.s. (TransgasNet, a.s.) | 26152436 |
| NEXTRA Czech Republic s.r.o. | 25683691 |
| Oskar Mobil, a.s. (Český Mobil a.s.) | 25788001 |
| SELFservis spol. s r.o. | 18826016 |
| SkyNet, a.s. | 25346687 |
| Sloane Park Property Trust, a.s. | 25036459 |
| T- System PRAGONET, a.s. | 61059382 |
| TISCALI Telekomunikace Česká republika s.r.o. | 64788610 |
| T-Mobile Czech Republic a.s. | 64949681 |
| UPC Ceska republika, a.s. | 00562262 |
| UTA Telekom, s.r.o. | 26475570 |
| UUNET Czech, s.r.o. | 26174081 |
| WIA s.r.o. | 26703297 |

New customers

| Name | Customer from |
|------|---------------|
| Karneval Media s.r.o. | 1 August 2004 |
| CZ.NIC, z.s.p.o. – projekt F-ROOT | 1 October 2004 |
| CeCOM Czech, s.r.o. – Interoute | 1 October 2004 |
| Trioptimum, s.r.o. | 1 October 2004 |

The total number of customers (valid customer contracts) was eight as of

31 December 2004.

List of customers as of 31 December 2004

| Name | IČO (Company No.) |
|------|-------------------|
| CeCOM Czech, s.r.o. – Interoute | 26147653 |
| CZ.NIC, z.s.p.o. | 67985726 |
| CZ.NIC, z.s.p.o. – projekt F-ROOT | 67985726 |
| Karneval Media s.r.o. | 18383891 |
| LambdaNet Communication s.r.o. | 26201691 |
| Plus.line AG | |
| Tele2 Sverige AB | |
| Trioptimum, s.r.o. | 25722492 |

# Statutory Bodies in 2004

Board of Directors

In the entire year 2004, the Board of Directors consisted of:

| 1.1.2004 – 31.12.2004 | Mgr. Josef Chomyn (Chairman)<br>Bc. Michal Krsek (Member)<br>Mgr. Ondřej Filip (Member) |
|------------------------|------------------------------------------------------------------------------------------|

Supervisory Board

In 2004, the Supervisory Board consisted of:

| 1 January 2004 – 23 November 2004 | Mgr. Karel Taft (Chairman)<br>Ing. Michael Macek (Member)<br>Radek Majer (Member) |
|------------------------------------|------------------------------------------------------------------------------------|
| 23 November 2004 – 31 December 2004 | Radek Majer (Chairman)<br>Mgr. Karel Taft (Member)<br>Ing. Michael Macek (Member) |

# Balance Sheet

in thousands of CZK

| K 31.12. roku | 2200 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| **TOTAL ASSETS** | 2,**498** | 2,**191** | 3,**247** | 4,**626** | 6,**698** |
| Fixed assets | 613 | 926 | 2,323 | 3,107 | 2,408 |
|   Intangible assets - gross | 0 | 0 | 9 | 17 | 25 |
|   Adjustment to intangible assets | 0 | 0 | -9 | -17 | -25 |
|   Tangible assets | 948 | 983 | 3,996 | 6,177 | 6,648 |
|   Adjustment to tangible assets | −335 | −607 | −1,673 | −3,070 | −4,240 |
|   Investments in progress | 0 | 550 | 0 | 0 | 0 |
|   Financial investments | 0 | 0 | 0 | 0 | 0 |
| Current assets | 1,885 | 1,265 | 923 | 1,519 | 3,695 |
|   Inventory | 0 | 0 | 0 | 0 | 0 |
|   Long-term receivables | 0 | 0 | 0 | 0 | 0 |
|   Short-term receivables | 353 | 857 | 304 | 430 | 3,002 |
|   Financial accounts | 1,532 | 408 | 619 | 1,089 | 693 |
| Other assets | 0 | 0 | 1 | 0 | 595 |
| **TOTAL CAPITAL & LIABILITIES** | 2,**498** | 2,**191** | 3,**247** | 4,**626** | 6,**698** |
| Own resources | 1,724 | 1,277 | 2,025 | 3,325 | 5,149 |
|   Capital | 0 | 0 | 0 | 0 | 0 |
|   Retained earnings | 1,270 | 1,724 | 1,277 | 2,025 | 3,325 |
|   Profit and loss of current accounting period | 454 | −447 | 748 | 1,300 | 1,824 |
| Liabilities - outside resources | 774 | 914 | 1,222 | 1,301 | 1,549 |
|   Reserve | 0 | 0 | 0 | 0 | 0 |
|   Long-term liabilities | 0 | 41 | 47 | 7 | 7 |
|   Short-term liabilities | 774 | 873 | 1,175 | 1,294 | 1,542 |
|   Bank loans | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 |

# Profit and Loss Account

in thousands of CZK

| Year | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|
| **Výkony – prodej služeb** | **1,835** | **1,680** | **4,357** | **6,753** | **9,150** |
| out of which: Sale of services | 1,835 | 1,680 | 4,357 | 6,753 | 9,150 |
| Change in inventory | 0 | 0 | 0 | 0 | 0 |
| Activation | 0 | 0 | 0 | 0 | 0 |
| **Production consumption** | **1086** | **1769** | **1,808** | **3,036** | **3,637** |
| out of which: materials, small-scale assets and energy supply | 80 | 81 | 424 | 811 | 705 |
| purchased services | 1,006 | 1,688 | 1,384 | 2,225 | 2,932 |
| **Value added** | **749** | **−89** | **2,549** | **3,717** | **5,513** |
| **Staff costs** | **360** | **360** | **1,381** | **1,493** | **1,829** |
| out of which: Employees | 0 | 0 | 841 | 830 | 1,109 |
| Remuneration of statutory body members | 360 | 360 | 540 | 663 | 720 |
| Taxes and fees | 0 | 0 | 4 | 12 | 6 |
| **Depreciation of fixed assets** | **214** | **272** | **727** | **1,002** | **1,307** |
| Revenues from sales of fixed assets | 20 | 23 | 11 | **39** | **37** |
| Net book value of fixed assets sold | 0 | 0 | 0 | 27 | 130 |
| Other operating revenues | 0 | 0 | 0 | **0** | **1** |
| Other operating expenses | 12 | 8 | 9 | 37 | 13 |
| Financial revenues (interest) | 6 | 9 | 3 | **2** | **2** |
| Membership fees | 350 | 250 | 450 | 450 | 100 |
| **Profit (loss) before taxation** | **539** | **−447** | **892** | **1,637** | **2,368** |
| Income tax | 85 | 0 | 144 | 337 | 544 |
| **Profit (loss) after taxation** | **454** | **−447** | **748** | **1,300** | **1,824** |

# Exchange Node Operation in 2004

Operational characteristics

The exchange node is implemented as four mutually interconnected points. The interconnection points are used as access points for the connection of peering service users. In 2004, users could connect using a speed of 10/100 Mbit/s or 1 Gbit/s. The number of connections per user is not limited; the Operating Rules, however, forbid users to let their internal traffic go through the exchange node or to provide global transit services.

**Interconnection points**

NIX1
České Radiokomunikace
Mahlerovy sady 1
Praha 3

NIX2
GTS Telehouse
Vinohradská 190
Praha 3

NIX1
Pragonet Telehouse
5.května 65
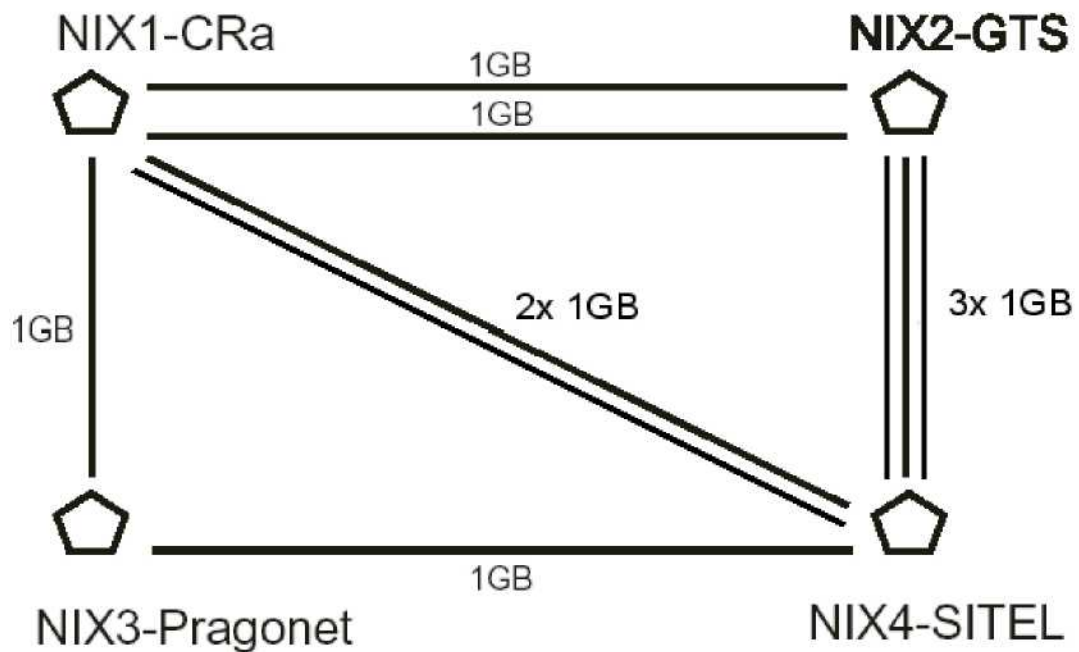Praha 4

NIX4
SITEL Telehouse
Nad Elektrárnou 411
Praha 10

In 2004, a new pricelist for the use of the exchange node became effective in order to better reflect the service volumes used by the Association's members and customers.

Technical solutions

During 2004, the total aggregated data traffic going through the interconnection nodes of the Association was increased from approx. 2.5 Gb/s to nearly 5 Gb/s, i.e., almost doubled in comparison with 2003.

In 2004, links from NIX4 to NIX1 and NIX2 were enhanced to 2Gb/s, and the link to NIX2 was later further enhanced to 3Gb/s. In the second half of the year, a project of another increase was created and an upgrade to 10Gb/s technology should be implemented in the beginning of 2005 for links between NIX1, NIX2 and NIX4.

The following diagram shows the infrastructure as of the end of 2004.



The CISCO Catalyst 6000/6500 platform remains the backbone's basis. NIX3, whose utilisation is the smallest, is an exception with CISCO Catalyst 3550/2950 switches.

NIX4 was developing the most quickly; its traffic exceeded the level of NIX1 and NIX2, which are developing more slowly. The smallest data flow goes through NIX3.

The NIX.CZ interconnection technology remains on the link layer (Ethernet). The Association operates its 6881 autonomous system on a CISCO 7300 platform; it expects that its services connected with the Association's purpose will be developed within this autonomous system's framework.
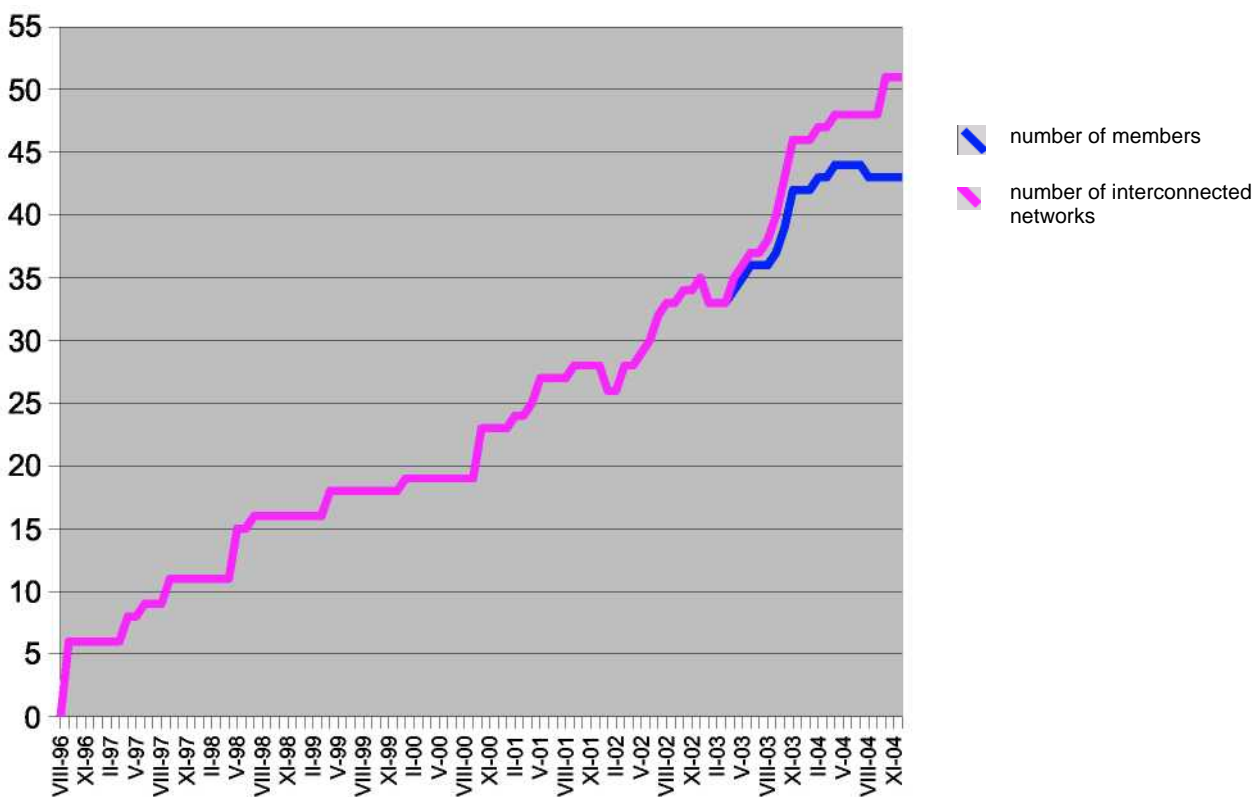
The Association continues to enable its members and customers to be interconnected using the IPv9 protocol. The IPv6 connection is operated on the same VLAN as IP; the members

and customers are thus enabled to operate their routers and interfaces in the dual-stack mode. Four more operators interconnected their IPv6 networks in 2004; in other words, eleven IPv6 networks were interconnected at the end of 2004.

In 2004, the Association implemented its own system for infrastructure monitoring developed in 2003; it is predominantly used for diagnostics in interconnection problems, and for the monitoring of operational discipline. Since there were some doubts about legality of such a system to be operated, the Association had a legal analysis executed, which confirmed that it is legal to use it.

Association's Public Relations

**Time evolution of the number of NIX.CZ members (customers)**



Legend:
- number of members
- number of interconnected networks

In 2004, the Association focused on two areas in 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 this purpose were the Association's website and press releases.

The second one was aimed at informing foreign ISPs about the Association's activities and persuading such subjects to use the Association's services. The main communication channel for that purpose was also the Association's website; and also updated presentations at RIPE conferences in the EIX-WG workgroup and at Euro-IX meetings.

# Strategic Goals for 2005

NIX.CZ will maintain at least two independent backbone interconnection nodes that will be under the full contractual control and administration of the NIX Association. Such nodes shall always ensure mutual substitutability in case the services have short-term defects, and shall also ensure elementary competition between the data circuit operators.

The Association will also offer its services to foreign subjects and/or subjects that cannot or do not wish to become the Association members. The services will be provided against fee; this applies to connections within a NIX node or access points to the NIX shared segment. Technical and organisational requirements on such subjects will be the same as those applicable to members.

The Association will maintain its following of the most recent trends in collocation technology and services, and adjust to them its price-to-performance ratio, development strategy, modifications and extensions of its activities and services provided to its members and customers. With respect to the growing demand for capacity, the technology and data circuits will be upgraded to 10-gigabit Ethernet at the beginning of 2005. Users will be able to connect to the NIX.CZ exchange node using the 10 Gbps speed.

The Association will identify services that will bring more added value to its members (and subsequently the entire community). Upon approval by the General Meeting, the Association will implement such modifications in normal operation.