TABLE OF CONTENTS

2	Statutory Bodies in 2008	12
2	Board of Directors	12
	Supervisory Board	13
3		
4	Employees in 2008	14
5		
	Operation in 2008	16
6		
	Technical Solution	16
8	Presentation	17
8	Balance Sheet	20
8		
8	Profit and Loss Statement	22
8		~ ~
9	Auditor's Report	24
11	Additor 5 Report	
11	Strategic Goals for 2009	28
	2 2 3 4 5 6 8 8 8 8 8 8 9	Board of Directors Supervisory Board Employees in 2008 Operation in 2008 Technical Solution Presentation Balance Sheet Profit and Loss Statement Auditor's Report

ABOUT ASSOCIATION

Association Profile



NIX.CZ, z.s.p.o. (Professional Association of Legal Entities) is a company associating Czech and foreign Internet related businesses in order to mutually interconnect their networks (peering). The association was founded in 1996. The infrastructure of the

Association is accessible from four Prague locations.

In 2008 the Association was globally one of the fastest growing IXP (Internet Exchange Point), the largest IXP in the Czech Republic and it ranked among the 10 largest IXPs in Europe. Consistent planning, sophisticated technical solution and 24/7/365 technical support ensure failure-free operation of the Exchange. The Association has been supporting peering via the IPv6 protocol as early as from 2003.

NIX.CZ is a dynamic and open company which actively contributes to Internet development. The development of the Association itself is largely based on cooperation both within the Association as such, and with other IXPs. General Meetings as well as various social events and working groups enable Association members and customers to meet not as competitors but as partners cooperating on the future progress of their IXP. These events are largely attended by interesting foreign guests giving presentations which enable members of the Association to receive upto-date information on the current situation of other IXPs in the world.

Historical Development of the Association





The Association was founded by eight companies on the day of 1st October 1996. The main reason for establishing

the Association was an effort to simplify the system of interconnecting individual Internet networks and to reduce the costs of such connections.

The functionality of this system is evidenced by the constantly growing number of members. As of 31.12.2008 the Association consists of as many as 68 members and provides services to 24 customers. Increasing popularity and accessibility of Internet networks have brought about an increase in the volume of data traffic and greater demands on hardware equipment of the Exchange.

In 2008, the main reason for the increase in the volume of data transferred over the NIX.CZ peering point was the increasing amount and popularity of multimedia content. Also, there was a significantly growing interest in cooperation from foreign companies. The NIX.CZ Association has strengthened its position as an important and reliable partner of communication companies.

nies. The objective of NIX.CZ is to provide reliable hardware equipment for this data exchange, to remain neutral and ensure equal conditions for all its members and customers.

Mission



The purpose of the NIX.CZ Association is to enable data flow exchange. This data exchange is voluntary between and among individual compa-

Registered Office and Contact Details



The current location of the registered office enables fast access to all interconnection points of the Association.

The registered office and contacts details in 2008 were as follows:

Address:

Vinohradská 184/2396 130 52 Praha 3

Registration No: 65990471 Tax reg. No: CZ65990471

Phone: +420 272 660 628 Fax: +420 272 660 629

e-mail: info@nix.cz

URL: http://www.nix.cz

In 2008 the Association operated interconnection points at the following locations:

NIX1 České Radiokomunikace Mahlerovy sady 1 Praha 3

NIX2 GTS Telehouse Vinohradská 190 Praha 3

NIX3 T-Systems Czech republic 5.května 65 Praha 4

NIX4 SITEL Telehouse Nad Elektrárnou 411 Praha 10

Statement by the Chairman of the Board of Directors



Ladies and Gentlemen,

NIX.CZ Association has been operating the oldest and largest Internet

Exchange in the Czech Republic. Available statistics suggest that it is a significant point on the map – it ranks among the first ten in Europe.

Association stability is an important factor not only for members and customers of the Association itself, but also for Internet users. Thanks to out professional team, which provided the services in an even better way in 2008 in comparison to previous years, we have achieved very good results in the area of outages. However, it is not only technical stability and failure-free operation that matters in terms of stability. It also involves financial independence and stability of the Association on the market. In a time of financial crisis it is necessary to get prepared for potentially worse days ahead – however, thanks to down-to-earth planning, NIX.CZ have ensured sufficient space and resources for such a case.

The development of NIX.CZ continues steadily and must not stop. Due to the fast growing traffic it is necessary to prepare a plan of employing new hardware able to deal with higher capacities. It is not always necessary to try to invent "a wheel" - that's why I am in favour of the cooperation with our "competitors" - Internet Exchanges in other countries and our activities within the Euro-IX Association. The good news is that the conception of the Association has been prepared for as many as the following three years.

In conclusion, I would like to give thanks to Tomáš Maršálek and his team for their enthusiasm and mainly the achieved results. One of the unmistakable proofs of our success is the ever-growing number of connected networks and the "smooth" statistics chart of failure-free operation.

I wish you good luck in the days to come and I keep my fingers crossed for you.

On behalf of the Board of Directors of NIX.CZ **Mgr. Josef Chomyn**

Statement by the Director of the Association



Ladies and Gentlemen,

the year 2008 continued in the trend of an increasing data

traffic, failure-free and stable operation and financial results that were better than planned.

The overall data traffic exceeded 50Gb/s in Autumn 2008 and approached 80Gb/s at the close of the year. NIX.CZ maintained its position as one of the "TOP 10 European Exchanges".

PBT reached CZK 9 208 000 and will be used in the reserve funds of the Association as a buffer for any stagnation caused by the ongoing worldwide financial crisis and for any potential future investments in new technology.

A new service was introduced for members and customers of the Association – route servers for both the IPv4 and IPv6 traffic.

Concerning the internal organization of the Associa-

tion, the number of employees increased in the technical and administration area; the General Meeting in June 2008 elected a new member of the Supervisory Board and in December 2008 re-elected the current Board for the following 3 years. The long-term strategy of the Association was adopted by the members in June 2008.

Again, the technological platform of Cisco Catalyst 6500 proved to be sufficient concerning the capacity, and a new DWDM Cisco technology was introduced. Also, we started preparations for the selection of a new technology, the tender is planned to take place in 2009.

Like last year, I firmly believe the NIX.CZ Association will continue to develop at the same pace, its operation will remain stable as it has been so far and it will not be seriously affected by the worldwide economic crisis.

Director of NIX.CZ Association Ing. Tomáš Maršálek



Mgr. Josef Chomyn Chairman of the Board of Directors



Ing. Tomáš Maršálek Director of Association

MEMBERS AND CUSTOMERS IN 2008

Changes in 2008



New Members:

Company name	Member since
Cogent Communications Czech Republic s.r.o.	1.1.2008
VSHosting s.r.o.	1.1.2008
MAFRA, a.s.	1.2.2008
OXID Networks s.r.o. (change from customer)	1.4.2008
EURid vzw/asbl	1.6.2008
SEVEROSTAV, spol. s r.o. – divize JAW.cz	1.6.2008
UPL TELECOM, s.r.o.	1.7.2008
GRAPE SC, a.s.	1.8.2008
OVH, SAS	1.8.2008
SUPRO, spol. s r.o.	1.10.2008
E4A s.r.l.	1.12.2008
Inter Fiber s.r.o.	1.12.2008

Terminated Memberships:

Company name	Member until
Orange Business Services	31.10.2008

New Customers:

Company name	Customer since
RETN Limited	1.2.2008
Russian Institute for Public Networks	1.2.2008
"N_SYS s.r.o."	11.4.2008
RIO Media, a.s.	12.8.2008
Ministerstvo vnitra	20.11.2008
Google Ireland Limited	21.11.2008

Terminated Customers:

Company name	Customer until
CET 21 spol. s r.o.	31.3.2008
OXID Networks, s.r.o. (change to member)	31.3.2008
NetColegne GmbH	31.12.2008

List of members as of 31.12.2008:

Company name:	Company ID
ACTIVE 24, s.r.o.	25115804
AT & T Global Network Services	
Czech Republic s.r.o.	25785435
Blue4.cz s.r.o.	27461254
BroadNet Czech, a.s.	26201224
BT Limited, organizační složka	70802025
Casablanca INT s.r.o.	25079832
CentroNet, a.s.	26165473
CESNET, z.s.p.o.	63839172
CL-NET s.r.o.	25011022
Cogent Communications Czech Republic s.r.o.	28174933
COOLHOUSING s.r.o.	14893983
CZ.NIC, z.s.p.o.	67985726
Dial Telecom, a.s.	28175492
E4A s.r.l.	VI02995520240
ČD-Telematika a.s.	61459445
České Radiokomunikace a.s.	27444902
ČEZ ICT Services, a. s.	26470411

Company name:	Company ID
EURid vzw/asbl	40405
Freebone s.r.o.	25503286
GiTy,a.s.	25302400
GRAPE SC, a.s.	25708783
GREPA Networks s.r.o.	25492900
GTS NOVERA a.s.	61058904
ha-vel internet s.r.o.	25354973
IGNUM, s.r.o.	26159708
IJC, s.r.o.	26762544
Inter Fiber s.r.o.	28470095
INTERNET CZ, a.s.	26043319
INTERNEXT 2000, s.r.o.	25352288
Interoute Czech s.r.o.	26147653
IPEX a.s.	45021295
M-SOFT, spol. s r.o.	49434853
MAFRA, a.s.	45313351
Master Internet, s.r.o.	26277557
MAXPROGRES, s.r.o	25307126
MGI.CZ s.r.o.	26220318

Company name:	Company ID
MobilKom, a.s.	48171000
Mopos Communications, a.s.	26222396
NETWAY.CZ s.r.o.	26421046
NEW TELEKOM, spol. s.r.o.	26690471
NFX z.s.p.o.	75093201
OVANET a.s.	25857568
OVH, SAS	424761419
OXID Networks s.r.o.	26890950
SELF servis, spol. s.r.o.	18826016
SEVEROSTAV, spol. s r.o divize JAW.cz	48292290
Seznam.cz, a.s.	26168685
SkyNet, a.s.	25346687
Sloane Park Property Trust, a.s.	25036459
SMART Comp. a.s.	25517767
SuperNetwork s.r.o	25492063
SUPRO, spol. s r.o.	46993185
T-Mobile Czech Republic a.s.	64949681
T-Systems Czech Republic a.s.	61059382
Telefónica O2 Czech Republic, a.s.	60193336
TERMS a.s.	14499037

Company name:	Company ID
Tiscali International Network B.V.	24311632
Trestel SK, a.s.	35792981
TRIOPTIMUM s.r.o.	25722492
UPC Česká republika, a.s.	562262
UPL TELECOM, s.r.o.	27203221
Verizon Czech s.r.o.	26174081
Visual Connection, a.s.	18630758
Vodafone Czech Republic a.s.	25788001
Telekom Austria Czech Republic, a.s.	63080150
VSHosting s.r.o.	61505455
Web4U s.r.o.	26058774
WIA spol. s.r.o.	26703297

List of customers as of 31.12.2008:

Company name	Company ID
CABEL MEDIA, s.r.o.	27288668
CoproSys, a.s.	45534152
DAT, s.r.o.	25521233
Fortech, spol. s r.o.	48155811
GLOBAL INSPIRATION, s.r.o.	26209543
Google Ireland Limited	368047
IP Exchange GmbH	11815808
LambdaNet Communications, s.r.o.	26201691
LeaseWeb BV	30141839
Ministerstvo vnitra	00007064
MIRAMO spol. s r.o.	43960987
"N_SYS s.r.o."	25254405
NetCologne GmbH	25580
Plus.line AG	53629
PODA a.s.	25816179
RETN Limited	4774262
RIO Media, a.s.	28216733
Russian Institute for Public Networks	773401001
Unient Communications, a.s.	63078171

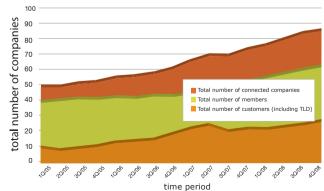
List of TLD customers as of 31.12.2008:

Company name	Company ID
DNS.BE vzw/asbl	9157/99
EURid vzw/asbl	40405
NASK	521-04-17-157
NIC.AT	FN17256b
VeriSign Netherlands, B.V	81145859

The total number of NIX.CZ members as of the end of 2008 was 68.

The total number of NIX.CZ customers as of the end of 2008 was 24.

Graf of development and structure of connected companies



STATUTORY BODIES IN 2008



Board of Directors:

The Board of Directors until 16.12.2008:

Name	Position	Term of office
Mgr. Josef Chomyn	Chairman of the Board of Directors	1.1.2008 - 16.12.2008
Milan Švácha	Member of the Board of Directors	1.1.2008 - 16.12.2008
Mgr. Ondřej Filip	Member of the Board of Directors	1.1.2008 - 16.12.2008

On 16.12.2008 the General Meeting elected the following Board of Directors:

Name	Position	Term of office
Mgr. Josef Chomyn	Chairman of the Board of Directors	16.12.2008 - 31.12.2008
Milan Švácha	Vice-Chairman of the Board of Directors	16.12.2008 - 31.12.2008
Mgr. Ondřej Filip	Member of the Board of Directors	16.12.2008 - 31.12.2008



Supervisory Board:

Supervisory Board in 2008:

Name	Position	Term of office
Radek Majer	Chairman of the Supervisory Board	1.1.2008 - 31.12.2008
Mgr. Karel Taft	Member of the Supervisory Board	1.1.2008 - 31.12.2008
Ing. Michael Macek	Member of the Supervisory Board	1.1.2008 - 12.6.2008
Martin Semrád	Member of the Supervisory Board	12.6.2008 - 31.12.2008

EMPLOYEES IN 2008



As of December 31, 2008 the Association employed five full-time employees in the positions of Director of the Association, three Technical Specialists and one Office Manager. The Association

also employed two part-time employees in the positions of Technician and Administrative Support.

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

Technical Specialists look after technical, operatio-

nal and development matters.

Office Manager and Administrative Support focus on the operational and administrative matters of the Association.



Tereza Nikolaiová *Office Manager*



Kateřina Polívková Administrative Support

OPERATION IN 2008

Technical Solution

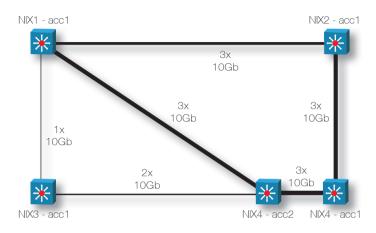


The total amount of aggregated data traffic transmitted by the interconnection points of the Association reached 70Gbps in December 2008, which represents 100% increase compared to

the previous year.

In 2008, the chassis in NIX3 was replaced in order to increase the number of available slots for line cards. Also, the capacity of backbone interconnection between NIX1-NIX2-NIX4 was increased to 30Gbps and between NIX4 and NIX3 to 20Gbps. Due to a lack of dark fibres there is a passive DWDM system between NIX2 and NIX4 running over the existing fibres.

The following diagram shows the infrastructure as of the end of 2008:



The backbone platform continues to be formed by a series of CISCO 6500 switches in fully redundant configuration. All our nodes support Ethernet connections of capacities ranging from 100Mbs to 10Gbps; two or more physical lines joining into one logical line is supported from the speed of 1Gbps up. In 2008 we looked into the possibilities of using technologies by other producers due to the ever growing data traffic, increasing interest in 10Gbps connections and limited physical capacities of the current routes. The NIX.CZ interconnection technology continues to run on the link layer (Ethernet).

The Association runs its autonomous 6881 system on the platform of Cisco 7301 routers, which enables access to internal services of the Association and connection of hosted TLD DNS servers, both via the IPv4 and IPv6 protocols. The operation of the infrastructure is ensured by as many as 20 support servers installed at individual locations.

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 2008, 30 IPv6 networks have been interconnected, which represents 100% increase compared to the previous year when only 14 networks used the possibility to peer via the IPv6 protocol.

In September 2008 route-servers at NIX2 and NIX4 were put into operation after several months of testing. These route-servers simplify the system of peering sessions between members and customers, where there is no need of individual sessions.

These route-servers also simplify the process of new members and customers joining the Association. The service is provided free of charge to members and customers, peering is supported in both IPv4 and IPv6 protocols.

In October 2008, a new any-cast secondary domain server for .TLD and .PL was put into operation in the premise of NIX.CZ.

In 2008 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.

Presentation



The presentation of the Association in 2008 was traditionally focused on the Czech as well as foreign professional communities, using the web pages and news releases as the main com-

Operation in 2008

munication channels serving this purpose.

In 2008 the Association continued to cooperate with other IXPs all around the world and actively participated in RIPE, NANOG and APRICOT conferences, the EIX-WG working group and the Euro-IX meeting. Thanks to this pro-active approach a lot of foreign companies joined the Association during 2008.

In June the Association in cooperation with the AMS-IX association was one of the exhibitors at the Capacity CEE 2008 conference that took place in Prague.

Like every year, the association held two social gatherings for the members in 2008. These meetings give competitors an exceptional opportunity to meet as partners and co-operators. Besides, the Association prepared a workshop on the new version of the IPv6 protocol.



Daniel Suchý Technical Specialist



Jiří Mikuláš *Technical Specialist*



Ondřej Beran Technical Specialist



Adam Golecky Technician

BALANCE SHEET



(in thousands CZK)

2004	2005	2006	2007	2008
6698	9666	15950	22836	30551
2408	3035	5172	6858	7757
25	25	25	25	25
-25	-25	-25	-25	-25
6648	8031	10989	14944	19090
-4240	-4996	-5817	-8086	-11333
0	0	0	0	0
0	0	0	0	0
3695	6234	10392	15746	22014
0	0	0	0	0
0	0	0	0	0
3002	3687	4620	7477	9644
693	2547	5772	8269	12370
595	397	386	232	780
	6698 2408 25 -25 6648 -4240 0 3695 0 3002 693	6698 9666 2408 3035 25 25 -25 -25 6648 8031 -4240 -4996 0 0 0 0 3695 6234 0 0 3002 3687 693 2547	6698 9666 15950 2408 3035 5172 25 25 25 -25 -25 -25 6648 8031 10989 -4240 -4996 -5817 0 0 0 0 0 0 3695 6234 10392 0 0 0 0 0 0 3002 3687 4620 693 2547 5772	6698 9666 15950 22836 2408 3035 5172 6858 25 25 25 25 -25 -25 -25 -25 6648 8031 10989 14944 -4240 -4996 -5817 -8086 0 0 0 0 0 0 0 0 3695 6234 10392 15746 0 0 0 0 0 0 0 0 3002 3687 4620 7477 693 2547 5772 8269

As of the last day of the year	2004	2005	2006	2007	2008
Total liabilities	6698	9666	15950	22836	30551
Own resources	5149	8453	13619	20332	27671
Capital	0	0	0	0	0
Retained earnings	3325	5149	8453	13619	20332
Profit and loss of current accounting period	1824	3304	5166	6713	7339
Outside resources	1549	1213	2331	2483	2880
Reserves	0	0	0	0	0
Long-term liabilities	7	7	7	7	7
Short-term liabilities	1542	1206	2324	2476	2837
Bank loans	0	0	0	0	0
Other liabilities	0	0	0	21	0

PROFIT AND LOSS STATEMENT



(in thousands CZK)

for year	2004	2005	2006	2007	2008
Performance – sale of services	9150	12976	17827	23260	29410
Out of which: sale of services	9150	12976	17827	23260	29410
change in inventory	0	0	0	0	0
Activation	0	0	0	0	0
Consumption	3637	4890	5752	6661	7601
Out of which: material, small assets and utilities	705	545	600	949	1606
Purchased services	2932	4345	5152	5712	5995
Added value	5513	8086	12075	16599	21809
Staff expenses	1829	2468	3925	6145	9633
Out of which: employees	1109	1748	3205	5425	8848
Remuneration to statutory bodies	720	720	720	720	785
Taxes and fees	6	3	6	12	24
Depreciation of fixed assets	1307	1432	1734	2575	3523
Revenues from sales of fixed assets	37	149	0	127	368
Net book value of sold fixed assets	130	121	0	0	438

for year	2004	2005	2006	2007	2008
Other operating revenues	1	3	13	45	282
Other operating expenses	13	135	49	142	291
Financial revenues (interest)	2	2	8	54	208
Membership fees	100	150	150	550	450
Profit (loss) before taxation	2368	4231	6532	8501	9208
Income tax	544	927	1366	1788	1869
Profit (loss) after taxation	1824	3304	5166	6713	7339

AUDITOR'S REPORT



Final Accounts Report

The following is a report made on 20th May 2009 based on an audit of the financial statements. The report forms an integral part of this Annual Report and reads as follows:

"We have verified the enclosed financial statements of the NIX.CZ association, i.e. the balance sheet as of 31st December 2008, profit and loss statement for the period from 1st January 2008 to 31st December 2008 and a schedule to these financial statements including the description of all used significant accounting methods."

Responsibility of Statutory Body of Accounting Unit for Financial Statements

According to Czech accounting regulations the preparation and correctness of the final accounts falls under the responsibility of the statutory body of the NIX.CZ Association. Within this responsibility, the statutory body is obliged to design, introduce and ensure the internal audit of the preparation and correctness of the financial statements in order to ensure it does not contain any substantial incorrect data caused by mistake or deceit, to choose and apply suitable accounting methods and to carry out accounting estimations corresponding to the current situation.

Auditor's Responsibility

Our task is to make auditor's statement concerning the final accounts based on an audit we have carried

out. We have carried out the audit in compliance with the law on auditors and the International Auditing Standards and related application annexes by the Chambers of Auditors of the Czech Republic. Pursuant to these regulations we are obliged to observe ethical standards and to plan and carry out audits in such a way to become adequately and reasonably sure that the financial statements do not contain any significant inaccuracies.

The audit involves carrying out auditing procedures whose aim is to gain evidence on the amounts and transactions presented in the financial statements. The choice of the auditing procedures is at the auditor's discretion, including the assessment of the risk that the financial statements contain any significant inaccuracies caused by mistake or deceit. When evaluating this risk the auditor takes into account the internal audits which are relevant for the preparation and correctness of the final accounts. The target of the assessment of the internal audits is to propose and choose suitable auditing procedures, not to evaluate the efficiency of the internal audits. The audit also involves an assessment of the suitability of used accounting methods, the relevance of accounting estimations carried out by the management as well as the assessment of the overall presentation of the financial statements.

We consider the obtained evidence to be a sufficient and suitable background for making our statement.

Auditor's Statement

"In our opinion, the financial statements show the true picture of assets, liabilities and financial situation of the NIC.CZ Association as of 31st December 2008 and the expenditures, revenues and financial results in 2008 in compliance with Czech accounting regulations."

Report on the Annual Report

We have also verified the compliance of the Annual Report of the NIX.CZ Association as of 31st December 2008 with the final accounts which form an integral part of this Annual Report. The correctness of the Annual Report is the responsibility of the statutory body of the NIX,CZ Association. Our task is to make a statement on the compliance of the Annual Report with the final accounts, based on the verification we have carried out.

We have carried out the verification in compliance with the International Auditing Standards and related application annexes by the Chambers of Auditors of the Czech Republic. These standards require the auditor to plan and carry out the verification in such a way to become adequately and reasonably sure that the information contained in the Annual Report describing the facts that are presented in the financial accounts are in all significant aspects in compliance with the relevant financial statements. We are convinced that the verification we have carried out provides an adequate background for making an auditor's statement.

In our opinion, the information presented in the Annual Report of the NIC.CZ Association as of 31st December 2008 is in all significant aspects in compliance with the aforesaid financial statements.

In Liberec, on the day of 20th May 2009



ADAMEC AUDIT s.r.o. osvědčení KA ČR číslo 342 Ing. Jaromír Adamec auditor číslo osvědčení 1719











STRATEGIC GOALS FOR 2009



In 2009, the Board of Directors and the Association Director will work in the following areas in addition to the normal operational issues:

- Core switch tender
- preparation for the impact of the financial crisis
- necessary modification amendment to the Operating Rules
- NIX nodes security, access rights, technology backup
- attracting new members and customers
- education of members, IPv6
- · 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 operating in the field of the Internet
- social gatherings and events