

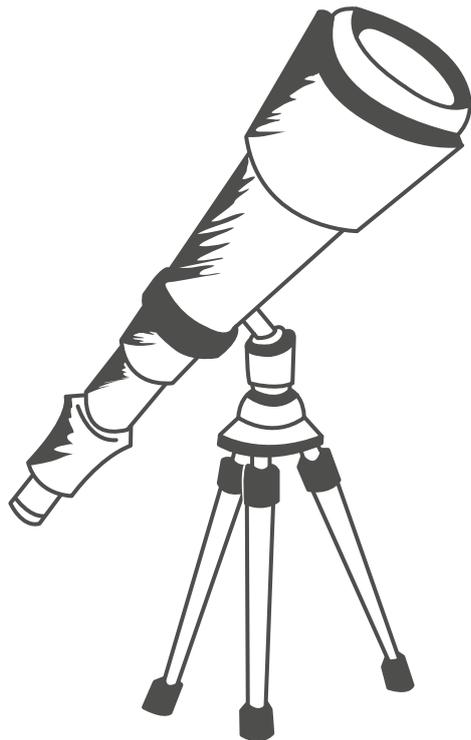
ANNUAL REPORT 2010



### *Did you know?*

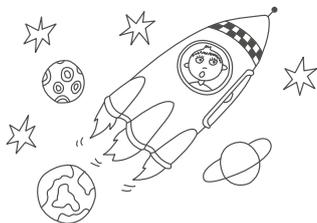
*Double stars comprise more than 70 % of all stars and more than half of all the stars we can find in the Milky Way Galaxy. A double star is a pair of stars that appear close to each other in the sky. Basically, there are two types of paired stars: a physical or an optical double. Both stars orbit a common centre of mass according to the Kepler's Third Law.*

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# 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 provides stable and reliable exchange of approximately two thirds of all data flow within the Czech Republic. Currently the Association is the largest IXP (Internet Exchange Point) in the Czech Republic and it is ranked among the 10 largest IXPs in the world.

The development of the Association itself is largely based on cooperation both within the Association as such, and with other IXPs. Social events, working groups and seminars enable Association members and customers to meet not as competitors but as partners cooperating on the future progress of their Association.

The presence and active participation of representatives

of the Association in key conferences of the Internet industry held in our country as well as abroad ensures ongoing inflow of state-of-the-art information and new developments and makes the Association visible internationally. NIX.CZ is dynamic and open company which actively participates in the Internet development in the Czech Republic and abroad.

Consistent planning, sophisticated technical solution and 24/7/365 technical support ensure failure-free operation of the Exchange. **In 2010 there was a major change in the topology of the network from circle to co called "double star", which ensures higher stability and allows further traffic growth of the node.**

The infrastructure of the Association is accessible from four Prague locations. The Association has been supporting peering via the IPv6 protocol as early as from 2003.

# Mission



The purpose of the NIX.CZ Association is to enable data flow exchange. This data exchange is voluntary between and among individual companies. The objective of NIX.CZ is to provide reliable hardware equipment for this data exchange, to provide professional services related to such data exchange, to remain neutral and ensure equal conditions for all its members and customers.

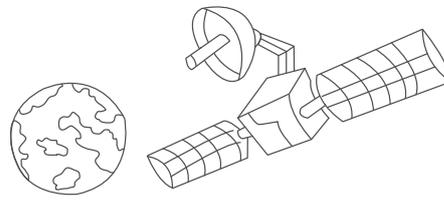
Another objective of the Association is to protect the common interests of the members of the Association, to cooperate with the most important organizations operating in the Internet industry, to provide its members with access to the latest information about IXP and to keep providing neutral environment for the meetings of various specialists.



### Did you know?

*The best-known double stars can even be seen by the naked eye, for example the Alcor-Mizar pair in the constellation Ursa Major. Thousands of others can be observed through a telescope. In fact, the majority of stars we can see in the sky are double stars. Our Sun is relatively exceptional by not being part of any double star.*

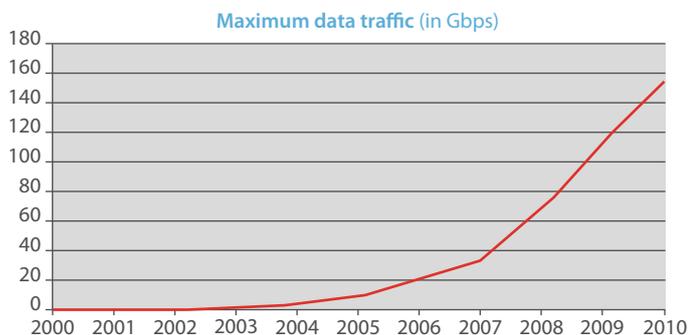
# Historical Development of the Association



The Association was founded by eight companies on the day of 1<sup>st</sup> 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 efficiency of this system is evidenced by the continuously growing number of members and customers over the years. Here are a few milestones in the development of the Association:

- ➔ **2002** This year the NIX.CZ Association employs the first full-time employee.
- ➔ **2003** Open attitude to new technologies results in the implementation of services using the IPv6 protocol.
- ➔ **2004** The Association connected the first F-ROOT anycast for a DNS server in the Central Europe.
- ➔ In December **2005** the data traffic exceeds 10 Gbps.
- ➔ In **2006**, the administrators of .eu, .be and .at Top Level Domains choose the NIX.CZ peering node as one of the locations for their secondary name-servers. This represents the first service of this type within the region of Central and Eastern Europe.
- ➔ In **2007**, the data traffic reached 35 Gbps and NIX.CZ becomes the host of .com, .net secondary name-servers as well as J-ROOT anycast.
- ➔ In **2008**, NIX.CZ offers their members and customers to connect via route-servers. The Association starts to be active in the area of marketing. The data traffic exceeds 70 Gbps and the Association becomes the host of .ru and .pl name-servers.
- ➔ As of 31<sup>st</sup> December **2009**, the Association has 73 members and provides services to 20 customers. The Association employs 8 full-time employees. NIX.CZ becomes the host of .It secondary name-server and the first European L-ROOT anycast of the ICANN company. At the end of 2009, the data traffic reached 115 Gbps. During the years of 2005 – 2009 the volume of data transmitted through the NIX.CZ Internet Exchange has increased more than ten times.
- ➔ **2010** The most significant event of the year is the replacement of the "ring" topology with "dual star". The number of members increased to 82; at the same time, the Association provided services to 21 customers. The number of leading Czech and foreign Internet companies connected to NIX.CZ increased again. At the end of the year the data traffic reached 155 Gbps, which is an increase of 35 % compared to year 2009.

## Data traffic



Year	Gbps	Year	Gbps
2000	0,01	2006	20
2001	0,03	2007	35
2002	0,06	2008	70
2003	2,5	2009	115
2004	5	2010	155
2005	10	-	-



### Did you know?

*Double stars are most easily identified from the unusual movement of the brighter component star. If the star "rocks" regularly in the sky, we can be sure that it has a partner which is invisible to our eyes. Such double stars are called astrometric double stars discovered by measuring their position in the sky.*

# Foreword by the Chairman of the Board of Directors

Dear friends,

It is my great pleasure and honour to write a short preface to the Annual Report of the NIX.CZ Association.

Year 2010 was very challenging and demanding, mainly in the technical area. The Internet Exchange has undergone a significant change in its topology. The Association has employed the latest state-of-the-art technology for data traffic switching – Nexus switches from Cisco Systems, but most importantly – we put into operation the dual-star topology, which significantly enhances and increases the stability and redundancy of the whole NIX.CZ Internet Exchange.

I described the whole transition in a single sentence, but in fact it has so far been the largest project in the history of the Association. The whole project, starting from preparatory activities, project specification and selection of the best solution, through verification of references, testing, launch of the new technology, migration of the backbone and user connections up to the completion of the whole project, lasted for many months. The credit for the flawless transition goes in particular to the employees of NIX.CZ Association, mainly – naturally – to our technical team but also to other partners.

I would like to take this opportunity to thank all the people who contributed to the introduction of the dual-star topology to NIX.CZ and its putting into operation. You did a great job.

Besides technology, year 2010 also witnessed some development in activities related to the presentation of the company and its communication towards the new members and custom-

ers. Not only did the representatives of NIX.CZ take part in a number of conferences and professional forums abroad, NIX.CZ Association also co-organized the RIPE Meeting 60 conference which took place in May 2010 in Prague.

Although all non-financial indicators increased in 2010 – the number of members and customers, number of connections, overall traffic, the revenue from sales indicate a slight decrease. The reason is price decrease for 10 Gbps ports, but also ongoing acquisitions on the telecommunication market. The Association must not rest on its laurels. As early as at the beginning of 2011 it has become obvious that keeping the growing trend (resumption in sales) will require much effort. When writing this preface I already know about some new acquisitions within the Czech market that will affect the number of the members of our Association.

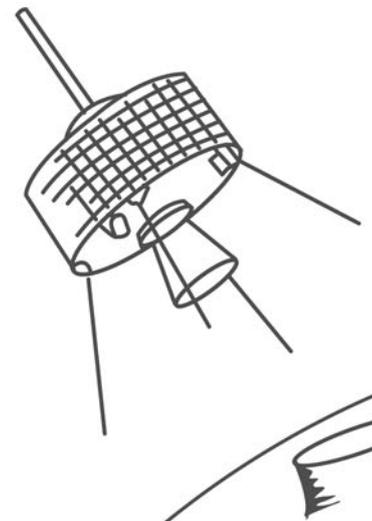
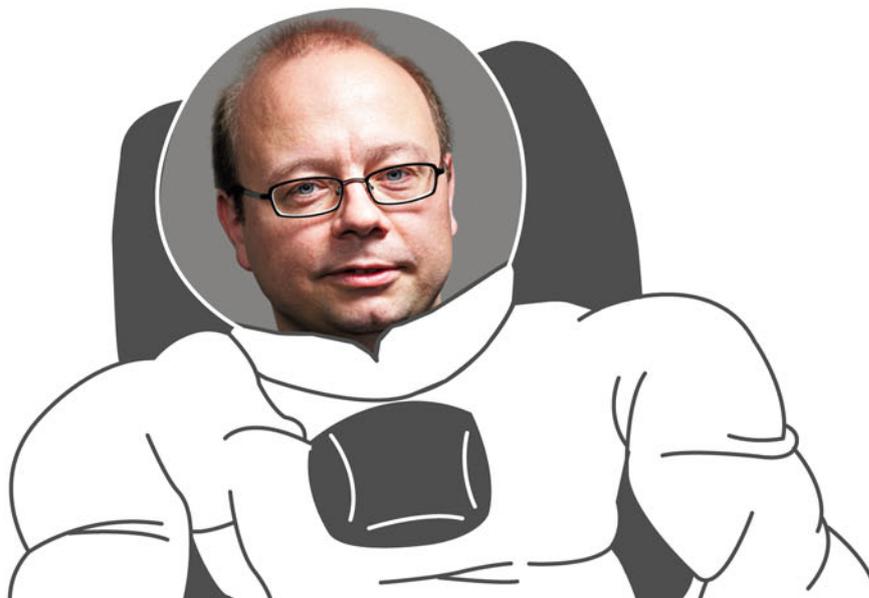
On the other hand, more and more Czech companies are interested to connect to the NIX.CZ Internet Exchange and we have also entered into negotiations with a number of foreign "players", recently even from the American continent.

I keep my fingers crossed for NIX.CZ Association in the year to come.

On behalf of the Board of Directors of the Association

**Josef Chomyn**

Chairman of the Board of Directors



# Foreword by the Director of the Association

Ladies and Gentlemen,

I would like to use this opportunity to say a few words about our work and to share our achievements. Despite the fact that I did not take over the position of Director until November 2010, I am happy to state that even in 2010 the NIX.CZ Association did not fall behind in its development.

On 18<sup>th</sup> November 2010 we brought to a successful finish the long marathon of activities focused on the analyses, planning and implementation of the new "dual star" topology. This topology replaced the previous "ring" topology whose capacity was not sufficient for any significant increase in the number of users. After having thoroughly considered the specific needs of the Association we upgraded the existing nod with two new Cisco Nexus 7000 switches. The technical team of NIX.CZ Association have coped with the migration with flying colours.

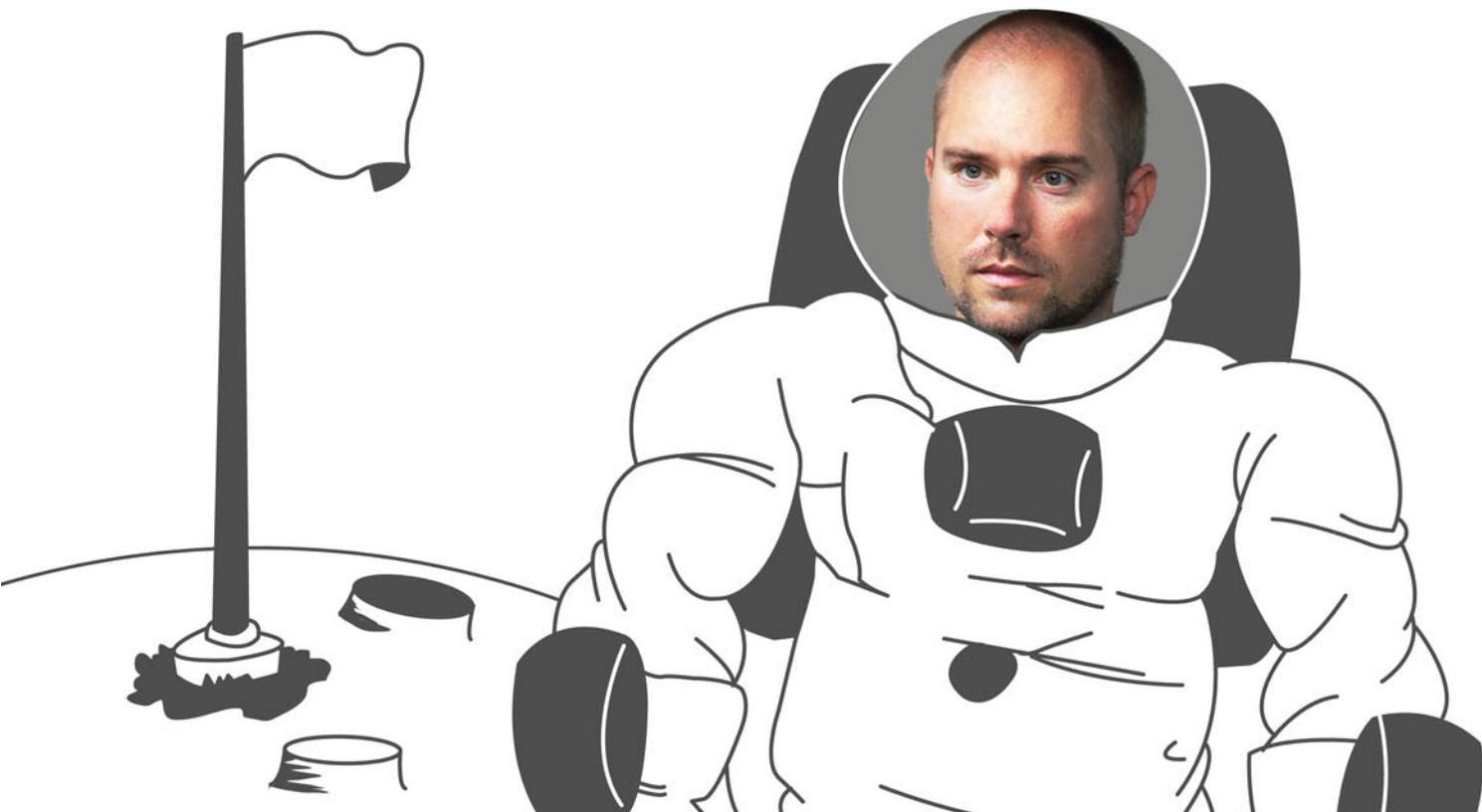
In 2010, the number of companies connected to NIX.CZ increased to 103. At the end of the year the data traffic reached

155 Gbps. The decision of the General Meeting to reduce prices for the operation and installation of the 10 Gbps ports in 2010 resulted in a significant increase in new installations. By the end of 2010 the number of 10 Gbps ports increased to 59, i.e. by 48 % in comparison to the previous year.

Despite large investments in the new technology, NIX.CZ Association reached profit before tax of 8,454 thousand CZK, which will be transferred to the reserve fund of the Association.

I believe that also in 2011 the NIX.CZ Association will achieve a lot of success and the key indicators will keep growing.

**Martin Semrád**  
Director of NIX.CZ Association



# Members in 2010

## Changes in 2010

### New members:

Company name	Member since
Dragon Internet, a.s.	1. 2. 2010
STAR 21 Networks, a.s.	1. 2. 2010
COMA s.r.o.	1. 3. 2010
TETA, s.r.o.	1. 3. 2010
2 connect a.s.	1. 4. 2010
4connect, s.r.o.	1. 6. 2010
DAT, s.r.o.	1. 7. 2010
Akamai International B.V.	1. 9. 2010
M.NET Studénka, s.r.o.	1. 9. 2010

### Terminated memberships:

Company name	Member until
NETWAY.CZ s.r.o.	31. 3. 2010

The total number of NIX.CZ members as of the end of 2010 was 82.

## List of members as of 31<sup>st</sup> December 2010

Company name	Company ID
2 connect a.s.	29007542
4connect, s.r.o.	24669041
ACTIVE 24, s.r.o.	25115804
Akamai International B.V.	34159661

## List of members as of 31<sup>st</sup> December 2010 (continuation)

Company name	Company ID
AT & T Global Network Services Czech Republic, s.r.o.	25785435
BT Limited, organizační složka	70802025
Casablanca INT, s.r.o.	25079832
CentroNet, a.s.	26165473
CESNET, z.s.p.o.	63839172
Cogent Communications Czech Republic, s.r.o.	28174933
COMA s.r.o.	47471557
COOLHOUSING s.r.o.	14893983
CZ.NIC z.s.p.o.	67985726
DAT, s.r.o.	25521233
Dial Telecom, a.s.	28175492
Dragon Internet, a.s.	27237800
E4A s.r.l.	VI02995520240
ČD-Telematika, a.s.	61459445
EDERA Group, a.s.	27461254
České Radiokomunikace, a.s.	27444902
ČEZ ICT Services, a. s.	26470411
EURid vzw/asbl member	40405
Freebone s.r.o.	25503286
GiTy, a.s.	25302400
GRAPE SC, a.s.	25708783
GREPA Networks, s.r.o.	25492900
GTS Czech s.r.o.	28492170
ha-vel internet, s.r.o.	25354973
IGNUM, s.r.o.	26159708
Inter Fiber, s.r.o.	28470095

## List of members as of 31<sup>st</sup> December 2010 (continuation)



Company name	Company ID
INTERNET CZ, a.s.	26043319
INTERNEXT 2000, s.r.o.	25352288
Interoute Czech, s.r.o.	26147653
Ipex, a.s.	45021295
Kaora, s.r.o.	27145905
KIT digital Czech, a.s.	18630758
LOSAN internet, s.r.o.	27356507
M-SOFT, spol. s r.o.	49434853
M.NET Studénka, s.r.o.	27809927
MAFRA, a.s.	45313351
Master Internet, s.r.o.	26277557
MAXPROGRES, s.r.o.	25307126
METRONET, s.r.o.	26762544
MGI.CZ, s.r.o.	26220318
MobilKom, a.s.	48171000
Mopos Communications, a.s.	26222396
Nej TV a.s.	28128338
NEW TELEKOM, s.r.o.	26690471
NFX, z.s.p.o.	75093201
OVANET, a.s.	25857568
OVH, SAS	424761419
OXID Networks, s.r.o.	26890950
Pantel International CZ, s.r.o.	26194783
Pe3ny Net, s.r.o.	27252183
RETN Limited	4774262
RIO Media, a.s.	28216733

Company name	Company ID
SELFservis, s.r.o.	18826016
SEVEROSTAV, spol. s r.o.	48292290
Seznam.cz, a.s.	26168685
SkyNet, a.s.	25346687
Sloane Park Property Trust, a.s.	25036459
SMART Comp. a.s.	25517767
STAR 21 Networks, a.s.	26223325
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
TETA, s.r.o.	47785781
Tinet SpA	213314/2001
Trestel SK, a.s.	35792981
TRIOPTIMUM, s.r.o.	25722492
UPC Česká republika, a.s.	00562262
UPL TELECOM, s.r.o.	27203221
Verizon Czech, s.r.o.	26174081
Vodafone Czech Republic, a.s.	25788001
VOLNÝ, a.s.	63080150
VSHosting s.r.o.	61505455
Web4U s.r.o.	26058774
WIA, spol. s r.o.	26703297
WMS, s.r.o.	48289957

# Customers in 2010

## Changes in 2010

### New customers:

Company name	Member since
EuroTransit – International Carrier GmbH	6. 5. 2010
Atrato-IP networks	2. 9. 2010

### Terminated customers:

Company name	Member until
---	---

## List of TLD customers as of 31<sup>st</sup> December 2010

Company name	Company ID
DNS.BE vzw/asyl	9157/99
EURid vzw/asyl	40405
Kaunas University	111950581
NASK	0000012938
NIC.AT	FN17256b
VeriSign Netherlands, B.V	81145859

## List of customers as of 31<sup>st</sup> December 2010

Company name	Company ID
Atrato IP Networks	34330597
COPROSYS a.s.	45534152
EuroTransit – International Carrier GmbH	HRB 107158
FORTECH, spol. s r.o.	48155811
Google Ireland Limited	368047
Internet Corporation for Assigned Names and Numbers	
IP Exchange GmbH	11815808
LambdaNet Communications, s.r.o.	26201691
LeaseWeb BV	30141839
Ministerstvo vnitra ČR	00007064
MIRAMO spol. s r.o.	43960987
"N_SYS s.r.o."	25254405
PODA a.s.	25816179
RIPNDS (MSK-IX, JSC)	1087746785356
Unient Communications, a.s.	63078171

The total number of NIX.CZ customers including TLD as of the end of 2010 was 21.

# Statutory bodies in 2010



## Board of Directors

**In 2010 the Board of Directors was as follows:**

Name	Position	Term of office
Josef Chomyn	Chairman	1. 1. 2010 – 31. 12. 2010
Milan Švácha	Deputy chairman	1. 1. 2010 – 31. 12. 2010
Ondřej Filip	Member	1. 1. 2010 – 31. 12. 2010

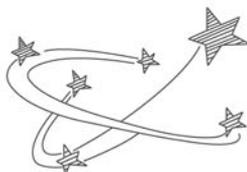
## Supervisory Board

**In 2010 the Supervisory Board was as follows:**

Name	Position	Term of office
Radek Majer	Chairman	1. 1. 2010 – 31. 12. 2010
Radim Hájek	Member	1. 1. 2010 – 31. 12. 2010
Martin Semrád	Member	1. 1. 2010 – 4. 11. 2010



# Employees in 2010



As of 31<sup>st</sup> December 2010, the Association employs 8 full-time employees in the positions of Director of the Association, Assistant of the Director, 3 Technical Managers, 2 Technical Specialists and one Sales & Marketing Manager.

Mr. Tomáš Maršálek, the former Director of Association, resigned from his position as of 3<sup>rd</sup> November 2010. From the same date, the position has been temporarily taken over by Mr. Martin Semrád, who has been a member of the Supervisory Board of the Association since 2008.

The Director organizes and coordinates internal and external communication. Further, in cooperation with the Board of Directors, he prepares strategies and background materials for members' voting (on the Association's intranet), especially

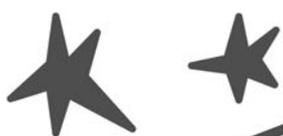
for the purposes of new members and customers admission, as well as principal changes in the organization of the NIX.CZ Association.

Technical Managers are responsible for technical, operational and development matters.

Technical Specialists look after the development and administration of internal applications and the Intranet and participate in controlling and monitoring of the locations.

Sales & Marketing Manager takes care of the sales, marketing and administration matters of the Association.

The Assistant of the Director is responsible mostly for the administrative matters of the Association including invoicing.



1. Martin Semrád, Director of the Association
2. Gabriela Ihová, Assistant of the Director
3. Renáta Maličková, Sales & Marketing Manager
4. Adam Golecký, Technical Manager
5. Ondřej Beran, Technical Manager
6. David Stopka, Technical Specialist
7. Petr Jiran, Technical Manager
8. Jiří Mikuláš, Technical Specialist



### Did you know?

*Double stars and multiple stars represent the simplest type of stellar associations. They involve stars which are relatively close to each other – their mutual distance is not measured in light years but in astronomical units. The stars have a common place of origin. Their orbital periods vary in length from several days to hundreds of years.*

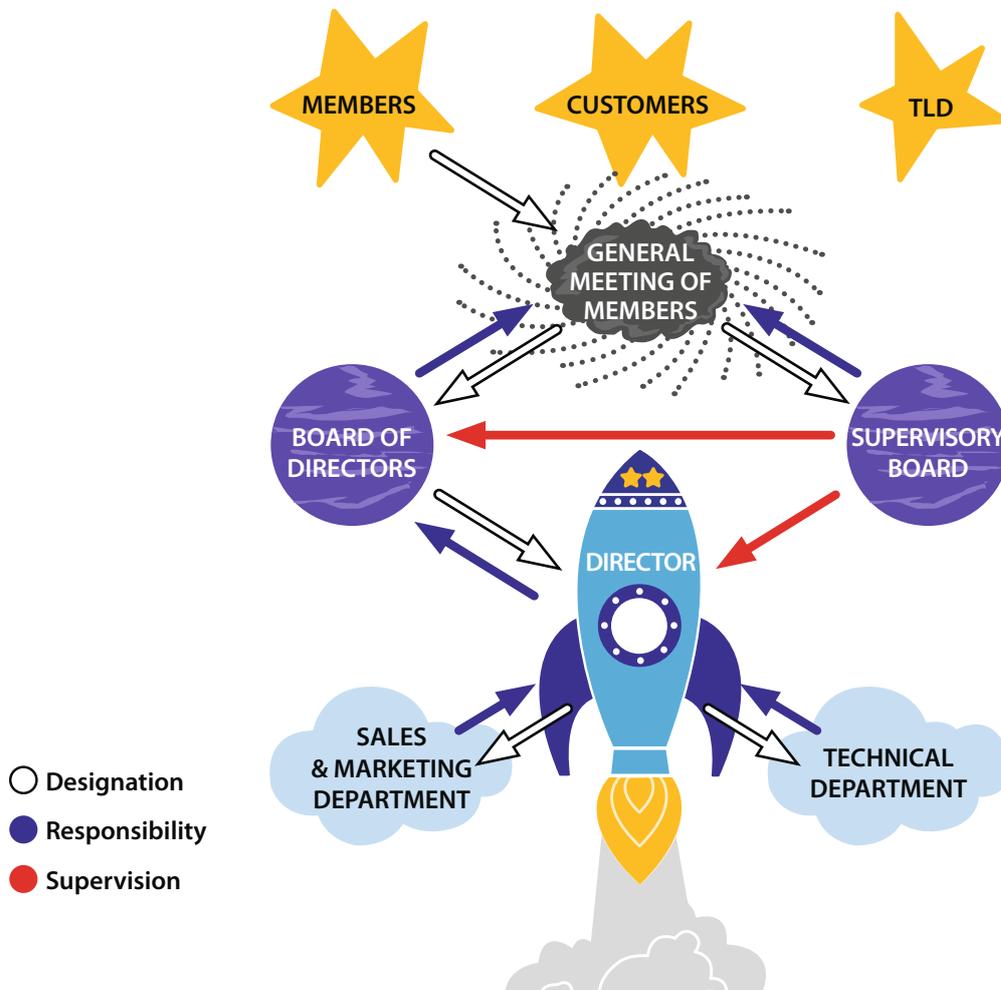
# Presentation

The main communication channels of the Association were the web pages and press releases published by the Association. NIX.CZ is a member of Euro-IX which associates mostly but not exclusively European IXPs. It is also a member of the RIPE Association. In May 2010 the NIX.CZ Association co-organized the RIPE 60 conference. Besides presenting new developments, the Association hosted a formal party in the community premises of the SACRE COEUR church. This kind of presentation makes the NIX.CZ Association visible internationally and contributes to the attraction of new members and customers.

In 2010 the Association continued to cooperate with other IXPs all around the world and actively participated in Euro-IX, RIPE, NANOG and MENOG conferences.

Like every year, in 2010 the Association held for its members two social evenings and a number of working groups. These meetings give competitors an exceptional opportunity to meet as partners and co-operators. For technical specialist of the members, the Association organized free of charge workshop on the implementation of the IPv6 protocol.

## Structure in 2010

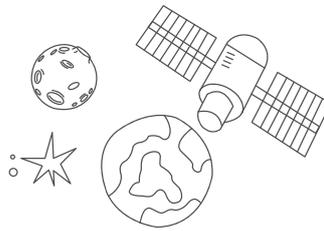




### Did you know?

*Individual components of the double star known as HM Cancri orbit each other faster than 5 times in one minute, which makes them the fastest binary star system in the whole universe. This record-making system consists of two white dwarfs orbiting each other at unprecedented speed – the orbital period around the common centre of mass is as short as 5.4 minutes!*

# Technical solution



In 2010 the topology of NIX.CZ Internet Exchange migrated from a “ring” topology to a virtualized “dual star” topology. This change in topology will enable further growth in the volume of data traffic we expect in the years to come and simultaneously will provide higher stability of the whole peering platform.

NIX.CZ uses Cisco Catalyst 6509E switches in fully redundant configuration. In the course of 2010, we installed two new Cisco Nexus 7010 switches into the newly prepared premises. These switches have been installed in fully redundant configuration and form the core of the new virtualized “dual star” topology. The change in the topology of NIX.CZ has made the Association able to respond to the demand for new 10GE ports at all connection sites. The interconnection technology of NIX.CZ continues to run on the link layer (Ethernet).

Due to a lack of dark fibres, the backbone connections use the passive DWDM technology (Dense Wavelength Division Multiplexing) running over the existing fibres, which enabled the increase to 80 Gbps. Thanks to this modification, NIX.CZ can provide up to 32 channels per one pair of optical fibres without the necessity to acquire additional dark fibres.

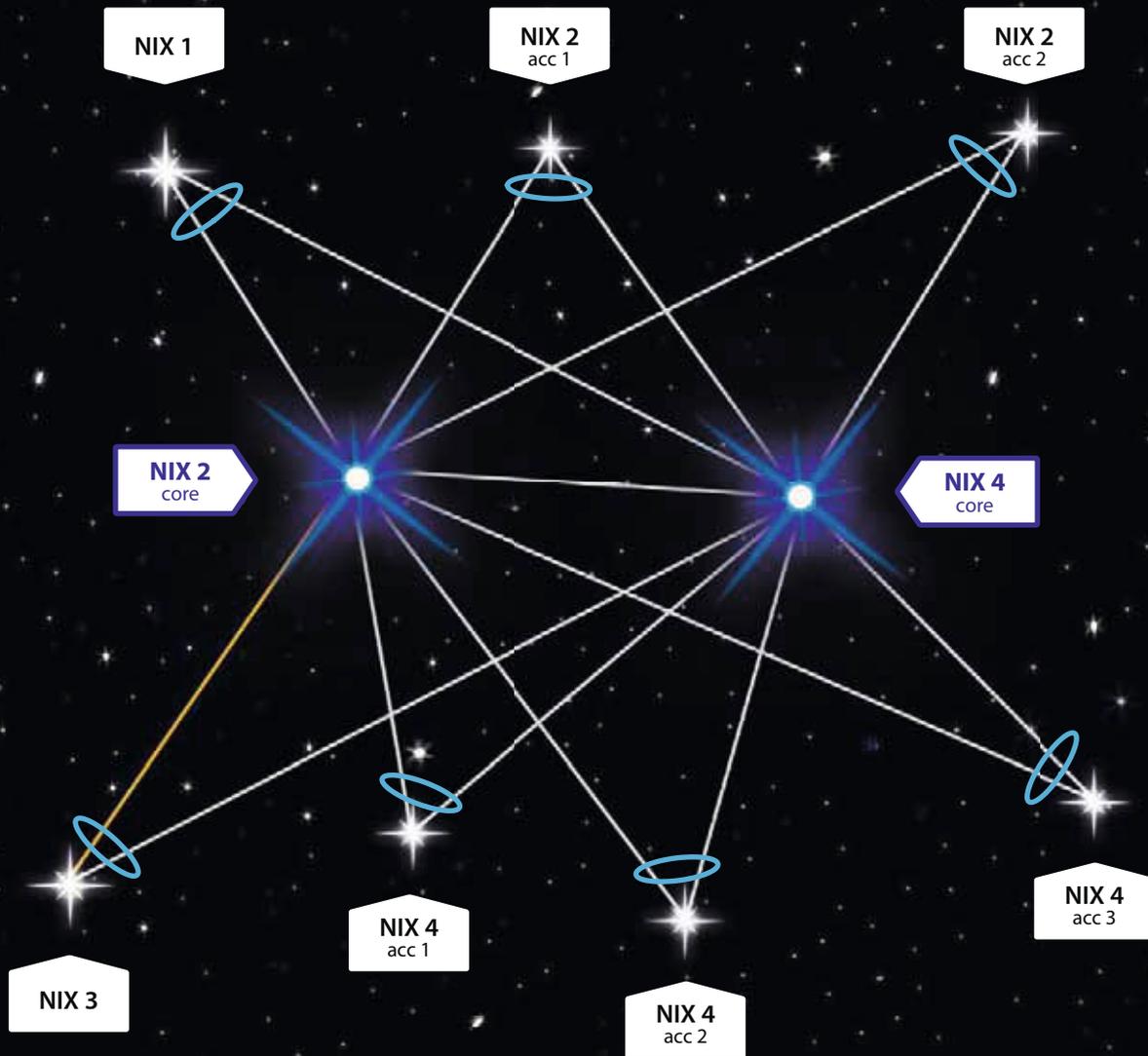
The Association runs its autonomous 6881 system on the

platform of Cisco 7301 routers, which enable access to internal services of the Association and connection of hosted TLD DNS servers, both via the IPv4 and IPv6 protocols. The smooth operation of the infrastructure is ensured by as many as 23 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 2010, 65 IPv6 networks have been interconnected representing approximately two thirds of all participating networks.

Two route-servers at NIX2 and NIX4 simplify the system of peering sessions between members and customers, where there is no need of individual BGP sessions. These route-servers also simplify the process of new members and customers admission into the Association. The service is provided free of charge to members and customers, peering is supported in both IPv4 and IPv6 protocols. Due to the requirements for higher stability of the solution, the route-servers were divided into two independent routing daemons (Bird and Quagga).

# Topology as of 31<sup>st</sup> December, 2010



- 40 Gbps
- 20 Gbps
- v PC port channel

# Balance sheet



As the last day of	2005	2006	2007	2008	2009	2010
<b>Total Assets</b>	<b>9 666</b>	<b>15 950</b>	<b>22 836</b>	<b>30 551</b>	<b>42 462</b>	<b>48 746</b>
Fixed assets	3 035	5 172	6 858	7 757	13 803	17 229
Intangible assets (gross)	25	25	25	25	0	0
Allowance for intangible assets	-25	-25	-25	-25	0	0
Tangible assets	8 031	10 989	14 944	19 090	25 152	33 763
Allowance for tangible assets	-4 996	-5 817	-8 086	-11 333	-11 349	-16 534
Unfinished investments	0	0	0	0	0	0
Financial investments	0	0	0	0	0	0
Current assets	6 234	10 392	15 746	22 014	27 050	29 089
Inventory	0	0	0	0	0	0
Long-term receivables	0	0	0	0	0	0
Short-term receivables	3 687	4 620	7 477	9 644	10 923	10 539
Financial assets	2 547	5 772	8 269	12 370	16 127	18 550
Other assets	397	386	232	780	1 609	2 428
<b>Total Liabilities</b>	<b>9 666</b>	<b>15 950</b>	<b>22 836</b>	<b>30 551</b>	<b>42 462</b>	<b>48 746</b>
Equity	8 453	13 619	20 332	27 671	39 703	46 809
Registered capital	0	0	0	0	0	0
Profit/loss of previous years	5 149	8 453	13 619	20 332	27 672	39 703
Profit/loss of current period	3 304	5 166	6 713	7 339	12 031	7 106
Other resources	1 213	2 331	2 483	2 880	2 754	1 937
Reserves	0	0	0	0	0	0
Long-term payables	7	7	7	7	7	0
Short-term payables	1 206	2 324	2 476	2 873	2 747	1 937
Bank loans	0	0	0	0	0	0
Other liabilities	0	0	21	0	5	0

(in thousands of CZK)

# Profit and Loss Statement



For year	2005	2006	2007	2008	2009	2010
<b>Revenues – sales of services</b>	<b>12 976</b>	<b>17 827</b>	<b>23 260</b>	<b>29 410</b>	<b>37 920</b>	<b>36 153</b>
where: sales of services	12 976	17 827	23 260	29 410	37 920	36 153
change in status of inventories	0	0	0	0	0	0
activation	0	0	0	0	0	0
<b>Expenses</b>	<b>4 890</b>	<b>5 752</b>	<b>6 661</b>	<b>7 601</b>	<b>9 372</b>	<b>11 470</b>
where: material, low value assets, energies	545	600	949	1 606	1 920	1 023
purchased services	4 345	5 152	5 712	5 995	7 452	10 447
<b>Added value</b>	<b>8 086</b>	<b>12 075</b>	<b>16 599</b>	<b>21 809</b>	<b>28 548</b>	<b>24 683</b>
<b>Personnel expenses</b>	<b>2 468</b>	<b>3 925</b>	<b>6 145</b>	<b>9 633</b>	<b>9 888</b>	<b>10 665</b>
where: employees	1 748	3 205	5 425	8 848	9 103	9 890
remuneration to members of bodies	720	720	720	785	785	775
Taxes and fees	3	6	12	24	13	13
<b>Depreciation of fixed assets</b>	<b>1 432</b>	<b>1 734</b>	<b>2 575</b>	<b>3 523</b>	<b>4 310</b>	<b>7 008</b>
Revenues from disposals of fixed assets	149	0	127	368	0	1 090
Net book value of disposed fixed assets	121	0	0	438	0	237
Other operating revenues	3	13	45	282	280	201
Other operating expenses	135	49	142	291	358	404
Earnings (interest)	2	8	54	208	195	407
Member fees	150	150	550	450	200	400
<b>Profit / loss before tax</b>	<b>4 231</b>	<b>6 532</b>	<b>8 501</b>	<b>9 208</b>	<b>14 654</b>	<b>8 454</b>
Income tax	927	1 366	1 788	1 869	2 623	1 348
<b>Profit / loss after tax</b>	<b>3 304</b>	<b>5 166</b>	<b>6 713</b>	<b>7 339</b>	<b>12 031</b>	<b>7 106</b>

(in thousands of CZK)

# Independent Auditor's report



## **Report of Financial statements**

Based on the executed audit of the financial statements, which is part of this Annual Report, today we issued the following Auditor's report:

"We have audited the accompanying financial statements of NIX.CZ Association which comprise the balance sheet as of 31 December 2010, the income statement for the period from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010 and notes to these financial statements, including a summary of significant accounting policies applied.

### **Responsibility of the statutory body for the financial statements**

The statutory body of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Auditor's Statement**

"In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the NIC.CZ Association as of 31<sup>st</sup> December 2010 and the expenditures, revenues and financial results for the year 2010 in compliance with Czech accounting legislation."

## **Report on the Annual Report**

We have also examined the consistency of the Annual Report of NIX.CZ Association for year 2010 with the Financial Statements. The statutory body of NIX.CZ Association is responsible for the accuracy of the Annual Report. Our responsibility is to express an opinion on whether the Annual Report of the company is consistent with the Financial Statements based on our examination.

We conducted our examination in accordance with International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plans and performs the examination to obtain reasonable assurance whether the information given in the Annual Report of the company is consistent, in all material aspects, with the Financial Statements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on the Annual Report: The information given in the Annual Report of NIX.CZ Association for year 2010 is consistent, in all material aspects, with the Financial Statements.

In Liberec, on 20<sup>th</sup> May 2011

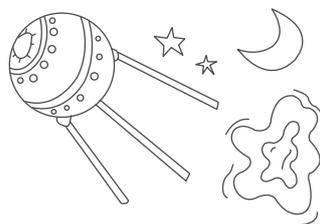
ADAMEC AUDIT s.r.o.  
licence No. 342  
Ing. Jaromír Adamec  
Licence No. 1719



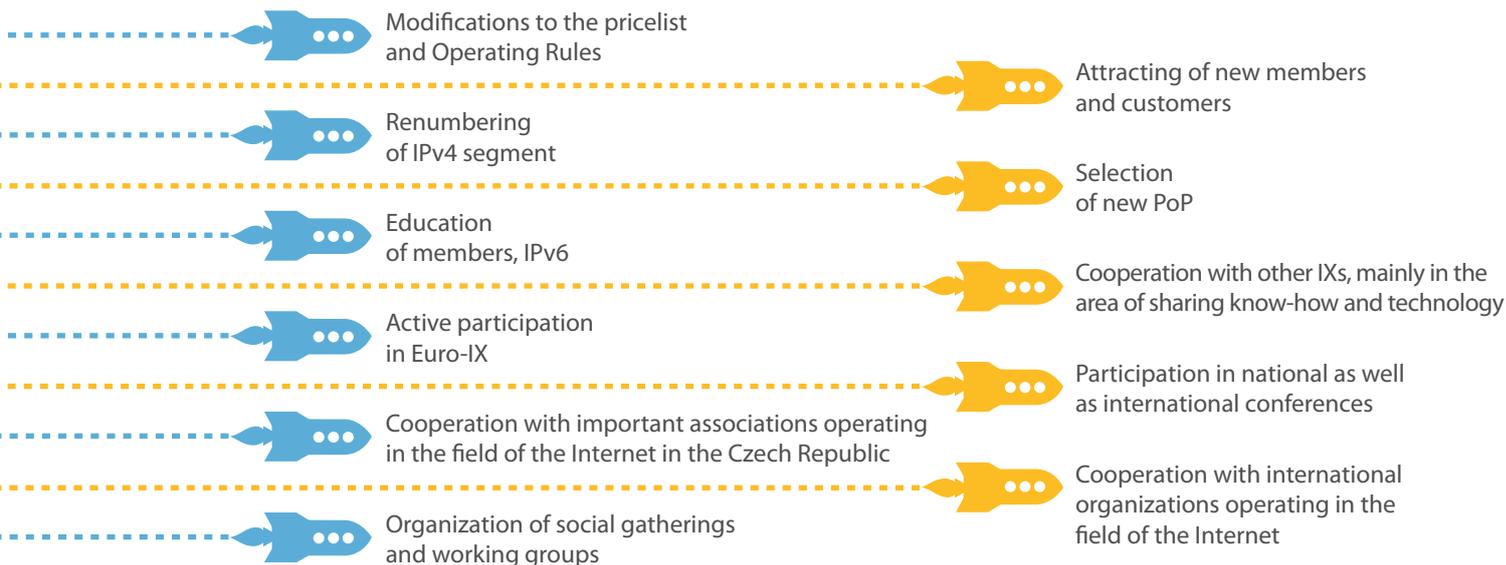
### *Did you know?*

*So called white dwarfs result from the collapse of stars similar to our Sun which ran out of their nuclear fuel - hydrogen. Their cores consist predominantly of helium, carbon and oxygen. They are extremely dense: white dwarf's mass is comparable to that of the Sun while its volume is comparable to that of the Earth.*

# Strategic goals for 2011



In 2011, the Board of Directors together with Director of the Association and the employees will work in the following areas in addition to the normal operational issues:



## Registered Office and Contact Details

**The registered office and contacts details in 2010 were as follows:**

**Address:**

Vinohradská 184/2396  
130 52 Praha 3

Company ID: 65990471  
Tax ID: CZ65990471  
Phone: +420 272 660 628  
Fax: +420 272 660 629  
e-mail: info@nix.cz

[www.nix.cz](http://www.nix.cz)

**In 2010 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

**The current location of the registered office enables fast access to all locations of the NIX.CZ Association.**

