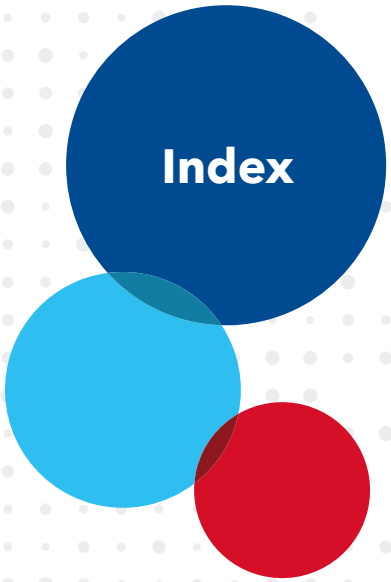
ANNUAL REPORT
2013

CZ DOMAIN REGISTRY



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1 Association Profile

CZ.NIC is an Association of legal persons, open and independent entity whose main activity is the management and operation of registry of the national top-level domain .CZ and the 0.2.4.e164.arpa (ENUM) domain. At the end of 2013, the Association had 111 members mainly from ICT companies, both national and international operating in the Czech Republic.

In addition to these activities, the Association focuses on research and development in the field of Internet, Internet protocols and network traffic. Other activities include education in both the Internet and new technologies. All of these additional activities are designed to help the Internet community, not only in Czech Republic but also abroad. CZ.NIC is also dedicated to other activities and projects related to the functioning of the Internet and its further development, whose aim is to improve security and stability, which are factors that are becoming increasingly important with the ever-increasing number of users.

The CZ.NIC Association was founded in May 1998 and the main reason for its establishment was the growing importance of the Internet as well as the increasing number of users and people interested in registering domain names in the .CZ ccTLD.

Currently, the Association is stable and reliable entity that is able to ensure reliable operation of the Czech national domain .CZ. In 2013, CZ.NIC received the ISO 27001 certificate confirming the safe handling of information, including setting the relevant rules and procedures. For domain holders, registrars, and other entities using the Internet for work and leisure, our Association is a reliable partner who does not provide only the administration of domain names, but also struggles to ensure the security of the Internet and participates in socially beneficial activities – in the form of laboratory projects or education.

Foreword from the Chairman of the Board of Directors

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2 Foreword from the Chairman of the Board of Directors

Ladies and Gentlemen,

Allow me a brief look back at the activities of the Association in 2013. Our main goal is of course good governance of the national domain .CZ in order to keep it reliable and trustworthy for large corporations, small business owners and those who just want to have their own website at a good "address". I am convinced that we have achieved this goal, as evidenced by the increasing number of registered domain names. However, we are not content with only a simple administration, but we are also striving for innovation of infrastructure and related services. One of our priorities is security, and that is why we invest efforts in the implementation of new security technologies, such as DNSSEC, or new services, which primarily include operation of the national security team CSIRT. We do not implement only technological projects, but also those that offer higher comfort for a wider group of users. The mojeID service is a prime example of such a project.

Among the key activities of the Association in the recent years are also our own research and development, which is the "domain" of the CZ.NIC Laboratories. The Laboratories develop new open solutions, i.e. solutions accessible to everyone. Of the more than a dozen development projects I would like to mention the routing daemon BIRD or the authoritative DNS server Knot DNS. What is absolutely unique, however, is Turris, a project that helps users protect their home networks using a specially developed router with central administration. As an important part of our mission, we consider also the support of education and training, to which we contribute by publishing books in the CZ.NIC series, and organizing a multitude of seminars and training in our Academy.

During 2013, CZ.NIC "grew" not only in terms of the range of activities which it focuses on, but expanded the number of its members: there are now already 111 registered members in the three chambers of our Association. The main partners of the Association are registrars who distribute domain names to end users. Their number is stable, and the existence of more than forty companies guarantees competitive environment. Our partners also include the state administration and local governments (including the Ministry of Industry and Trade, Ministry of Interior, the National Security Agency), the non-profit sector (e.g. the Czech Safer Internet Centre, People in Need) and important professional Associations in both the Czech Republic and abroad (other foreign registries, ICANN, RIPE NCC, CENTR, etc.). I am glad that we are a valued partner to deal and exchange knowledge with.

In managing our assets, we behave very prudently and economically. The Association's economic result in 2013 was a little better than planned; the funds received will be transferred to the reserve fund to ensure stable functioning of the Association.

I would like to express my thanks for the management and staff of the Association. The result of their work is admirable and undoubtedly forms the foundation of trust and respect of our partners. I firmly believe that this will continue in the coming years.

All important information about the Association can be found later in this annual report. I hope that we will continue to deserve your support in the coming years.

Mgr. Karel Taft
Chairman of the Board

Foreword from the Executive Director

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3 Foreword from the Executive Director

Ladies and Gentleman,

With a certain degree of exaggeration, let me say that 2013 in the Czech internet environment could be called a year of security. In this, the key role played by the March series of DoS attacks, which quite clearly showed that the Czech Republic is not yet fully prepared to face all cyber security threats. It is therefore no coincidence that a large part of the Association's activities is related to this issue.

The first purely internal activity was to complete certification according to the ISO 27001 standard. Besides the operation of an already established national security team CSIRT.CZ, we came up with a number of innovative projects that seek to find solutions to some of the weaknesses discovered. These include the preventive public utility service of a webscanner that makes it possible to test the security of web pages. The same direction is taken by the DoS attacks simulator that was able to find weaknesses in the networks of several very important domestic companies. It is certainly worth to mention that CZ.NIC initiated the development of Safe VLAN Project within the NIX.CZ peering node. However, the most ambitious project of 2013 in the area of security was undoubtedly the Turris project that affects multiple aspects of security, such as the development of a secure home router, distributed analysis of Internet flows in the end networks and the like.

Naturally, the Association's activities were not restricted to the field of security. Many efforts were directed to education as well – 2013 saw the continuation of expanding the highly successful project "How to Use the Internet" and the number of courses taught in the CZ.NIC Academy further increased. The meaning and importance of the .CZ domains was recalled by the "Good Domain II" campaign.

In connection with the .CZ domain, it is certainly worth noting that the registration system has undergone a major upgrade that has brought along a fourfold increase in performance. To increase the validity of data in our database, we launched an automatic merging of identical contacts, allowed hiding mailing addresses for individuals and, the last but not least, presented a contacts validation campaign. This validation is of course also connected to the mojeID service, which has kept its strong growth rate. In 2013, its user base almost doubled.

As in previous years, we continued the expansion of CZ.NIC Laboratories. We established a branch office in Pilsen and started some new, innovative projects. Besides the already mentioned Turris project, our main focus lay on the interactive educational application Tablexia, which aims to help children with dyslexia.

As you can see from my brief and very incomplete overview, 2013 is another year in which the Association sought to expand its activities with new innovative projects, and it can certainly be described as a successful year. I believe that you shall be further convinced by this annual report.

Ondřej Filip
Executive Director of CZ.NIC

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The .CZ Domain

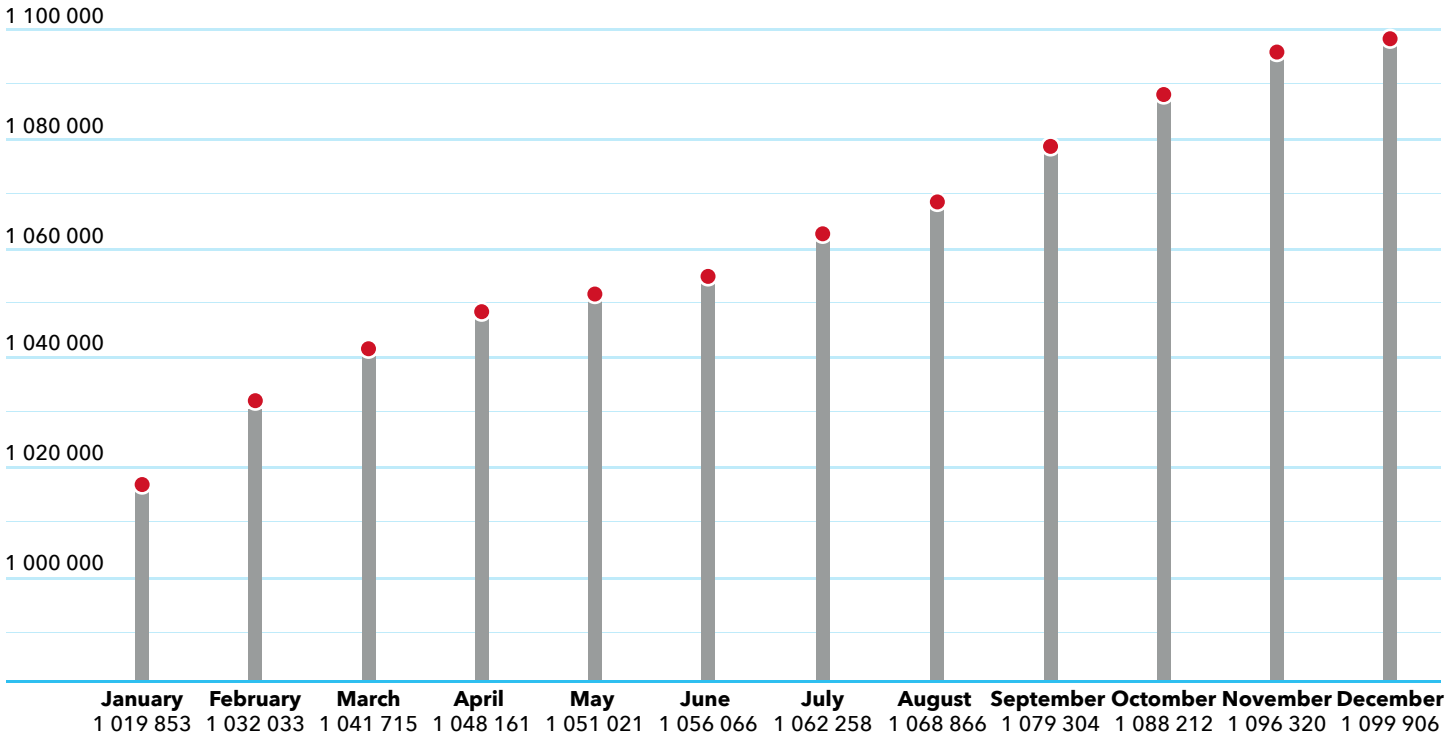
Status and Trends in the Number of Registrations

4.1

4.1 Status and Trends in the Number of Registrations

During the year 2013, the total number of domains in the .CZ zone increased by 89,581, which represents more than 8% increase. In 2013, the Czech National Domain was again among one of the fastest growing national domains in Europe. For comparison, the average growth of national domains (ccTLD) in Europe was 5%; in the sector with 1-2 million domain registrations, where the Czech National domain belongs, it was 5.4%. Registration of new .CZ domain names during 2013 are shown in the chart:

The total number of registered .CZ domain names in 2013

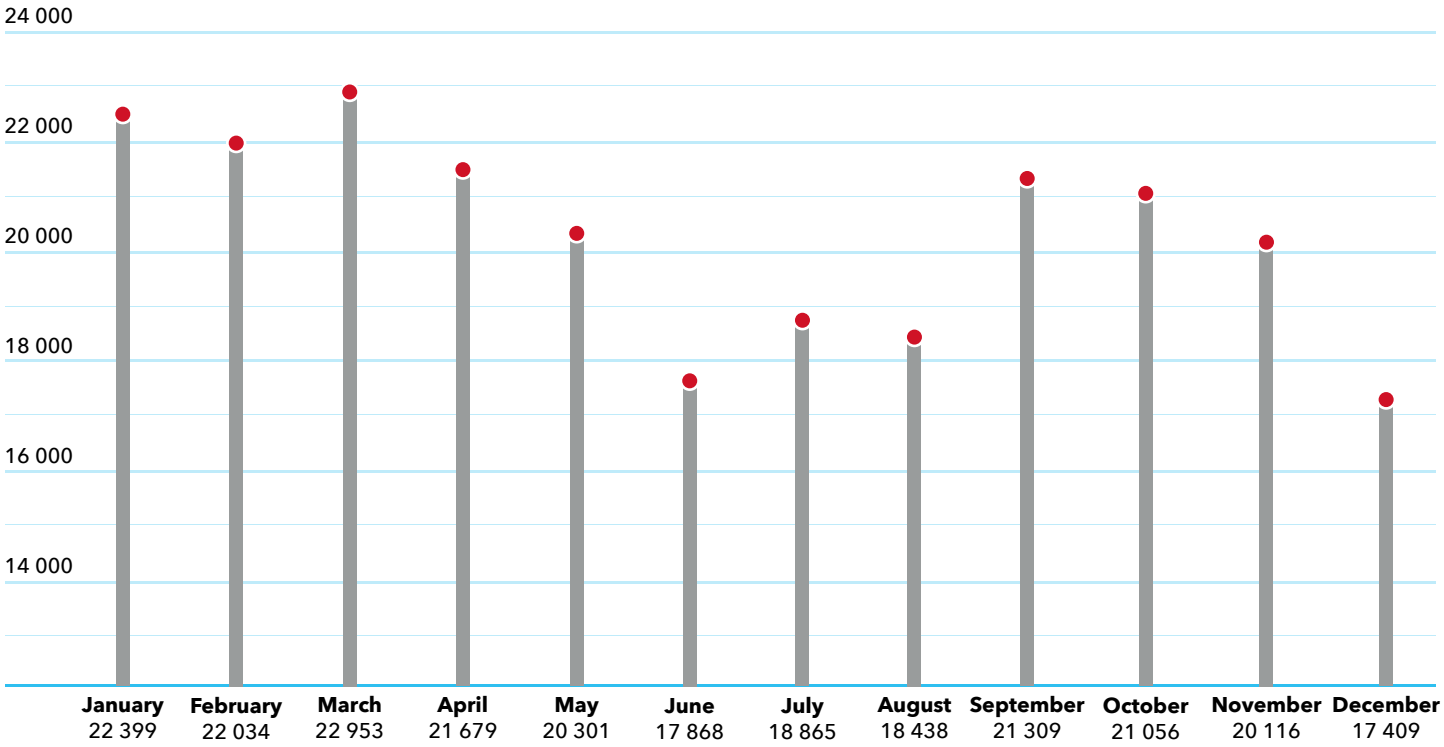


Status and Trends in the Number of Registrations

4.1

In 2013, an average of 20,369 new domain names was registered every month. In comparison with the previous period, it is a slight decline, due mainly to somehow limited capacity for further growth, faced by administrators of other domains as well. The following graphs show the number of new registrations by month in 2013 and the evolution of the average number of new registrations since 2008.

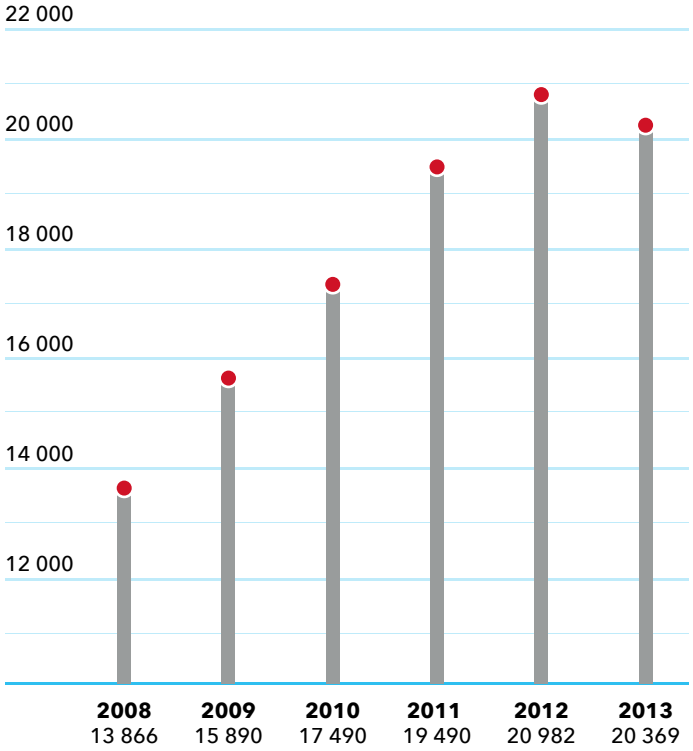
The number of newly registered .CZ domain names in 2013



Status and Trends in the Number of Registrations

4.1

New registrations 2008–2013 (monthly average)



4.2 Registrars

The system of .CZ domain name administration is based on a distributed principle in which the registration of domain names is carried out by appointed registrars who are contractual partners of the CZ.NIC Association. CZ.NIC acts as their wholesale partner responsible for the technical operation of the .CZ top-level domain. The total number of more than 40 registrars means that end customers have a wide range of options and ensures sufficient competition.

4.2.1 List of .CZ Domain Name Registrars

List of all accredited registrars as of December 31, 2013

Společnost

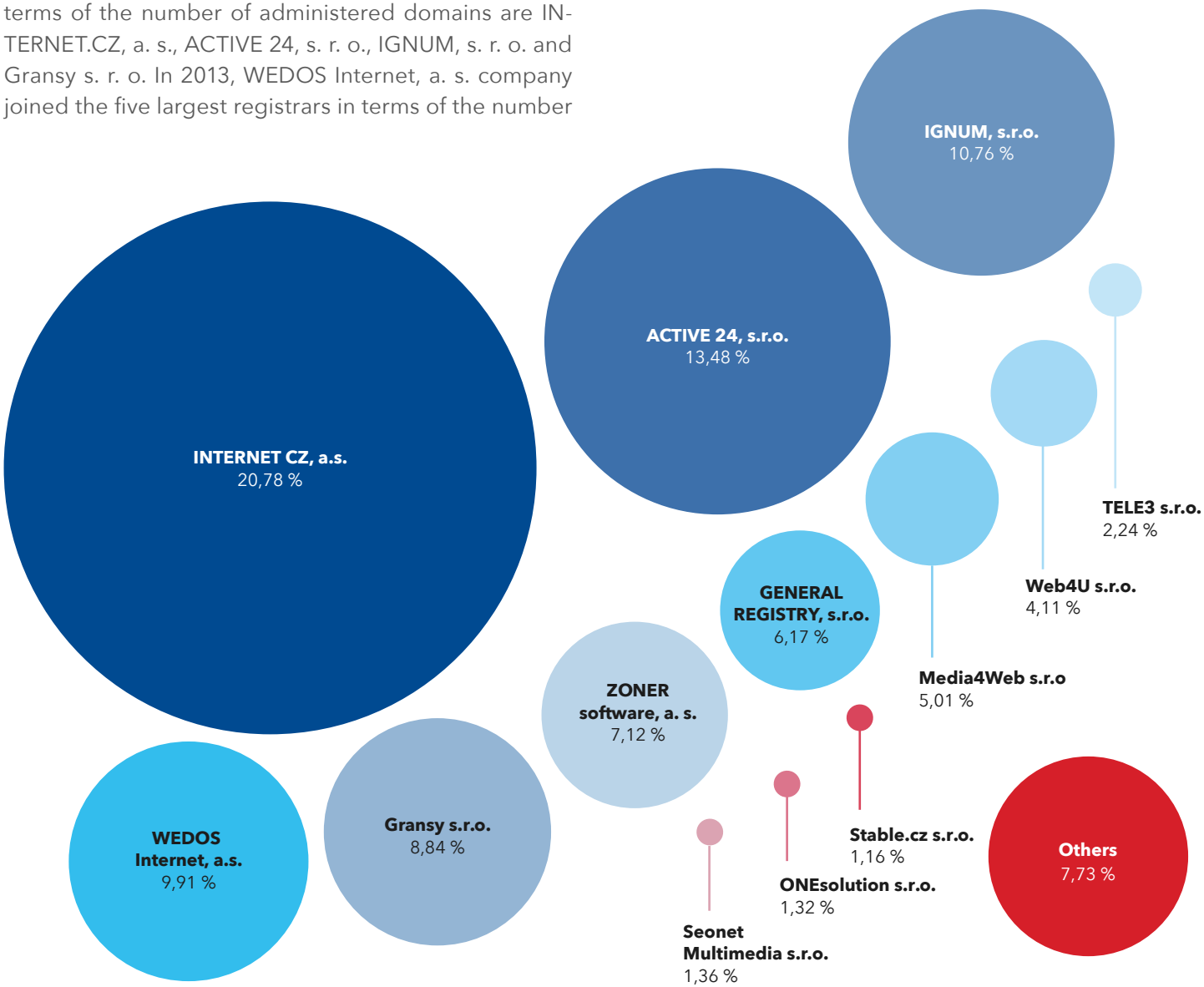
1API GmbH
1X s.r.o.
Above.com Pty. Ltd
ACTIVE 24, s.r.o.
AERO Trip PRO s.r.o.
Ascio Technologies inc.
ASPone, s.r.o.
AXFONE s.r.o.
banan s.r.o.
Centrum Holdings s.r.o.
CORE ASSOCIATION
Český server .cz s.r.o.
Dial Telecom, a.s.
Gandi SAS
GENERAL REGISTRY, s.r.o.
Gransy s.r.o.
ha-vel internet s.r.o.
IGNUM, s.r.o.
Instra Corporation Pty Ltd
INTERNET CZ, a.s.
InterNetX GmbH
IP Mirror Pte Ltd
Key-Systems GmbH
KRAXNET s.r.o.
MarkMonitor Inc.
Media4Web s.r.o
MIRAMO spol.s r.o.
NEW MEDIA GROUP s.r.o.
ONE.CZ s.r.o.
ONEsolution s.r.o.
OVH, Sas
PIPNI s. r. o.
ProfiHOSTING s.r.o.
Safenames Ltd.
Seonet Multimedia s.r.o.
Stable.cz s.r.o.
TELE3 s.r.o.
Telefónica Czech Republic, a.s.
TERMS a.s.
united-domains AG
Variomedia AG
Web4U s.r.o.
Websupport, s.r.o.
WEDOS Internet, a.s.
ZONER software, a. s.

Registrars

4.2

4.2.2 The Largest Domain Name Registrars

Just like in the previous year, the largest registrars in terms of the number of administered domains are INTERNET.CZ, a. s., ACTIVE 24, s. r. o., IGNUM, s. r. o. and Gransy s. r. o. In 2013, WEDOS Internet, a. s. company joined the five largest registrars in terms of the number of administered domains. The list of registrars with a market share over 1% is shown in the following chart:



Registrars

4.2

4.2.3 Registrar Certification

Launched in mid-2011, the certification project is intended to help end users (i.e., those interested in domain registration as well as current domain name holders) make sense of the increasing number of registrars, particularly regarding the portfolio and quality of services they offer. The certification methodology was developed in cooperation with the registrars themselves and the Association for Electronic Commerce (APEK).

Registrars interested in participating in the project may be awarded the "certified registrar" logo for one year. From the original nine registrars involved in voluntary certification in 2011, the number rose to 12. From the perspective of the end customer, the continuously improving quality of services offered is particularly gratifying. At the end of 2013, 8 registrars met the stringent criteria for awarding of five stars, which is three more registrar than the previous year. At the same time, now there are no registrars with only three stars. The Increasing quality of registrar services expressed by the number of stars awarded is shown in the following chart.

	2011	2012	2013
★★★★★	3	6	8
★★★★	3	5	4
★★★	2	1	
★★	1		

4.2.4 Cooperation with Registrars – Co-marketing Program

In accordance with its main activities and long-term objectives, the CZ.NIC Association wants to support the registration of top-level .CZ domains. However, since the national domain is administered in a distributed mode, the CZ.NIC Association has only very limited opportunities for reaching potential domain name holders with a targeted marketing campaign.

For this reason, we have established a co-marketing program in which (provided the prescribed conditions are met) CZ.NIC contributes to registrars' expenses for implementing communication campaigns aimed at promoting registration of domain names in the .CZ ccTLD. The amount of the CZ.NIC contribution depends on the size of the registrar, the volume of the campaign and fulfillment of other factors, such as the use of mojeID or securing domains through DNSSEC, by which CZ.NIC tries to encourage registrars to spread these technologies.

In 2013, 10 registrars participated in this program and received a total of CZK 6,517,979 from CZ.NIC.

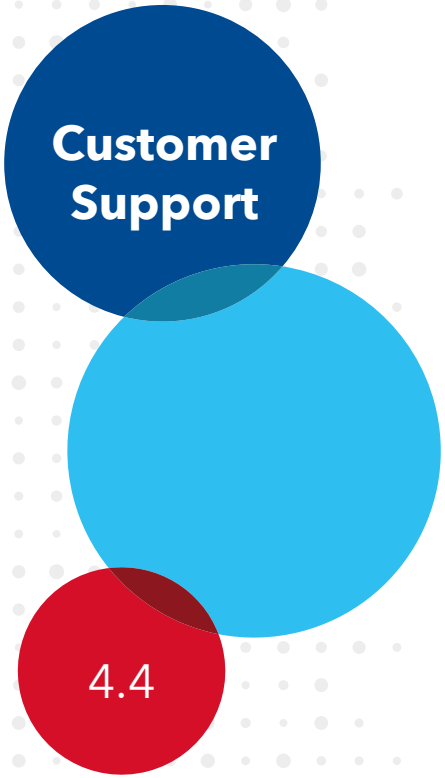
Improving the Registry Data Quality

4.3

4.3 Improving the Registry Data Quality

In 2013, the CZ.NIC Association paid a lot of attention to improving the quality of data held in the registry of domain name holders. It focused on how to merge multiple duplicate contacts that have accumulated in the database over the years, and on the verification of user data in order to increase their safety and also to facilitate contact by CZ.NIC; for example at times when there is a risk of cancellation of the domain due to non-payment of registration fee.

The campaign for verifying registry data was launched at the end of November 2013. By the end of 2013, we managed to verify about 10,000 users to e-mail address and telephone number level and other 7457 contacts to mailing address level.



4.4 Customer Support

A key part of the operation of the .CZ domain is 24/7 customer support. The objective of customer support is to provide the best possible care to domain holders, particularly in situations when a domain registration is to be cancelled or transferred or when contact details change. Since 2010, our helpdesk has also been providing support to users of the mojeID service – user validation.

In its relationship with domain holders, customer support uses a proactive approach in an attempt to eliminate all cases of domain set-out and expiration caused by outdated contact details or a forgotten payment. Due to the distributed system of .CZ domain administration, customer support is the only time when the CZ.NIC Association comes in direct contact with domain name holders.

Customer support newly started offering its services to not just domain holders, but also – through the CaptchaHELP service – to Czech Internet users with disabilities who have problems with reading the Captcha code, i.e. the deformed text, whose transcription, respectively reading presents difficulties especially for visually impaired users or those with dyslexia.

In each month of 2013, we sent an average of 1,716 e-mails to holders of domains scheduled for cancellation, and made calls to 6,690 holders, which is 40% more than last year. Thanks to this increase, 47% of all domain holders have been already contacted by CZ.NIC. Our helpdesk staff also responded to further 1,242 phone calls and 1,945 e-mail inquiries per month (see chart). With the growing number of holders who transferred their registry contact under mojeID and then started to use the Domain browser, the number of requests for blocking decreased because holders can now carry that out on their own.

	2010	2011	2012	2013
Manual check of domains prior to set-out	-	8 916	15 176	18 586
Manual check of domains prior to cancellation	-	4 314	11 061	14 378
Called contacts of domains to be cancelled	4 263	4 314	4 767	6 690
E-mails written prior to set-out	1 201	1 429	1 708	1 716
Responding to e-mail inquiries	828	1 240	1 746	1 945
Responding to telephone inquiries	561	1 063	1 120	1 242
Applications (validations, blocking...)	145	180	248	315

The data represent the average number of operations per month.

5

Infrastructure

Technical Solution of Domain Administration

5.1

5.1 Technical Solution of Domain Administration

The DSDng central registry system was designed to be fully redundant. All hardware and software is located at two independent locations (TOWER data center in Prague 3 owned by Czech Radio Communications and Telehouse CE Colo in Prague 10), both in terms of access to the Internet and the electrical grid. Both locations are connected to the grid from two independent transformer stations, and there is a backup UPS power as well. Both locations have diesel generators for use in the event of longer power outages.

The system is designed as heterogeneous – failure of an individual hardware manufacturer cannot cause the central register to fail. Each location contains servers provided by different suppliers and running on a different architecture (Intel and AMD).

The central register software itself is designed to enable the swapping of any part of the architecture with its copy running at the other server/location, at any time. A critical component is the PostgreSQL database, which is constantly replicated to the other location during standard operation; when the primary location is down, traffic can be redirected to the replicated database without any limitation or impact on functionality. Backup systems run 24/7 and are designed to be able to take over and provide registry operation in a short time in case of any component failure.

FRED (Free Registry for ENUM and Domains)

The central register software developed and operated by the CZ.NIC Association was made available as free and open-source to support smaller registries. Smaller and starting registries can therefore operate their domain in a system designed for the Czech domain, which, with its parameters and capacity, is capable of handling much higher volumes of domain names than are currently registered in the .CZ ccTLD.

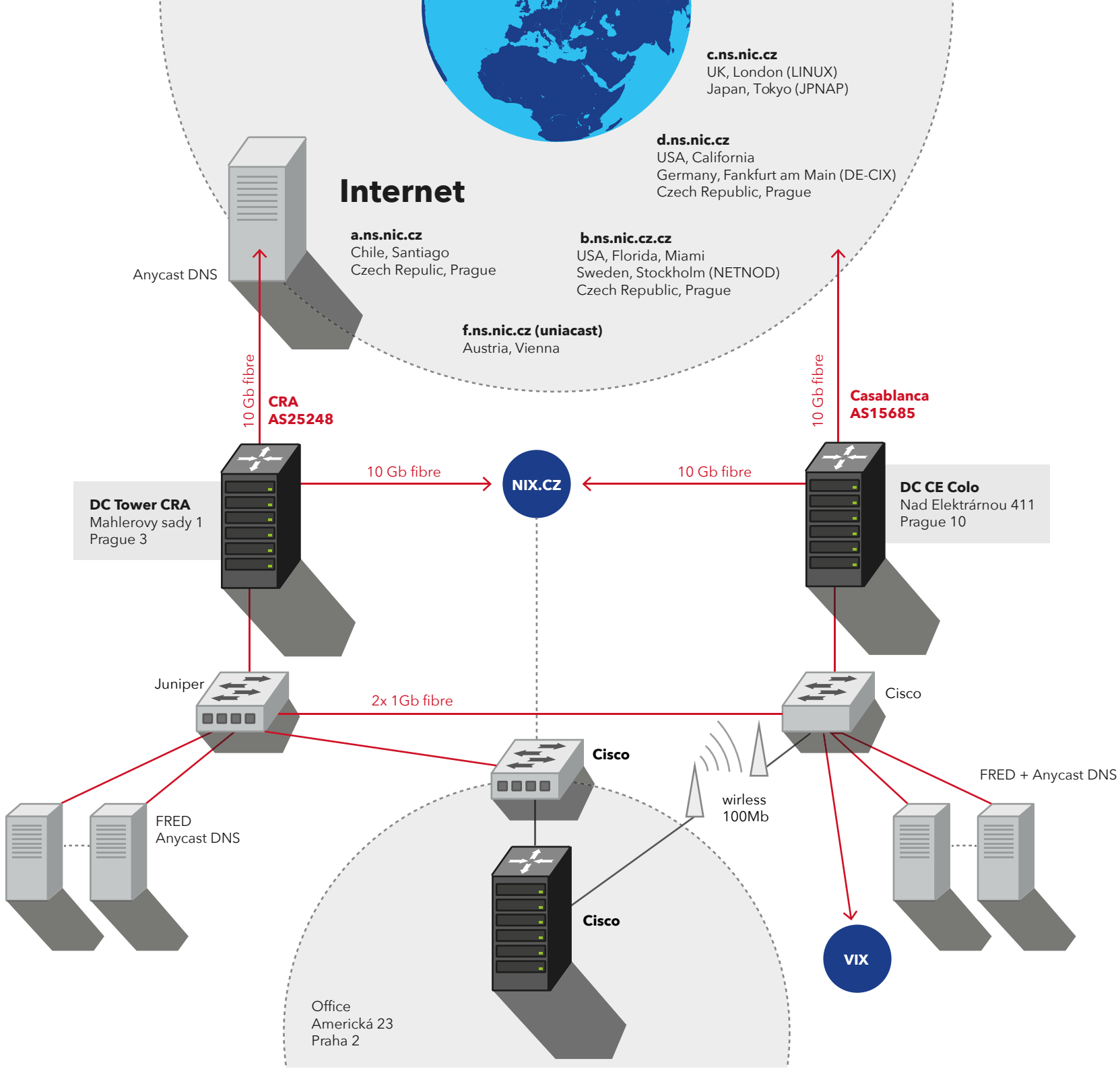
In addition to the Czech Republic, this system is now administering domains in six other countries – in Costa Rica (.cr), the Faroe Islands (.fo), Estonia (.ee), Tanzania (.tz), and Angola (.ao) and since 2013 also in Albania (.al).

Servers maintaining records of .CZ domains are owned by the CZ.NIC Association and operated in several locations around the world, including Sweden (Stockholm), Austria (Vienna), the United Kingdom (London), Germany (Frankfurt), Chile (Santiago), the United States (Redwood City and Culpeper, which is an exception, as it runs on the equipment of the ICANN organization), Japan (Tokyo), and the Czech Republic (Prague).

The central registry system is ready for IPv4 and IPv6 operation, and its current implementation for the .CZ domain (and all DNS servers) runs on both of these protocols.

Technical Solution of Domain Administration

5.1



Support of Internet Infrastructure

5.2

5.2 Support of Internet Infrastructure

5.2.1 IPv6 Support

IP addresses are the basic building blocks of the Internet. Without IP addresses, it would be impossible to connect to the worldwide web; computers would not be able to recognize each other or become linked in a global network. The current pool of IP addresses is almost exhausted; the last address blocks in Europe were allocated in September 2012. The answer to this shortage of IP addresses is a new version of the Internet protocol, called IPv6, which provides a much greater stock of addresses as well as new possibilities.

The long-term goals of the Association include support of the deployment of this technology at all levels, i.e. content, networks and end devices. Together with registrars (who often also offer webhosting services), the CZ.NIC Association is also trying to support IPv6 on the side of web and DNS servers. The Association is also involved in the promotion of IPv6 in government, both within the European GEN6 project and in close cooperation with the Ministry of Industry and Trade. The government resolution adopted at the end of 2013 should also contribute to further acceleration of the deployment of IPv6 in public administration.

Thanks to these activities, support of IPv6 in the Czech Republic continues to grow every year; according to independent surveys, the Czech Republic is currently one of the most advanced countries of the world in the deployment of IPv6.

IPv6 support in the Czech national domain

	Web server	DNS servers	Mail servers
2010	5,19 %	20,31 %	8,61 %
2011	9,48 %	45,90 %	8,70 %
2012	15,06 %	51,27 %	13,15 %
2013	19,46 %	55,11 %	15,22 %

Support of Internet Infrastructure

5.2

5.2.2 DNSSEC Support

DNSSEC is an extension of the domain name system (DNS) which increases its security. DNSSEC technology assures users that the information obtained from DNS has been provided by the correct source, is complete, and its integrity has not been compromised during the transmission.

DNSSEC has been available in the Czech national domain .CZ since 2008. The number of domains secured with this technology keeps growing, partially thanks to cooperation with registrars. With its share of signed domains, the Czech Republic ranks among world leaders.

At the end of 2013, the Czech government adopted a resolution according to which all government bodies are required to secure their domains with DNSSEC technology by June 30, 2015.

In addition to registrar support, DNSSEC is also gradually being deployed by major Internet service providers in the Czech Republic, making this system fully operational for most Internet users.

The number of domains secured using DNSSEC

2008	0,01 %
2009	0,23 %
2010	14,74 %
2011	34,07 %
2012	37,70 %
2013	37,12 %

5.2.3 Support of Basic Internet Infrastructure

In 2013, the CZ.NIC Association continued to operate mirrors of F and L root servers. These are mirrors of two of the thirteen root name servers underpinning the Internet domain name system (DNS). Their operation improves not only the security and stability of the root server system on a global scale, but also its availability in the European region.

In addition to the root servers, the Association's infrastructure is used to support developing registries by operating secondary name servers for their ccTLD. This option for national domain administration is used by Angola and Tanzania.

Another form of supporting local Internet communities is hosting the websites of some non-profit organizations, e.g., the popular Linux distribution Ubuntu.

CSIRT Security Team

6

CSIRT.CZ National CSIRT Team of the Czech Republic

6.1

With the constantly growing significance of the Internet and the increasing number of users, the number of security incidents has also risen (abuse of a computer, network element, or network for illegal purposes – e.g., spam distribution, breach of copyright laws, phishing, tapping of classified data), as has their severity. For this reason, there is an acute need to create, formalize, and improve the efficiency of protection against such attacks. CSIRTs (Computer Security Incident Response Teams) have been created for this purpose.

The CZ.NIC Association, with its long experience in projects in the field of Internet infrastructure, has joined in the support of the activities of security teams at both the governmental and academic levels. The Association also operates its own CZ.NIC-CSIRT team, which is responsible for resolving incidents within AS25192 and incidents affecting the name servers of the .CZ and 0.2.4.e164.arpa domains.

6.1 CSIRT.CZ – National CSIRT Team of the Czech Republic

The main objective of the CSIRT.CZ team is to resolve incidents related to cyber security in networks operated in the Czech Republic. The team collects and evaluates data about reported incidents, passing those incidents to people responsible for the operation of the network or service where the incident occurred, or providing coordination and assistance.

In its activities, it cooperates with bodies at the national (National Security Authority, government CSIRT, academic CSIRTs, ISPs, banks) and international level (national CSIRTs of other countries, the European Network and Information Security Agency ENISA, FBI), exchanging information on individual incidents and the means of their resolution on the basis of mutual trust.

The CSIRT.CZ office also serves the role of the national Point of Contact (PoC) in the field of information technology and is a center for education and the promotion of cyber security.

Based on an agreement with the Ministry of the Interior of the Czech Republic and on the signing of a joint memorandum, the CZ.NIC Association assumed responsibility for the operation and security of the national CSIRT of the Czech Republic on January 1, 2011 in response to the termination of the research project under which the CSIRT.CZ team had been operating before. When the agenda of cyber security was transferred from the Ministry of the Interior to the National Security Authority, the memorandum was replaced by a similar document concluded between the CZ.NIC Association and the National Security Authority, effective as of April 1, 2012. For the future functioning of the CSIRT.CZ national team, a key issue was to negotiate confirmation that the CZ.NIC Association would operate the national CSIRT.CZ until the end of 2015.

6.1.1 Operation of the National CSIRT.CZ Team in 2013

In 2013, the national CSIRT.CZ focused primarily on the stabilization and development of key services, i.e. receiving, resolving and coordinating the response to security incidents originating in or targeting computer networks and services operated in the Czech Republic.

At the national level, CSIRT.CZ gave considerable attention to the efforts of the emerging law on cyber security. This law was introduced and subsequently commented on the February meeting of the CSIRT.CZ working group, which was attended by about 70 partic-

CSIRT.CZ National CSIRT Team of the Czech Republic

6.1

ipants from government, private and academic sectors. As for the service area, in 2013 the national security team focused primarily on the development of information portal AZB (News from Security) and the Webscanner service. Other CSIRT activities include participation in the ECRIME working group, collaboration with the National Centre for Safer Internet (NCBI) and last but not least, strengthening of trust and deepening of cooperation with local security teams that operate in networks of major ISPs, registrars and banks, as well with security forces or academic field.

At the international level, CSIRT.CZ joined the newly formed Central European Initiative Cyber Security Platform (CECSP). This platform brings together mainly national and government CERT/CSIRT teams from the countries of the Visegrad Four and Austria and aims to ensure intensive cooperation with national and governmental sphere of activity, exchange of experience, information and best practices. In 2013, two meetings were held under the auspices of the National Security Office in Prague, at which the workers of CSIRT.CZ actively introduced their experience from Czech Republic and the results of their work. The CSIRT.CZ team also attended as players the international NATO Cyber Coalition 2013 exercise, and continued his preparations for the large-scale Cyber Europe 2014 exercise. The CSIRT.CZ team was also actively involved in the activities of the working groups of the European Agency for Network and Information Security Agency (ENISA) and the TERENA organization.

6.1.2 Brief Operation Statistics for 2013

The total number of handled security incidents was 495, which is 50% more than in 2012. The following table evaluates the individual incidents by the success rate of their solutions:

Closed - resolved	180
Closed - we are informed	95
Closed - positive change	187
Closed - notification	0
Closed - unresolved	45
Closed - unable to resolve	0

Statistics of incidents by type:

Botnet	15
Copyright	0
Crack	0
DOS	72
IDS	2 212
Malware	44
Phishing	175
Probe	26
Skenování portů	3
Spam	73
Trojan	12
Virus	0
Jiné	75

CSIRT.CZ National CSIRT Team of the Czech Republic

6.1

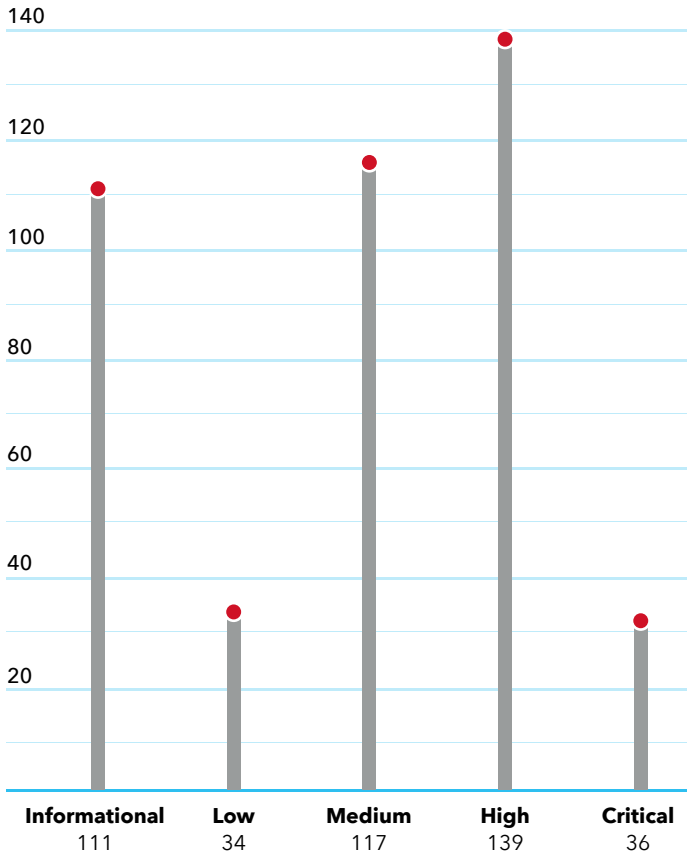
6.1.3 Webscanner

In August 2013, the CZ.NIC Association introduced a new service – Webscanner (www.skenerwebu.cz), whose operation is ensured by the national security team CSIRT.CZ. This project is intended for operators and site managers, allowing them to uncover potential vulnerabilities of their websites for free. The service is intended primarily to non-profit organizations, public sector and small and medium-sized enterprises, which cannot expend funds for the acquisition of a commercial solution, but they are nevertheless aware that the vulnerability of their website might easily become a problem for other Internet users.

The vulnerability analysis is performed in two stages. First automated tools are used, and subsequently an experienced tester carries out a manual test of the site, who (among others) assesses the vulnerabilities found in the context of the entire site and proposes appropriate solutions. At the end of the analysis, the applicant receives a message that contains the found vulnerabilities, their ranking according to the severity and proposals for possible solutions for the given vulnerabilities. When analyzing potential vulnerabilities, the service relies on both its own assessments and experience of the security team, as well as on the top 10 list of the most severe security risks in general of the Open Web Application Security (OWASP) project.

In 2013 registered, the CZ.NIC Association registered a total of 72 orders for this service, 32 of which were accepted for further processing. By the end of 2013, the vulnerability analysis was completed at 29 sites, where a total of 437 vulnerabilities were uncovered (see chart).

Found vulnerabilities according to risk of abuse



6.2 CZ.NIC-CSIRT

The CZ.NIC-CSIRT team is responsible for resolving incidents affecting the name servers of the .CZ and 0.2.4.e164.arpa domains. Under the terms of its registration, the CZ.NIC Association is entitled to invalidate the delegation of a domain name if the name is used in a fashion that endangers national or international computer security, particularly if through the domain name or through the services which are made available there harmful content (especially viruses or malware) is distributed, or if the content of a different service is feigned (especially phishing).

The CZ.NIC-CSIRT team can also decide to cancel a domain name in case that the server that is made available through the domain name becomes a control center of an interlinked hardware network distributing harmful content (especially botnet).

Activities of CZ.NIC-CSIRT in 2013

In addition to resolving common incidents, the team, together with the national CSIRT.CZ and the CZ.NIC Laboratories research centre, predominantly handled reports of infected sites in the .CZ domain. These reports, which come from publicly available sources, are processed by an internal application. Members of CZ.NIC-CSIRT then resolve the incidents with the holder or administrator of the affected domain. In 2013, many security incidents of various types were handled on more than 2,800 .CZ domains.

7

mojeID

Support of the mojeID Service

7.1

One name, one password, one identity

MojeID is a unique service that has been allowing Czech Internet users to use one set of credentials to log in to different websites and electronic services for three years now.

With mojeID, Internet users no longer have to create new accounts and repeatedly go through the registration process; service providers on the other hand gain not just increased user convenience but also verified information on their visitors, whom they can provide with additional benefits.

The mojeID service is based on the OpenID technology, but includes unique features other OpenID services do not have, such as sharing user identity data during each login and verifying users with different methods for different levels.

In the development of this service, the greatest emphasis was placed on the security and trustworthiness of the entire system as well as on the protection of personal data.

The registry of user details is protected on the same level as the domain registry, and users themselves can define which details from their profiles can be hidden from the given provider each time they log in with their mojeID. This way, users have control over their data and know what information has been provided to each entity.

7.1 Support of the mojeID Service

Service providers are a key factor for future expansion of services. The growing number of servers using mojeID affects getting new users, for whom it is important to be able to log on to as many services as possible using a single username in mojeID. This applies for both the services they use on daily basis, as well as to those (e.g. online stores) they visit for the first time – and mojeID helps them save time at registration.

The main effort of mojeID in relation to providers focused on entering new segments and strengthening its position in existing segments, such as e-commerce or news servers. One of the most visible services for users was to establish cooperation with Student Agency, on whose site mojeID users can purchase tickets for Student Agency buses and RegioJet trains. Thanks to working with Galileo Corporation, mojeID service also began to enter the field of electronic government services – it was implemented on a total of 42 sites of towns and villages, such as Úvaly, Podbořany or Rožmitál pod Třemšínem. In 2013, mojeID managed to get new servers with interesting user communities, such as Hlídačky.cz, Nešvarník.cz or Nevyhazujto.cz or the traditional website Kinobox.cz. As for electronic shops, login using mojeID was newly introduced for example by Parfums.cz, Mironet.cz and Patro.cz.

In 2013, one of the chief support tools for mojeID was an incentive program that provides financial rewards to providers for every new user who establishes a user account on mojeID. The 64 providers who participated in this incentive program brought in over 110,000 users.

A rapid increase in number of validated mojeID users was brought by the opening of external validation sites in the Municipal Library in Brno and the Technical University of Liberec.

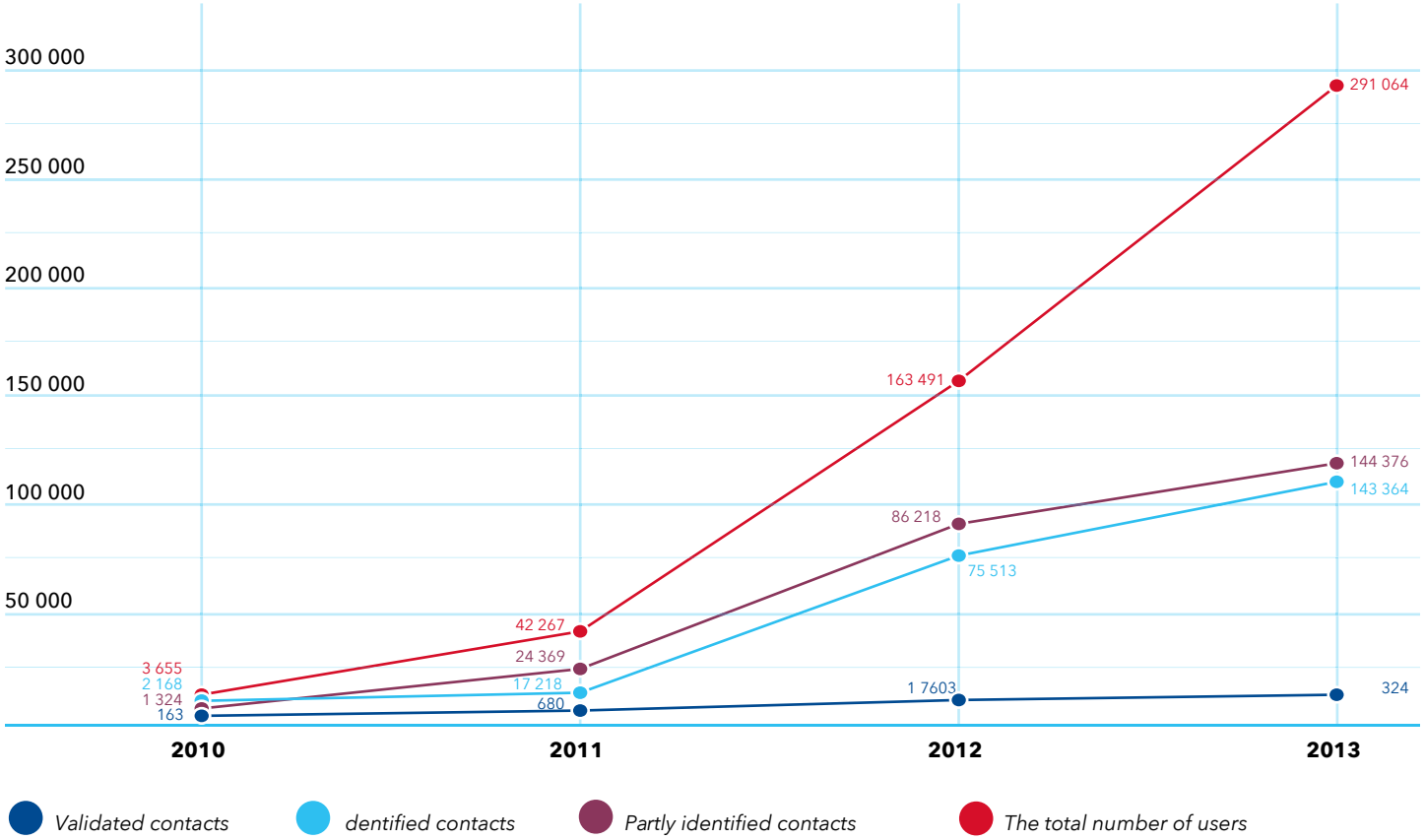
Users of mojeID

7.2

7.2 Users of mojeID

Its users are the most valuable part of mojeID – without growing user base, it would be difficult to acquire important service providers and bring the service into wider public attention. In 2013, the CZ.NIC Association as the service provider focused not only on the total number of users, but also on increasing the proportion of identified users (i.e. verified through mailing address).

At the end of the year, mojeID had 291,064 registered users, of which more than 50% were verified at mailing address level. The highest level of verification was reached by 3,324 users (see chart).



8

CZ.NIC Laboratories

Activities in 2013

8.1

The CZ.NIC Laboratories are a separate organization focused on research and development, with a specialization in research of the Internet, Internet protocols, analyses of network operations, active and passive monitoring and designing prototypes for further development within the CZ.NIC Association.

The work of the Laboratories targets both local and foreign Internet communities with which they closely collaborate particularly in the research of new technologies and their deployment in practice.

8.1 Activities in 2013

2013 can be described as groundbreaking for the Laboratories. At the beginning of the year, a branch was opened in Pilsen, which is after Brno a second workplace of the CZ.NIC development department outside Prague. The Pilsen branch was opened mainly due to the effort of strengthening the cooperation with the local university, including its students and graduates to projects related to development and research of domain name system (DNS) or the IPv6 protocol. The year 2013 was also marked by two major projects of the Czech Internet – the Turris service that helps users with the protection of their home networks by using a special router, and the tablet game Tablexia for children with dyslexia.

8.1.1 New Projects

Turris

The aim of the Turris project is to analyze the security situation in end-user networks and to conduct research in the field of protection against cyber-attacks. In the project, selected volunteers will receive a safety probe in the form of Turris router, which in addition to its function as a normal home router can analyze traffic between the Internet and the home network and identify suspicious data streams. In case of discovery of such streams, the router notifies the Turris headquarters of a possible attack and the headquarters will compare data from other connected routers and evaluate hazards of the detected traffic. In case of an attack, the headquarters create and distribute updates to the whole network, and by doing so protect all users of the Turris device.

What makes the Turris project unique is the hardware it uses, tailor-made for the research goals of the project due to high computational demands and manufactured in the Czech Republic. The draft of the router and all its software are provided under open licenses, providing everyone the opportunity to check what data are sent from their network and that Turris does not contain any "back door". Due to the research nature of the project, the equipment is offered in the form of long-term lease for a symbolic price of CZK 1.

In 2013, the focus was mainly on software and hardware development and manufacturing the first series routers; we also launched applicant registration. The number of applicants several times surpassed the expectations and the planned production of the first thousand products.

Tablexia

Tablexia is an educational game for tablets, which aims to promote the cognitive abilities of children with dyslexia, especially at secondary schools. In the first

version, the application contains three separate games – the training of auditory discrimination, spatial orientation and working memory. Tablexia was created as open software and we plan to upgrade it with more games. When developing this application, the CZ.NIC Laboratories collaborated with leading Czech experts on education of children with dyslexia headed by Dr. Lenka Krejčová, Ph.D., of the Department of Psychology at Faculty of Arts, Charles University. The Tablexia app is now available for the Android platform and it is provided to users free of charge.

Evropa2045

Evropa2045 is an online turn-based strategy team game, familiarizing high school students with the workings and issues of the European Union. This project was launched by the non-profit organization Generation Europe, and it was designed primarily for schools, to be used in social studies. In the first phase of the project, the CZ.NIC Laboratories implemented porting of the game to Android-based tablets with a new graphical interface that is able to attract today's young people.

8.1.2 Ongoing Projects and Their Development

BIRD

This daemon for dynamic routing of the IP protocol is intended for Linux and BSD. The project began at the Faculty of Mathematics and Physics of Charles University, and the CZ.NIC Laboratories are participating in its further development. According to a survey by EURO-IX, an association of the world's largest Internet Exchange Points (IXP), BIRD's share continues to grow and in 2013, it was deployed at 51% exchange points. This makes the Czech software undoubtedly the most widely used route server software in Europe, far ahead of Quagga (21%) and CISCO (16%). Peering center using BIRD include the three largest peering centers in Europe: DE-CIX in Frankfurt, LINX in London and AMS-IX in Amsterdam.

DNSCheck

DNSCheck is a tool that was developed to let users monitor, measure and, hopefully, also understand the operation of the Domain Name System (DNS). After a domain (zone) is added, DNSCheck verifies whether it is set up correctly by traversing DNS from the root (.) to TLD (Top Level Domain, such as ".CZ") and finally to the name server, which carries information about the specified domain (e.g. NIC.CZ). During this verification, some other tests are performed as well (checking host connectivity, validity of IP addresses or DNSSEC signatures).

DNSSEC Validator

It is an add-on for Internet browsers that graphically shows whether a domain is secured by DNSSEC technology. During 2013, DNSSEC Validator was continuously improving and developed for other browsers, Opera and Safari. Along with a version for Mozilla Firefox, Google Chrome and Internet Explorer, DNSSEC Validator is now available for all most widely used web browsers. At the end of 2013, the DNSSEC Validator project was extended by support for checking TLSA records corresponding to PKIX certificates through DANE protocol.

IPv6 Widget

Activities in 2013

8.1

The IPv6 HTML Widget is another project of the CZ.NIC Laboratories intended to support the spread of new Internet technologies, namely IPv6 and DNSSEC, among regular users of the Internet. The widget supports almost all major browsers (Internet Explorer, Mozilla Firefox, Google Chrome, Safari, and others that support the Cross-Origin Resource Sharing technology).

The IPv6 Widget is offered as free and open-source software that can be added to websites to show visitors information about their IPv6 and DNSSEC support. In addition to showing this information visually, the widget can also compare the speed of connection via IPv4 and IPv6.

Router Catalog

The catalog offers independent testing of routers designed for use in homes or small businesses. The main aim of the catalog is not only to determine the real parameters of the tested devices, but also to test them for support of new technologies (IPv6, DNSSEC), and then provide users with objective information for purchasing decisions. In 2013, more routers were tested, and the catalog currently offers tests for 44 products from 13 different manufacturers.

Knot DNS

An authoritative DNS server that is being developed by the CZ.NIC Laboratories. The main advantage of this solution is its focus on performance and ability to achieve the best performance (qps) from available open source solutions (BIND, NSD) without compromising functionality and standards support. In 2013, version 1.4.0 was made ready for release. The most important new feature of this version is the support for automatic signing using DNSSEC. Version 1.4.0 also brings a significant reduction in memory consumption, which decreased by up to 35% in connection with large zones.

Multi-Platform Interface for Accessing e-Government Data Boxes

As part of the support of Internet infrastructure and free and open-source software, the CZ.NIC Laboratories developed an interface for accessing the Data Box Information System (ISDS) in 2010. The Datovka software package is currently available for users of personal computers running Linux and Windows; iDatovka exists for users of mobile devices such as tablets or smart phones, in versions for both Android and iOS (iPad, iPhone). In 2013, the two applications were used by approximately 20,000 users, mainly representatives of small and medium-sized companies, self-employed persons and other individuals. At the end of 2013, the Datovka and iDatovka applications received the prestigious "The Best of e-Government" award – the best e-government project at the national level.

MDM – Malicious Domain Manager

Developed primarily for security teams of the CSIRT type, MDM (Malicious Domain Manager) is a tool that collects information about malware in the Czech domain space, enables simple communication with the responsible parties and monitors the progress of the solution. Besides the Czech security team, MDM application is also used in daily operations by the Slovak CSIRT.SK team.

Unified CZ.NIC Statistics

Activities in 2013

8.1

Unified CZ.NIC Statistics is an independent portal, offering a variety of statistical information related to the Czech domain. All data are available in easy, user-defined charts and source data suitable for further use. In addition to the number of domains, the portal provides statistical information on the shares of individual registrars, the state of implementation of IPv6 and DNSSEC and health of the Czech domain, which is determined by the DNSCheck tool. In 2013, there was a further extension of provided statistical data, including the information about the use of the mojeID service. An integral part of the statistics is the Domain Report that brings useful information and interesting facts about the development of the .CZ Czech domain registration.

Creation of Internet Standards and International Collaboration

Employees of the CZ.NIC Laboratories are active participants of the IETF (Internet Engineering Task Force), which, among other issues, also deals with the creation of Internet standards (known as RFCs, Requests for Comments). Ondřej Surý, the Head of CZ.NIC Laboratories, is a co-chairman of the DANE (DNS-based Authentication of Named Entities) group in IETF, is also signed under RFC 6594 which describes the support for the latest SSH keys using the ECDSA algorithm within the DNS records of the SSHFP type. Another standard that the CZ.NIC Association took part in is RFC number 6698, which concerns new DANE technology that enables the verification of certification authorities based on DNS.

Other significant activities of CZ.NIC in IETF include cooperation on the specification of core data models in the YANG language primarily intended for use with the NETCONF protocol. The standardization efforts in this area are further valorized in the European research project NetIDE, which the CZ.NIC Association joined in 2013.

Education at the CZ.NIC Academy

Lab employees make significant contributions to education at the CZ.NIC Academy, leading courses focused on DNS and DNSSEC, the IPv6 protocol, the BGP routing protocol, and SIP protocol Internet telephony. They also give lectures at Czech universities and professional conferences at home and abroad.

9

Promoting Education and Awareness

Communication with the Public

9.1

Integral parts of the Association's activities are educational and awareness-raising activities intended to promote better qualitative and quantitative use of the Internet as a tool for work, self-development or leisure time. The individual educational activities organized in 2013 targeted both the lay and professional public.

9.1 Communication with the Public

The CZ.NIC communication takes place through multiple communication channels, depending on the target group of information recipients.

With external public, we communicate mostly through press reports and press releases that are received both by professional journalists and journalists from the media focused on the general public or specific groups of recipients. The CZ.NIC Association publishes these releases in the News section on the main website www.nic.cz.

Other communication channels used by the Czech national domain administrator are accounts on social networking sites – Facebook, Twitter and Google+. The frequency of publishing information using these accounts was relatively high last year; messages together with images, photos or graphics were added almost every week, and in some cases in even higher number. Thanks to that, the CZ.NIC Association had more than 1,100 Facebook fans at the end of the year, which represents a 22 percent increase compared to 2012. In addition, the number of fans on Twitter exceeded a thousand followers. Less popular and not-so-used public service Google+ brought CZ.NIC more than 550 fans in 2013.

Another communication channel in 2013 was the NIC-NEWS, received by interested persons in the mailing list every 14 days. The association's employees were informed about the activities of the Association through the IN newsletter with the same periodicity. The CZ.NIC blog is also an important part of communication. Its authors are employees of CZ.NIC, whose activity led to the publication of nearly 90 posts. The Association's blog fulfills a long-term role of semi-official communication channel of the Association (unlike the accounts in social networks). It is not uncommon that journalists from various fields make use of the information on the blog.

The most commonly communicated topics in 2013 were obviously connected with the Association, its projects and activities. It is therefore not surprising that the media that published this information most frequently are technically oriented. These are mainly the web portals Lupa.cz, Root.cz, AbcLinuxu.cz and Linux EXPRES. Topics related to Internet safety were very successful with the general public. Regular Internet users in the Czech Republic could find information about Internet safety at for example the Novinky.cz website.

In 2013, the CZ.NIC employees published a total of 29 original articles (which is five more than in the previous year), both at the above mentioned web portals and the magazines ComputerWorld, Profit, SecurityWorld and Veřejná práva (Public Administration). Ondřej Filip, executive director of CZ.NIC, and other staff (especially the security teams) repeatedly appeared as guests in television and radio programs.

"How to Use the Internet" Educational Series

9.2

9.2 "How to Use the Internet" Educational Series

This series of educational videos, through which the CZ.NIC Association seeks to increase public awareness of domain issues, Internet technologies, and safe use of the Internet, was extended with another 45 new episodes in 2013. They were broadcasted on the first channel of Czech Television during October, November and December. New episodes focused on both deepening the topics from the previous season, with an emphasis on the presentation of specific examples, tips and recommendations, as well as on introducing completely new areas, such as start-ups, types of files, 3D printing or administration and management of the Internet.

The broadcast of the previous two seasons on Czech television had a total of 36 million viewers. In 2013, the series was seen by 21.7 million people, which is more than 50% increase compared to 2012.

Like in the previous year, texts with additional information for each topic were available on www.jaknainternet.cz for the 2013 season. Throughout the series broadcast, an intensive communication was going on with the fans on social networks, particularly Facebook, where a new viewer contest was announced every broadcast day.

An interesting overlap of the series from TV and the Internet to off-line environment is the introduction of previously made episodes into the entertainment portal on board of RegioJet trains and Student Agency buses.

9.3 The Good Domain Awareness Campaign

Another awareness activity of 2013 was the Good Domain campaign, following up the activity of the same name from 2009. The goal of the campaign aimed primarily at small businesses and entrepreneurs, and secondarily to the general Internet public was introducing the possibility to combine the existence in the online environment with one's own domain.

The new version of the www.dobradomena.cz webpage has become the main integration channel of the campaign. Apart from listing the reasons why it is good to have your own domain, this website contains a simple tutorial that walks the interested persons through three basic steps leading to getting their own domain: selecting the most appropriate domain name, verifying its availability and finally its registration.

The creative concept of the campaign showed small business owners absorbed in their work, but with their faces covered with job attributes so that they remain anonymous. The main message of the campaign, "Whatever you do, without a good domain you are not visible" appeals to the necessity of not just the quality of services, but also of the quality of promotion, which cannot be underestimated – including the choice of a good domain.

The campaign took place in the last quarter of the year. Apart from Internet media, the public could encounter it on billboards in many regional and district towns.

The CZ.NIC Academy Education Centre

9.4

9.4 The CZ.NIC Academy Education Centre

Modern classrooms, experienced teachers and new topics in the field of Internet technologies together form a unique place with good facilities for educating IT professionals.

In the second half of 2013, the CZ.NIC Academy included six new courses in its offer: "Free Application Security", "Open Source Software Quality Assurance", "Data Boxes", "3D Printing", "How to Implement mojeID" and "DNSSEC for Public Administration". At the same time, the Academy has continued to provide most of the courses from the existing portfolio.

The Academy also implemented tailored courses for applicants with special requirements. Among others, this offer was taken up by the Police of the Czech Republic. The course on mojeID implementation was tailored as well.

The extension of accreditation from the Ministry of Education, Youth and Sports (MoEYS) brought on the third year of the event titled "Internet Technology for Teachers of ICT Subjects," where teachers had the chance to learn about the latest developments in the field of Internet technology.

Throughout 2013, the Academy held presentations for students – from elementary schools to universities – focused mainly on domains and Internet technologies and safe behavior on the Internet. These lectures were called "The World of Domains and Internet Technologies for Students" and "Handbook of Safe Internet Surfing."

An important step for the development of the CZ.NIC Academy was opening a branch in Brno, which has excellent technical facilities and good transport links for interested persons not only from the South Moravian Region.

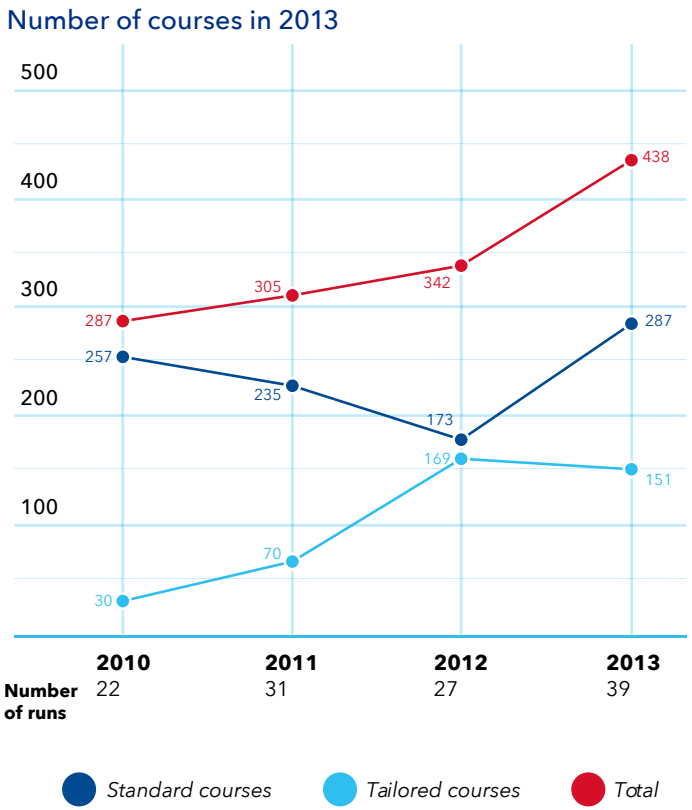
Within the expansion of the education center, the CZ.NIC Academy got the accreditation of educational institutions from the Ministry of Interior of the Czech Republic and with it also the accreditation for the "Data Boxes" course through which it can provide continuous training to officials of local government units.

We also upgraded our education center website with a new design that offers visitors a better orientation and greater amount of useful information. Alongside this update, the CZ.NIC Academy joined social networking sites Facebook and Twitter for faster and more effective communication with the public.

Number of participants of specialized courses	180
Number of implemented specialized courses	95
Number of participants of tailored courses	187
Number of tailored courses	0
Number of students in on-site school courses	45
Number of schools visited	0

The CZ.NIC Academy Education Centre

9.4



Standard courses	Runs	Students
3D Printing	2	15
Data boxes	2	12
DNSSEC - DNS Security	1	6
Implementation of IPv6	11	121
IP Telephony - SIP protocol	2	18
Open Source SW Quality Assurance I	2	12
Understanding and managing DNS	3	23
The issue of public key infrastructure (PKI)	2	20
The BGP routing protocol	3	33
Free Application Security I	3	27

Tailored courses	Runs	Students
Course for Police of the Czech Republic	1	16
Course for seniors	1	24
Course for teachers	2	36
Open Source SW Quality Assurance	1	20
Free Application Security	1	20
Workshop on the implementation ěmojeID	2	35
Total	39	438

9.5 Conferences

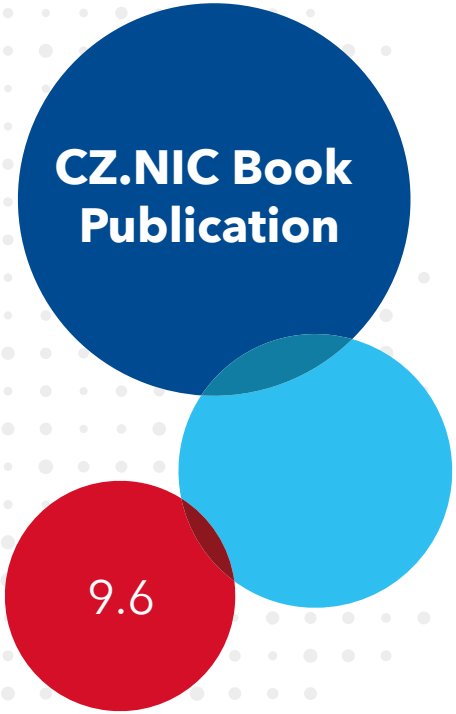
In collaboration with its partners, the CZ.NIC Association organized two domestic conferences in 2013 on the Internet and new technologies.

This year, the CZ.NIC Association celebrated an important anniversary – 15 years since its founding. It happened on May 21, which was also the second day of the annual Internet and Technology (13) conference. This traditional and popular meeting of people interested in topics related to domains, Internet or open source projects was held at the National Technical Library in Prague-Dejvice. Among the topics presented was for example Internet protocol version 6 or Internet security. A look back at history also received due attention. The conference was attended by more than 280 participants. Online broadcast from the two days were watched by more than 2,400 virtual visitors.

In the second half of October, the CZ.NIC Association in cooperation with the Office of the Government and EUROCENTRUM Prague organized a seminar on "digital single market". The aim of this event was to present European projects focusing on cross-border electronic services and projects STORK 2.0 and e-SENS, and to familiarize the specialized public with the forthcoming European legislation. The seminar was attended by over 35 participants, mainly from public administration and IT companies.

At the end of November, we organized a continuation of the May event called the Internet and Technology (13.2). This meeting took place on Saturday, with regard to the nature of the event. The conference focused on projects related to the academic community and the aim was to welcome here both academics as well as interested persons for whom the weekend event is more accessible than conference in the middle of the workweek. The partners of this meeting of Internet experts were the Faculty of Mathematics and Physics, Charles University and the academic association CESNET. The Internet and Technology 13.2 conference was attended by more than 120 participants. The live broadcast had more than 1,100 online viewers.

In 2013, the CZ.NIC Association participated in a number of specialized conferences in the Czech Republic and abroad. As for the domestic conferences, we should mention LinuxAlt, E-Business Forum, EurOpen, Junior or Internet OpenSource Solutions in Networks.



9.6 CZ.NIC Book Publication

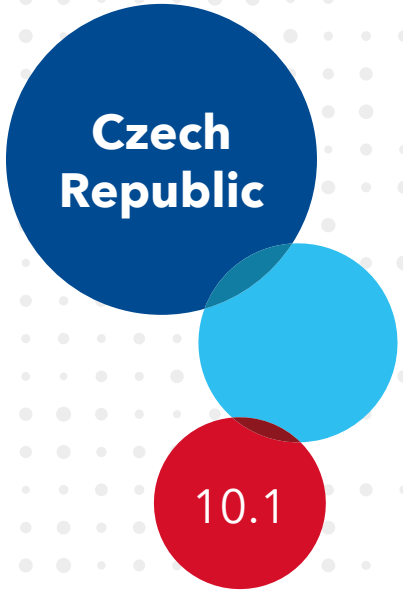
The "CZ.NIC Publications" represent another of the awareness-raising and educational activities offered by the CZ.NIC Association, publishing professional literature and Internet-related books by Czech and foreign authors.

In the first half of 2013, a book on a legal subject by Ján Matejka named "The Internet as an Object of Law" was published. In the second half of the year, it was followed by the book "Own Your Space" by American authors Linda McCarthy and Denise Weldon-Siviy about safe Internet surfing designed especially for adolescents and their parents.

All books of CZ.NIC Publications are available as printed copies as well as a free electronic downloads at the knihy.nic.cz website

10

Cooperation and Partnerships



The Internet is without any exaggeration the most important instrument of communication today, connecting tens of millions of users on all continents including Antarctica. We often hear that the Internet has no borders and does not fall within the jurisdiction of any government. This however does not mean the Internet is uncontrolled or without rules. Unlike in many other fields, however, these rules are formulated by the Internet community, a large family of supporters and fans of this worldwide network. To ensure that the efforts of any single member or organization are not in vain, mutual cooperation is required both on the national and international level.

Cooperation with domestic partners helps find the most acceptable system of national domain administration for Czech users while assisting, primarily through the projects of our Laboratories, with the spread of new technologies and development of the information society.

International cooperation not only helps monitor global trends, but with the active participation of the Association's employees also contributes to their creation and to shaping the future of technologies that affect our everyday lives.

With their high levels of professional knowledge, representatives of the Association, both management members and employees, are welcome guests at Czech and international professional forums.

10.1 Czech Republic

Due to the importance of its activities, CZ.NIC is a natural partner of the government as well as of special interest groups focusing on the Internet.

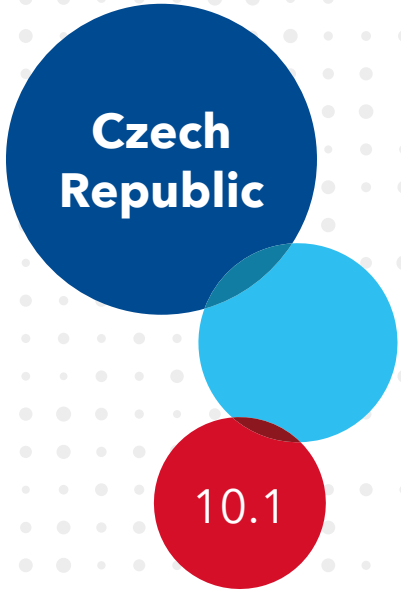
10.1.1 Cooperation with Public Authorities

The importance of the system of domain name administration and related Internet infrastructure is comparable to the importance of other critical infrastructures, e.g. in energy or transport. As the administrator of the national domain, CZ.NIC considers protection of this infrastructure its duty and obligation towards the Czech Republic. For the purposes of future development, it is also a proud partner of many state institutions.

Under the Memorandum of Cooperation in the field of Internet governance and promotion of new technologies, concluded in 2012 with the Ministry of Industry and Trade, employees of CZ.NIC provided regular consultations especially on issues relating to Internet Governance and IPv6 and DNSSEC technologies within the framework of the national strategy for electronic communications Digital Czech 2.0. Ministry of Industry and Trade in cooperation with the CZ.NIC Association also regularly publishes information on the status of implementation of IPv6 in public administration.

The cooperation under the Memorandum concluded with the National Security Agency, which includes operation of the national security team CSIRT.CZ by CZ.NIC, was also successful. Experts of the team contributed to solution of cyber incidents and the preparation of the law on cyber security.

Due to the existence of disputes over domain names, cooperation between the CZ.NIC Association and the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic is also quite important.



In cooperation with the local government, the CZ.NIC Association supported the Golden Crest Award for the best municipal website. As a technical partner of the competition, we evaluate the "support of IPv6 and DNSSEC" criterion and also participate in the evaluation of other criteria. Another significant activity for the local government was expansion of use of mojeID in the municipal electronic services. The educational center CZ.NIC Academy is also involved in cooperation with public authorities by providing specialized courses such as one on Data boxes.

Other major partners of the Association from public administration include the Ministry of the Interior or the Vysočina Region.

10.1.2 Cooperation with NGOs and Social Responsibility

Safer Internet.cz

The CZ.NIC Association is one of the partners of the Safer Internet.cz educational project, which aims to highlight the risks associated with using the Internet and to offer effective ways of defending against them. The project targets various user groups and employs illustrative examples to help form good Internet security habits.

People in Need

Other social activities of the CZ.NIC Association include support of the People in Need organization and in particular its educational project "One World at Schools", offering documentary films together with supplementary teaching aids to schools to help them explain current issues of the world and modern history.

Forum for open data

The CZ.NIC Association became a partner of the Forum for open data, which was initiated by Otakar Motejl Fund with the support of the Faculty of Informatics and Statistics of the University of Economics and the Faculty of Mathematics and Physics of Charles University. The key goal of this activity is to show the possibilities of open data in practice and to provide methodological and consulting support for public administration and the general public. Ondřej Filip, executive director of CZ.NIC was also the chairman of the jury of the Together We Open the Data competition, which awarded the best applications by students and general public that use open data for socially beneficial services.

Helping Animals

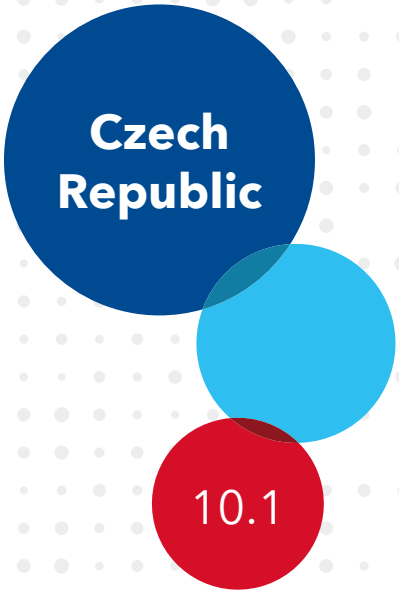
The CZ.NIC Association is a long-time contributor to the Prague and Zlín zoos, supporting the breeding programs of the Southern Cassowary, a bird native to New Guinea and Australia. In the Czech Republic, there have been occasional sightings of its relative, the Domain Cassowary, a bird that has not yet been extensively studied. You can learn more about this peculiar species at www.kasuar.cz.

The Heart on Hand Endowment Fund

To support children from children's homes, the CZ.NIC Association became a partner of the 9th benefit concert of the Heart on Hand Endowment Fund that took place on November 19, 2013 at the National House in Prague – Vinohrady. Proceeds from the benefit concert of the endowment fund were used for education, extra-

curricular activities and preparation of the children from children's homes for transition to independent lives.

10.1.3 Membership in Industry and Interest Organizations



ICT UNIE – Association for Information Technology and Telecommunications

A professional association of companies working in information and telecommunication technologies, partially representing the ICT industry of the Czech Republic and promoting the efficient use of ICT in all areas of life. A major partner of public administration, the ICT Union co-authors strategic documents, legislation and key decisions focusing on the development of ICT in the Czech Republic.

NIX.CZ

The largest Czech Internet Exchange Point (IXP) is an umbrella association for Czech and foreign Internet Service Providers for the purpose of interconnecting their networks. NIX.CZ is the largest IXP in the country and one of the most important ones in the world. The CZ.NIC Association is a member of NIX.CZ and takes an active role in seminars, workshops and other meetings organized by NIX.CZ. NIX.CZ is also a notable user of products of the CZ.NIC Laboratories, particularly BIRD.

Tuesday Business Network

CZ.NIC is a member of this independent association providing a platform for technology companies, investors and IT professionals to meet and share experiences.

Other Countries

10.2

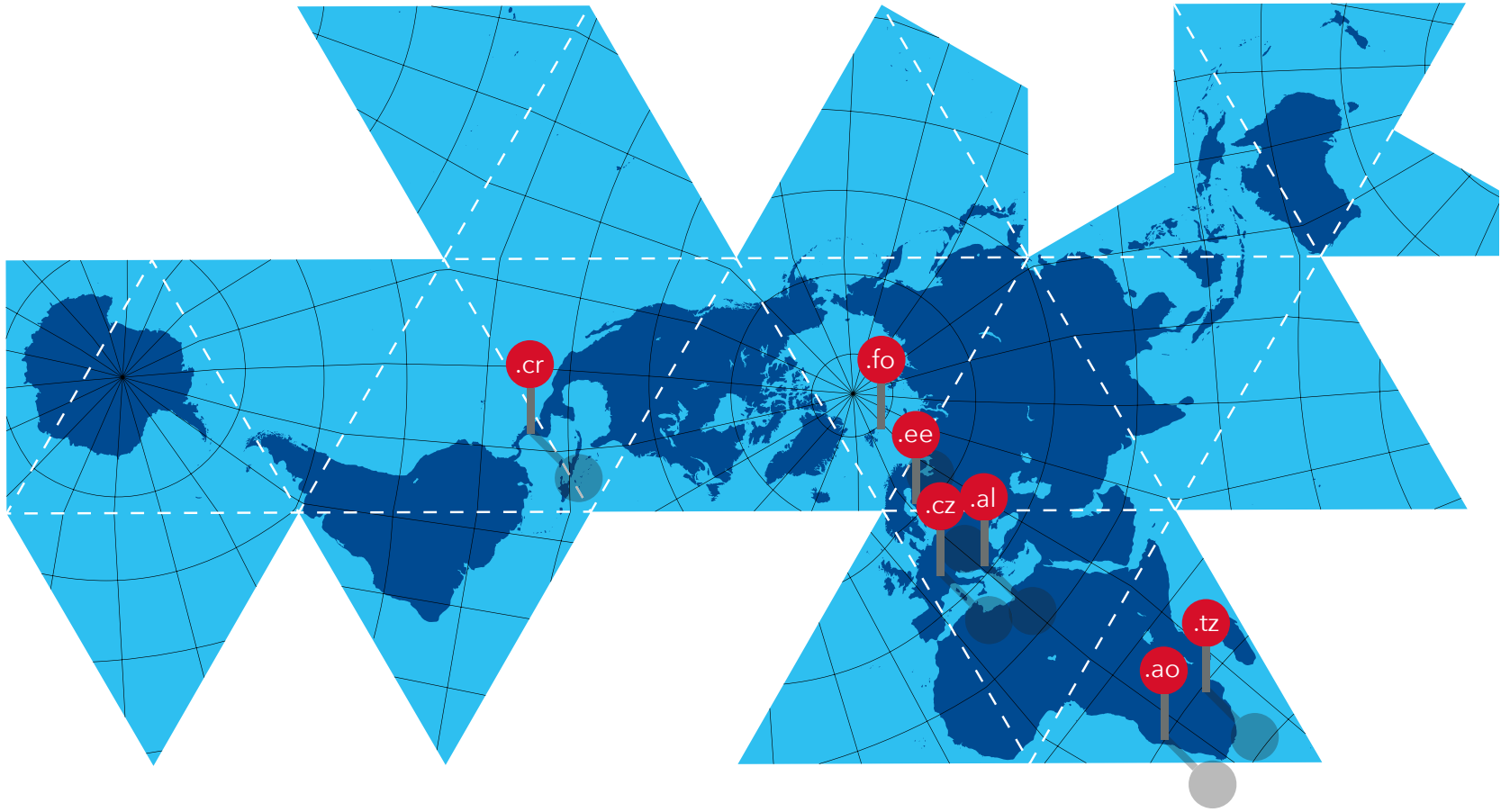
10.2 Other Countries

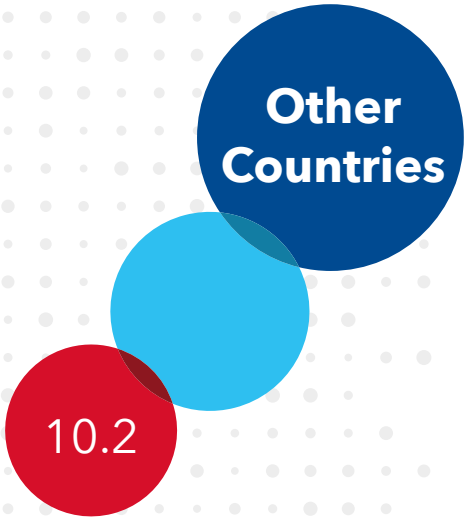
Thanks to the activities of the Association on the international Internet scene, stakeholder foreign organizations are increasingly choosing CZ.NIC as a partner for cooperation and the Czech Republic as the location for their meetings. The CZ.NIC Association welcomes this opportunity, as it gives representatives of the local Internet community easier access to interesting topics and the world's leading experts on the Internet.

10.2.1 Cooperation with Foreign Registries

Administrators of other national domain name registries are important partners of the CZ.NIC Association. In 2013, we launched cooperation with the registries in the Balkans. At the beginning of 2013, FRED system was introduced in the production environment of Albania (.al), which became the sixth foreign national registry to use the Czech open source registration system after Angola (co.ao and it.ao), Estonia (.ee), Costa Rica (.cr), Faroe Islands (.fo) and Tanzania (.tz).

Other maintainers of national domain name registries are natural partners of the CZ.NIC Association.





10.2.2 Involvement in European Cooperation Projects

In accordance with its long-term objective of developing Internet technologies and the information society, the Association took part in the following projects supported by the European Commission in 2013:

GEN6 (Governments ENabled with IPv6)

The goal of this project launched in January 2012 is primarily to support public administration in the transition to a new version of the Internet protocol, IPv6. The CZ.NIC Association carries out activities focusing on monitoring the preparedness for IPv6 of public administration in Europe and also works in the field of awareness-raising. In 2013, CZ.NIC in collaboration with other partners has also prepared a brochure aimed at the governments and policy makers that summarizes reasons for support of IPv6 by the public administration, including specific examples of the benefits of IPv6.

STORK 2.0 (Secure idenTity acrOss boRders linKed 2.0)

A project launched in April 2012 that focuses on the issues of cross-border recognition of electronic identification systems and the creation of the Digital Single Market. In the project, the CZ.NIC Association is primarily looking at the possibility of utilizing mojeID and extending it further in terms of new users and services.

e-SENS (Electronic Simple European Networked Services)

Implementation of the project aimed at promoting electronic services and tools, such as electronic identification and electronic delivery of documents that was launched in April 2013. Objective of the project is to help support further development of the Digital Single Market and the electronic services of public and private sector.

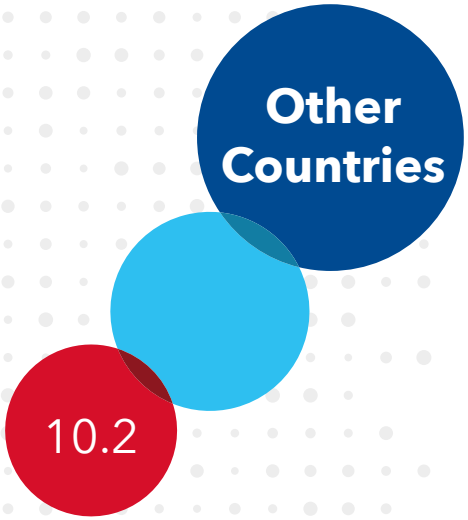
NetIDE (An integrated development environment for portable network applications)

In 2013, CZ.NIC obtained its first international scientific project supported by the Seventh Framework Programme for Research (FP7). The aim of the project is to create an integrated development environment including a complete development cycle of network programs from network topology design and specifications of various policies through debugging, verification and simulation to conversion for one of the supported SDN (Software-Defined Networking) controllers. In this project, CZ.NIC is primarily involved in designing of domain-specific language IRF (Intermediate Representation Format) and tools for working with this language. The role of IRF is to specify the topology of the network and its behavior in a form that does not depend on any particular controller or manufacturer. All software developed in this project will be open source.

10.2.3 Membership in Industry and Interest Organizations

CENTR (Council of European National Top Level Domain Registries)

A non-profit organization associating administrators of top-level domain names, both national and generic. The organization focuses mainly on European registries, but there are also representatives of other, more distant regions – e.g. Canada and Japan. Representatives of the CZ.NIC Association, a member since 2001, regularly participate in meetings of the Admin (focusing on adminis-



trative and technical procedures in the registries), Legal & Regulatory (focusing mainly on issues connected with alternative dispute resolution, protection of personal data and other topics) and Marketing groups, as well as in technical workshops (Research & Development).

DNSSEC Industry Coalition

An organization that strives to promote DNSSEC security technology worldwide. The goal of this organization is to adopt a unified approach in promoting and implementing DNSSEC for all potential users, including the domain registries of national and generic TLDs.

DNS-OARC (The Domain Name System Operations, Analysis and Research Center)

A trusted platform that brings together key entities to share their experience from DNS operation, analysis, and research to be able to efficiently coordinate their activities, particularly those concerning the security of the system. Since 2012, this organization has been headed by Ondřej Filip, executive director of the CZ.NIC Association.

EURid (The European Registry of Internet Domain Names)

An association which, based on authorization from the European Commission, administers the top-level .eu domain; CZ.NIC is an associate member and has a representative on its board of directors.

EuroISPA (European Internet Services Providers Associations)

With around 1,500 members, the European Internet Services Providers Association is the largest ISP organization in the world. Its objective is to represent ISPs within the legislative processes of the European Union and facilitate the exchange of experiences between individual ISPs. The CZ.NIC Association has been a member of EuroISPA since 2008.

ICANN (Internet Corporation for Assigned Names and Numbers)

An international non-profit organization founded in 1998 whose main objective is not only the administration and issuing of generic and national top-level domain names, but also the assignment of IP addresses. The CZ.NIC Association, as the administrator of the .CZ national domain, sends its representatives to regular meetings, and its specialists participate actively in working groups. For example, Ondřej Filip, executive director of the CZ.NIC Association, is a member of the prestigious Security and Stability Advisory Committee (SSAC).

IETF (Internet Engineering Task Force)

Founded back in 1986, the organization is directly linked to the birth of the Internet. It is made up of an international community of leading specialists, network architects, and representatives from the commercial sector. The IETF approves and promotes Internet standards, known as RFC documents, which govern the majority of Internet operations. Its meetings are also attended by many Czech experts from the academic and private sectors.

IGF (Internet Governance Forum)

The IGF is a free forum of all stakeholders from the public and private sector created by the UN in accordance with the conclusions of the World Summit on the Information Society (WSIS) in November 2005. IGF also includes the Multistakeholder Advisory Group (MAG), which aims to assist the UN Secretary General in preparing the forum. MAG has 50 members representing national governments, the private sector, civil society and the academic and technical communities. The Czech Republic has a single representative in MAG – Ondřej Filip, executive director of the CZ.NIC Association.

RIPE NCC (Réseaux IP Européens Network Coordination Centre)

An independent non-profit organization supporting Internet infrastructure. Among its key activities is the operation of RIR (Regional Internet Registry), which allocates Internet resources and related services (e.g. IP addresses) to its members. As one of its members, CZ.NIC takes part in regular meetings and also participates in other topical meetings and training sessions held by the organization. In 2013, the Open Source workgroup was established within RIPE NCC by Ondřej Filip, executive director of CZ.NIC, who then became its co-Chairman.

Trusted Introducer

One of the activities of the TERENA organization, which joins CSIRTs in Europe and is a trustworthy center for the exchange of sensitive information and know-how between the individual CSIRTs. CZ.NIC is a member and is listed among registered CSIRT teams.

BIND (Berkeley Internet Name Daemon)

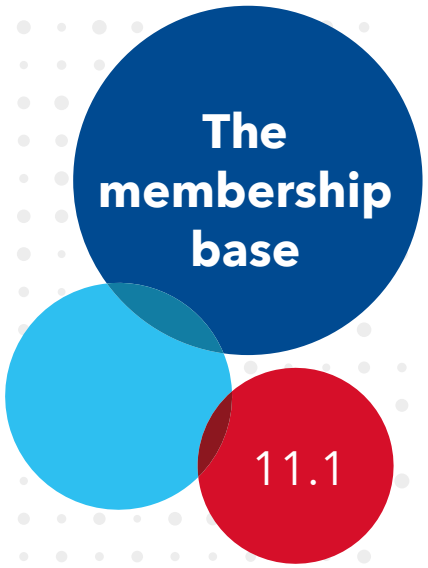
An association supporting the development of DNS software BIND.

ISC (Internet System Consortium)

An organization supporting Internet infrastructure and the operator of the F-Root server.

11

Association Structure



11.1 The membership base

The Association's membership base includes a whole range of entities, which make a significant contribution to the functioning of the Czech Internet. Among its members are representatives of Internet and telecommunications service providers, domain name registrars, publishers of Internet and print media, e-commerce businesses, and companies for whom the Internet and domain names are an important communication tool.

The CZ.NIC Association is one of the places where these representatives can meet and influence the future direction of the Czech Internet. The broad spectrum of business activities carried out by members and their involvement in the Association's activities, whether in the form of participation in general assembly meetings, working groups and workshops, e-mail conferences, or working directly within the Association bodies, enriches and expands the Association's knowledge portfolio and allows it to continually improve the efficiency of its management and react to the constant development typical for the Internet.

11.1.1 Membership Conditions

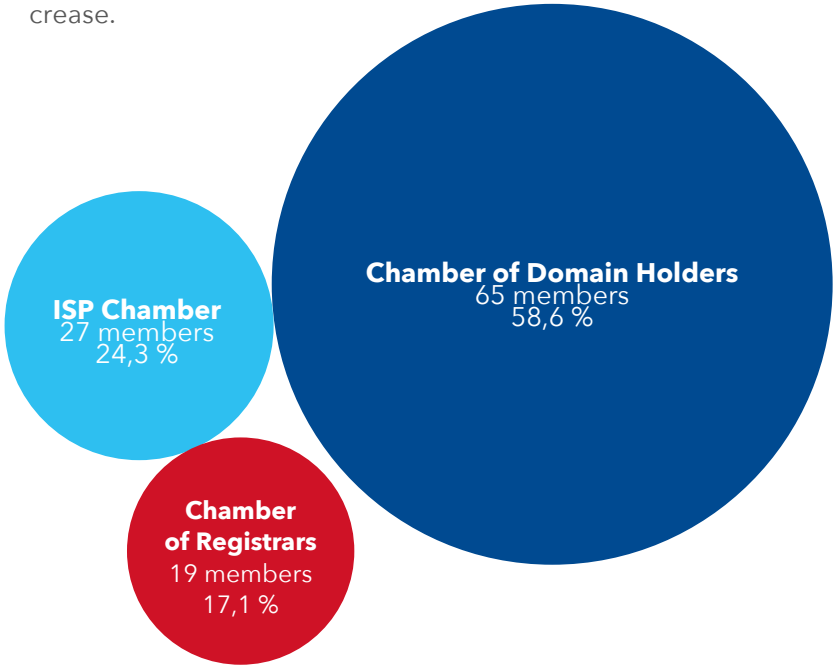
A member of the Association may be any legal entity fulfilling general membership conditions, including having a seat or an organizational unit in an EU Member State, having possession of at least one domain name with the .CZ ccTLD and payment of an entry membership fee.

Association members are divided into three chambers: the Chamber of Domain Holders, the ISP Chamber, and the Chamber of Registrars. Special conditions for membership in individual chambers are set in the Statutes. The chamber arrangement benefits Association members, who are able, together with other similarly focused entities, to better define and defend their opinions and interests. This arrangement has also made the operation and negotiations of the Association bodies more efficient, particularly the Collegium and General Assembly.

As of December 31, 2013, the CZ.NIC Association had 111 members, i. e. five more than a year before. The Chamber of Domain Holders was joined by four new members; another new member joined the Chamber of Registrars.

11.1.2 Number of Members by Chamber

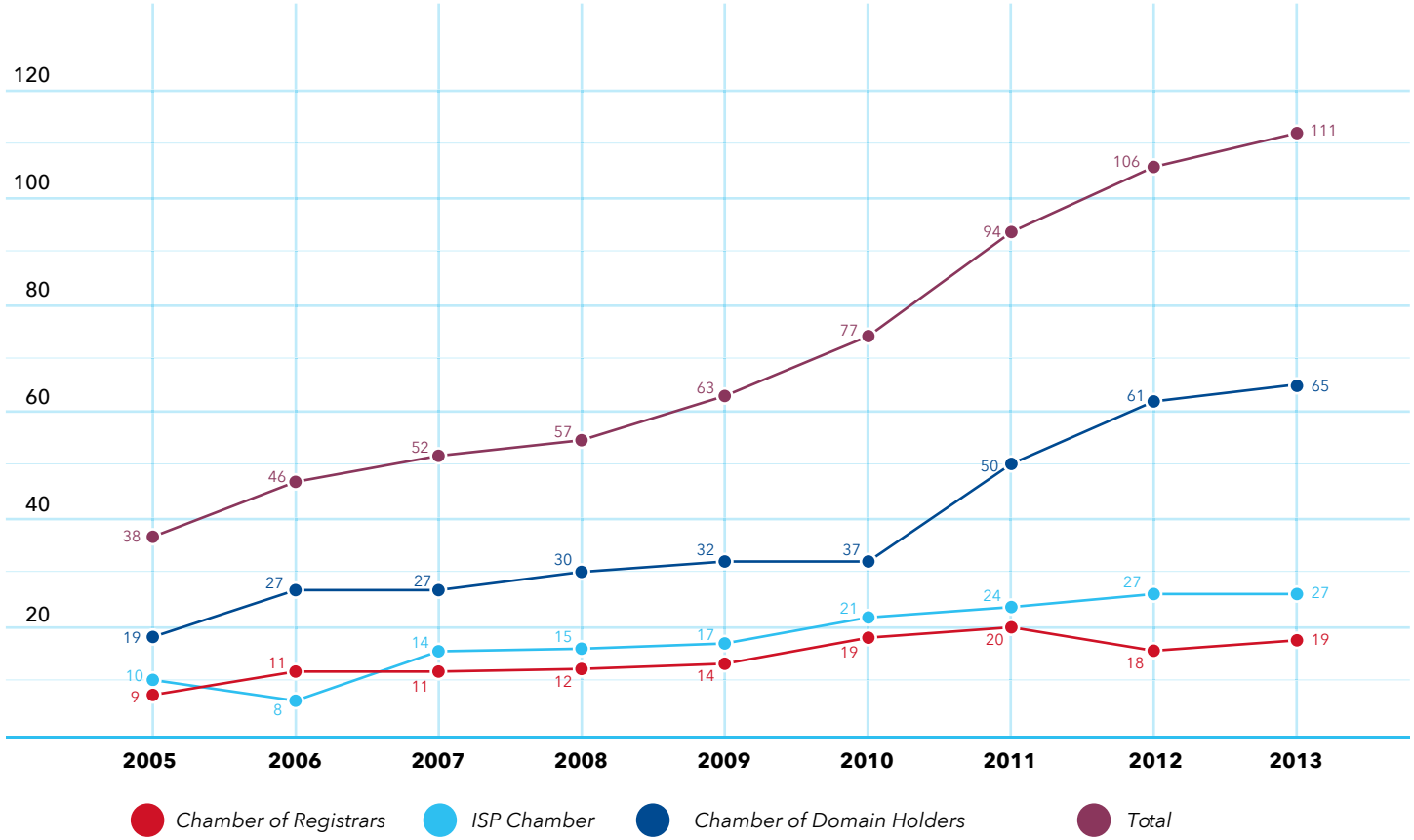
Most members (58.6 %) are found in the Chamber of Domain Holders, which also showed the largest increase.

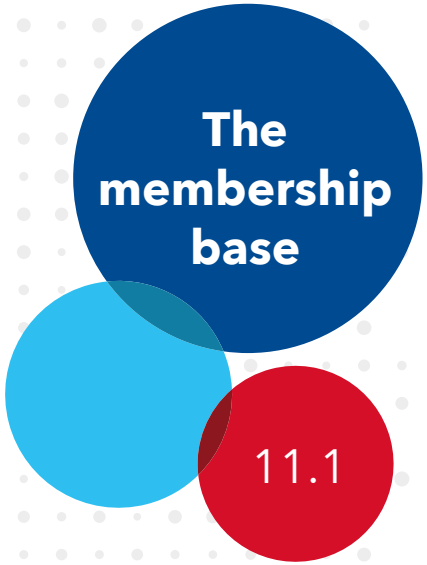


The membership base

11.1

11.1.3 Development of the Number of Members by Chamber

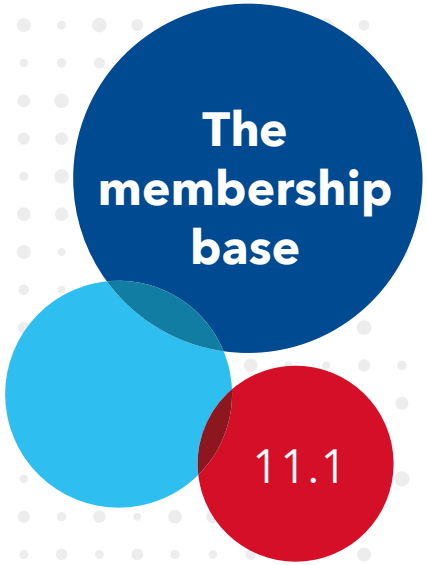




11.1.4 List of members by chambers

Chamber of Domain Holders

Company	ID
ABRATICA s. r. o.	26108534
ACOMWARE s. r. o.	25047965
Advio Network, s. r. o.	28565673
AKREDIT, spol. s r. o.	25797387
ALENSA, s. r. o.	27179681
AliaWeb, spol. s r. o.	26117363
Asociace pro elektronickou komerci (APEK)	68684797
AUDITEL, s. r. o.	26775034
CD PROFESIONAL security agency, s. r. o.	25712713
CISCO SYSTEMS (Czech Republic) s. r. o.	63979462
ComSource s. r. o.	29059291
Com-Sys TRADE spol. s r. o.	16188781
CQK HOLDING a. s.	28405579
CYBERSALES a. s.	26199653
Datahost s. r. o.	26390973
DELL Computer, spol. s r. o.	45272808
ekolo.cz s. r. o.	27141659
EXPLORER a. s.	26726653
Google Czech Republic, s. r. o.	27604977
Greenlux s. r. o.	28608747
Holubová advokáti s. r. o.	24686727
IBM Česká republika, spol. s r. o.	14890992
ICZ a. s.	25145444
igloonet, s. r. o.	27713482
I. H. P. společnost s ručením omezeným	48117846
INBES, spol. s r. o.	14502593
Intell. Net s. r. o.	27971546
Internet Info, s. r. o.	25648071
Internet Mall, a. s.	26204967
i-registry s. r. o.	28451082
Kanlux s. r. o.	27804861
Klíč, spol. s r. o.	28129377
Laurián s. r. o.	29018919
MARIAS s. r. o.	26136139
MASANTA.COM s. r. o.	25730533
MEDIA FACTORY Czech Republic a. s.	26288311
Michal Krsek & partneři s. r. o.	27418570
MITE Infonet s. r. o.	25660292
Moonlake, a. s.	28924355
NextiraOne Czech s. r. o.	26175738
NFX, z. s. p. o.	75093201
Nux s. r. o.	27234631
Občanské sdružení Ubuntu pro Českou republiku	22674608
Orange Business Czech Republic s. r. o.	49620037
Orego finance s. r. o.	24718955
PharoCom s. r. o.	25172131
PP Partners Prague, a. s.	28204671
Pražský Účetní Servis s. r. o.	26740575
Q3, s. r. o.	26226073
Seznam.cz, a. s.	26168685
Skymia s. r. o.	28238613
Software602 a. s.	63078236
Socha, spol. s r. o.	48291153
SuperNetwork s. r. o.	25492063
SVBsoft, s. r. o.	28523644
Tech Ware spol. s r. o.	14891107
TIKWI s. r. o.	28917651
Trustica s. r. o.	26514362
Unie vydavatelů, o. s.	15887081
Unisys s. r. o.	48109291
ÚVT, s. r. o.	25701118
VIZUS.CZ s. r. o.	27155315
Vymáhání a odkup pohledávek s. r. o.	27566510
Webarium, s. r. o.	26089602
Webnames s. r. o.	44848692

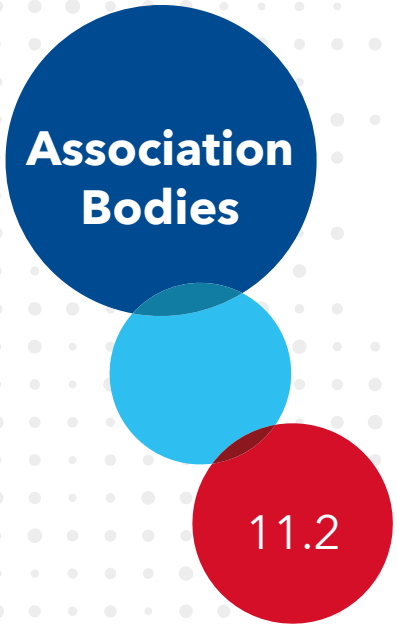


ISP Chamber

Company	ID
ABAK, spol. s r. o.	40763153
BT Limited, organizační složka	70802025
CASABLANCA INT s. r. o.	25079832
CentroNet, a. s.	26165473
CESNET, z. s. p. o.	63839172
COOLHOUSING s. r. o.	14893983
ČD - Telematika a. s.	61459445
České Radiokomunikace a. s.	24738875
Dragon Internet a. s.	27237800
Družstvo EUROSIGNAL	26461129
Faster CZ spol. s r. o.	60722266
FreeTel, s. r. o.	24737887
GTS Czech s. r. o.	28492170
Informační a bezpečnostní agentura s. r. o.	64051641
INTERNEXT 2000, s. r. o.	25352288
IPEX a. s.	45021295
JHComp s. r. o.	26051362
LAM plus s. r. o.	25129619
MAFRA, a. s.	45313351
PODA a. s.	25816179
Qnet CZ s. r. o.	25518097
STARNET, s. r. o.	26041561
T-Systems Czech Republic a. s.	61059382
Trestel CZ, a. s.	26177129
VOLNÝ, a. s.	63080150
VSHosting s. r. o.	61505455
2 connect a. s.	29007542

Chamber of Registrars

Company	ID
ACTIVE 24, s. r. o.	25115804
banan s. r. o.	26867257
Dial Telecom, a. s.	28175492
GENERAL REGISTRY, s. r. o.	26027267
Gransy s. r. o.	28087755
IGNUM, s. r. o.	26159708
INTERNET CZ, a. s.	26043319
KRAXNET s. r. o.	26460335
Media4web, s. r. o.	26735903
NEW MEDIA GROUP s. r. o.	26124611
ONE.CZ s. r. o.	25503651
ONEsolution s. r. o.	27710335
Stable.cz s. r. o.	28741048
Telefónica Czech Republic, a. s.	60193336
TELE3 s. r. o.	26096960
TERMS a. s.	14499037
Web4U s. r. o.	26058774
ZONER software, a. s.	49437381
1X s. r. o.	44632142



11.2 Association Bodies

11.2.1 General Assembly

The General Assembly is the supreme body of the Association encompassing all members of the Association and divided into three chambers – the Chamber of Registrars, ISP Chamber and the Chamber of Domain Holders. Every Association member has the right to participate in a meeting of the General Assembly and present their ideas, opinions, and comments.

11.2.2 Collegium

The Collegium is an Association body consisting of the members elected by the respective Chambers of the General Assembly and/or other persons. The powers of the Collegium include approving the budget and policies of the Association and electing or dismissing members of the Board of Directors and the Supervisory Board. The Collegium has 21 members, of which 18 are elected by the individual chambers of the General Assembly and three are nominated by public authorities. Term of office of members of the Collegium is three years.

Collegium members elected by the General Assembly

Collegium members representing the Chamber of Domain Holders from January 1 to December 17, 2013:

Marek Antoš
Štěpán Holub
Michal Pajr
Jiří Peterka
Jan Redl
Jan Vetyška

At the General Assembly on December 17, 2013, Jiří Peterka was re-elected member representing the Chamber of Domain Holders. Jan Vetyška finished his term and was replaced by David Vorlíček.

Collegium members representing the Chamber of Domain Holders from December 17 to December 31, 2013:

Marek Antoš
Štěpán Holub
Michal Pajr
Jiří Peterka
Jan Redl
David Vorlíček

Collegium members representing the ISP Chamber:

Ondřej Filip
Tomáš Košňar
Petr Kuneš
Jiří Kysela
Zbyněk Pospíchal
Karel Taft

At the General Assembly on December 17, 2013, Tomáš Košňar and Zbyněk Pospíchal were re-elected members representing the ISP Chamber.

Collegium members representing the Chamber of Registrars from January 1 to December 17, 2013:

Zdeněk Brůna
Marek Erneker
Ilona Filípková

Association Bodies

11.2

Petr Komárek
Martin Kukačka
Erich Syrovátka

At the General Assembly on December 17, 2013, Stanislav Kysela was newly elected to replace Petr Komárek, who finished his term as well as did Ilona Filípková, who did not run for membership in the Collegium again and was not replaced by a new member representing the Chamber of Registrars.

Collegium members representing the Chamber of Registrars from December 17 to December 31, 2013:

Zdeněk Brůna
Marek Erneker
Martin Kukačka
Stanislav Kysela
Erich Syrovátka

Collegium members nominated by public authorities:

Marek Ebert, the Czech Telecommunication Office
Markéta Nováková, the Ministry of Industry and Trade of the Czech Republic
Marie Moravcová, the Czech Chamber of Commerce

With effect from June 1, 2013, Markéta Nováková replaced Iva Hatlapatková from the same Ministry.

11.2.3 Board of Directors

The Board of Directors is a statutory body governing Association activities and acting on its behalf. Its powers include approving the rules for the registration of domain names or for provided services. The Board of Directors has five members elected for three years. Members of the Board of Directors are elected and dismissed by the Collegium.

Board members from January 1 to December 31, 2013:

Karel Taft (*1971), Chairman of the Board of Directors
Marek Antoš (*1979), Vice-chairman of the Board of Directors
Tomáš Košňar (*1965), member
Martin Kukačka (*1980), member
Jiří Kysela (*1955), member

At the Collegium meeting on June 11, 2013, Karel Taft was re-elected member of the Board of Directors and the Board subsequently elected him chairman for another term.

11.2.4 Supervisory board

The Supervisory Board is the controlling body of the Association, which oversees the Board of Directors and the Association's activities. The Supervisory Board has three members, whose term of office is three years.

At the Collegium meeting on June 11, 2013 Ilona Filípková was elected a new member of the Supervisory Board, replacing Ondřej Fryc, who decided to leave his position due to the workload.

Members of the Supervisory Board from January 1 to June 11, 2013:

Jan Redl, Chairman of the Supervisory Board
Ondřej Fryc, member
Jiří Peterka, member

Members of the Supervisory Board from June 12 to December 31, 2013:

Jan Redl, Chairman of the Supervisory Board
Ilona Filípková, member
Jiří Peterka, member

12

Human Resources

Status and development of the staff numbers

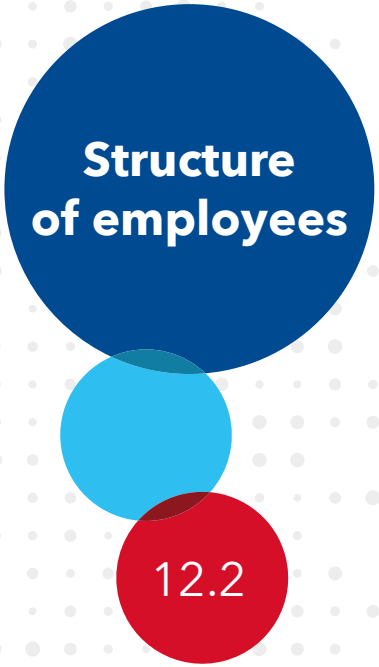
12.1

The strength of the Association lies in its professionally competent and skilled employees who are essential to the fulfillment of the Association's objectives and its further development. It is no exaggeration to say that many of our employees are leading experts in the field who have not only domestic, but also international reputation. In order to strengthen their individual competencies, all employees continuously receive further education in foreign languages, soft skills and professional skills to make sure they fully develop their professional and personal potential and obtain knowledge and skills that can contribute to the further development of both the Czech Internet and the Association. CZ.NIC creates a non-smoking environment for its employees, which has a positive impact not limited to the health perspective.

12.1 Status and development of the staff numbers

During 2013, there was a significant increase in the number of employees by 25 new people, i.e. almost 50%. The increase in human resources was mainly due to a number of newly launched projects, especially Turris and Tablexia. Further significant increase in staff was needed for the expansion of the technical team providing operation of .CZ domain, i.e. the key part of the association. Also, our customer support and the CZ.NIC Academy Education Center were strengthened.

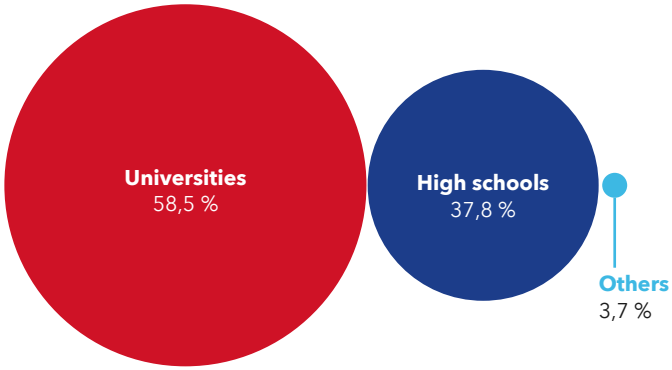
Department	Employees 1. 1. 2013	Full-time equivalent 1. 1. 2013	Employees 1. 1. 2013	Full-time equivalent 1. 1. 2013	Change in employees	Change in full-time equivalent
Executives	6	6	6	6	0 %	0 %
CZ.NIC Academy	1	0,5	2	1,5	+100 %	+200 %
Security Team	3	2,2	4	3,2	+33 %	+45 %
EU projects	1	1	1	1	0 %	0 %
CZ.NIC Labs	15	12,25	31	26,05	+107 %	+113 %
Marketing	6	6	4	4	-33 %	-33 %
Legal/secretariat	1	0,5	2	1,5	+100 %	+200 %
Network Administration	4	4	5	5	+25 %	+25 %
Development	9	7,5	14	12,15	+55 %	+62 %
Customer Support	8	8	10	10	+25 %	+25 %
TOTAL	54	47,95	79	70,4	+ 46 %	+47 %



12.2 Structure of employees

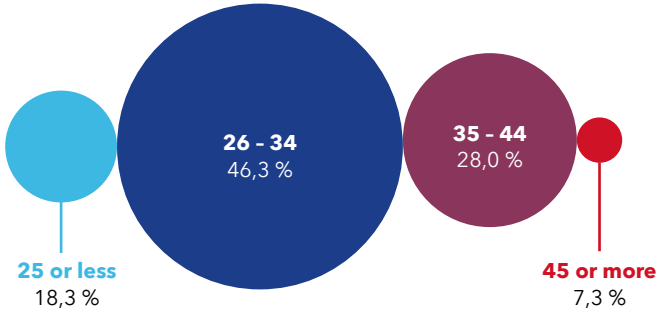
12.2.1 Educational Structure of Employees

Most of the Association employees have university education. The CZ.NIC Association provides an opportunity to gain professional experience to fresh university graduates, and tries to create appropriate conditions for them, including establishing a new branch in Brno and recently also in Pilsen.



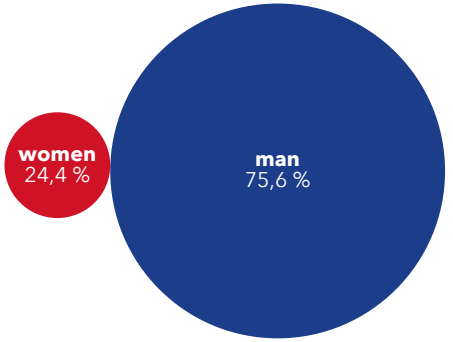
12.2.2 Age Structure of Employees

In terms of age structure, the dominating category is formed by employees aged 26 to 34, which is primarily due to the high number of employees with university education and the support of university graduates.



12.2.3 Gender Structure of Employees

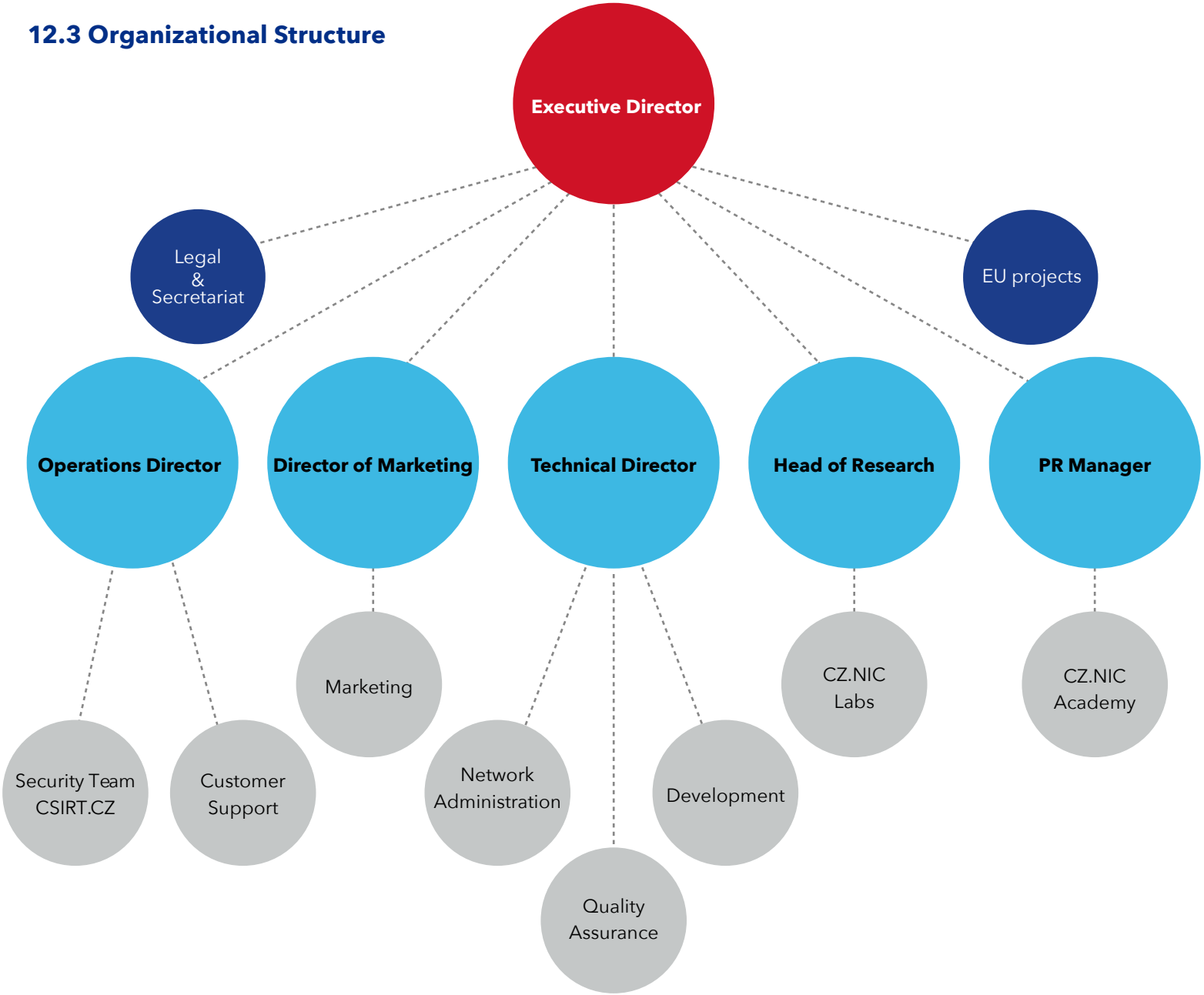
When hiring new employees, CZ.NIC promotes equal opportunities and participation of women. Their involvement is also supported by favorable labor conditions enabling the reconciliation of family and working life. In 2013, we managed to increase the proportion of employed women by 31%. However, due to the gender structure of graduates of engineering and technology university programs, men outnumber women as well as in other technology companies.



Organizational Structure

12.3

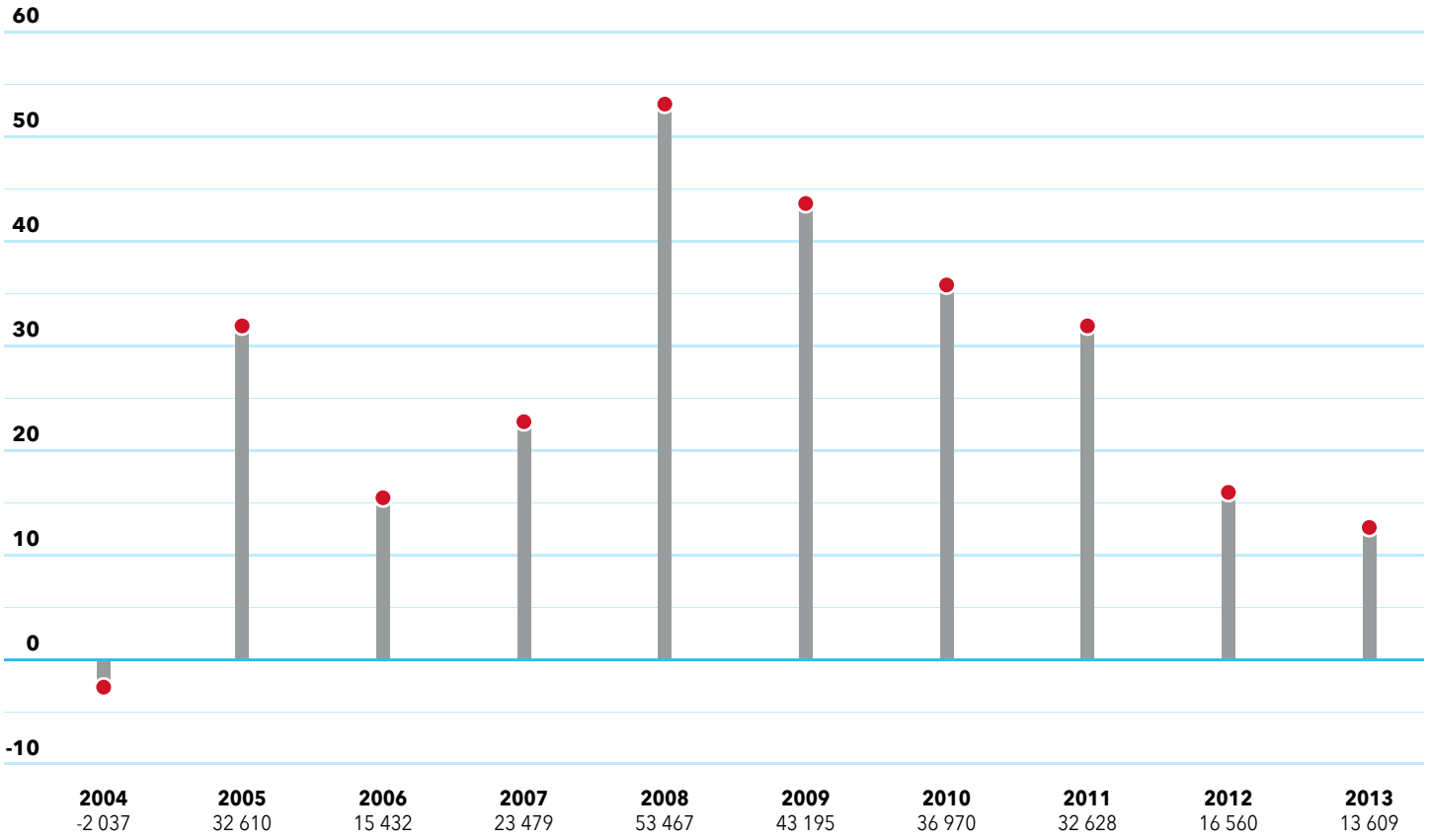
12.3 Organizational Structure



Selected Financial Indicators

13

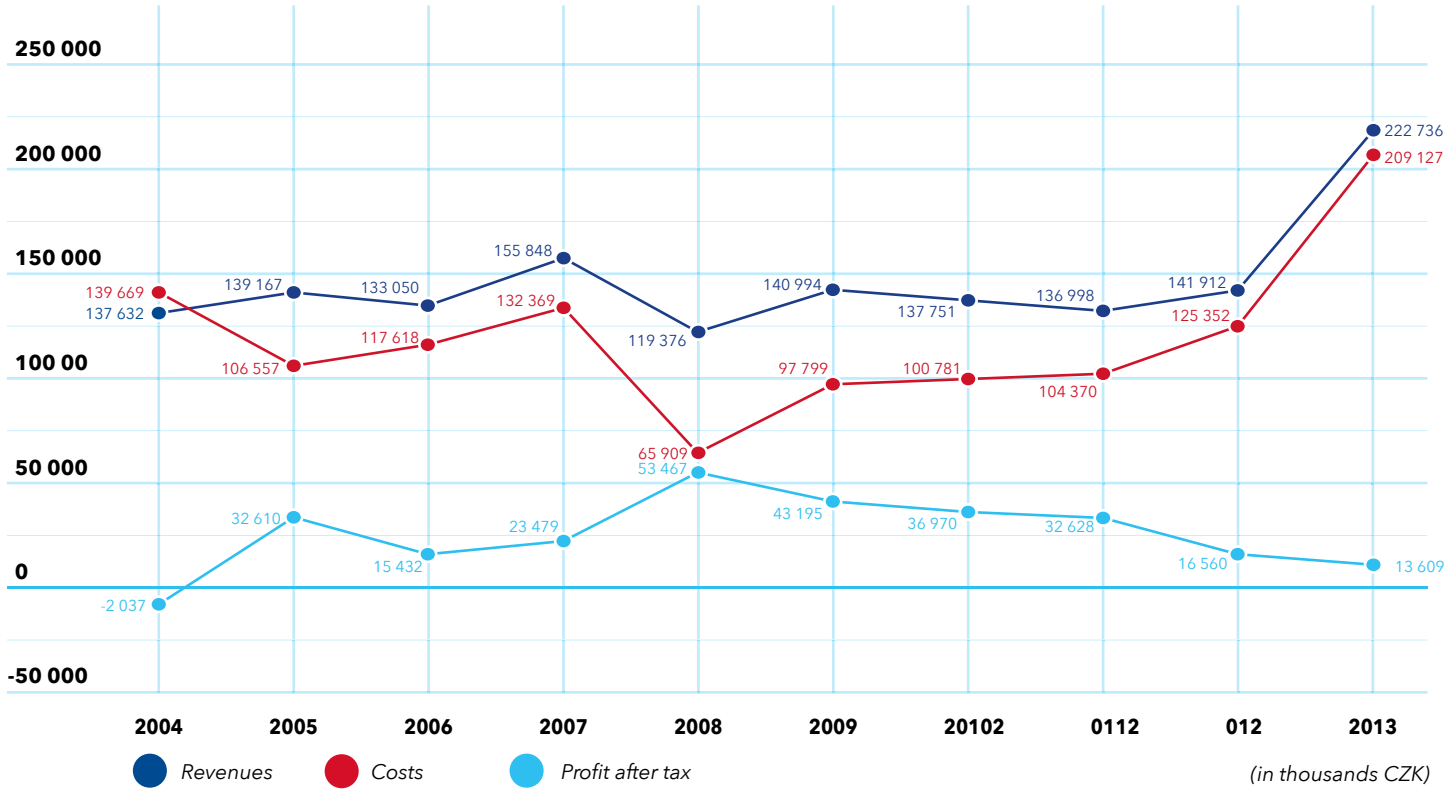
13 Selected Financial Indicators



(in thousands CZK)

Selected Financial Indicators

13



14 Balance Sheet

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total assets	100 982	147 926	168 026	171 222	221 778	275 087	312 202	361 566	387 674	405 154
Fixed assets	6 347	3 044	10 156	8 381	8 135	8 268	12 258	8 781	63 840	77 095
Intangible assets	1 841	1 179	3 210	3 806	1 522	0	0	0	300	249
Tangible assets	4 506	1 865	6 946	4 575	6 613	8 268	12 258	8 781	63 540	76 846
Financial investments										
Securities	94 251	144 882	156 678	161 456	212 200	265 160	292 563	351 125	322 087	326 095
Current assets				55	211	48	184	278	189	277
Inventory			106		715	1 196	1 351	1 379	1 335	59
Long-term receivables	880	852	2 872	1 018	1 051	1 851	4 338	12 180	10 676	18 540
Short-term receivables	93 371	144 030	153 680	160 383	210 223	262 065	286 690	337 288	309 887	307 219
Financial assets	384	0	1 192	1 385	1 443	1 659	7 381	1 660	1 747	1 964
Other assets										

(in thousands CZK)

Balance Sheet

14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total liabilities	100 982	147 926	168 026	171 222	221 778	275 087	312 202	352 036	387 674	405 154
Own equity	6 014	38 624	54 056	77 535	131 181	174 197	211 167	243 795	261 094	274 591
Capital stock										
Capital funds										
Funds from profit	7 627	7 627	7 627	7 627	7 627	7 627	7 627	44 597	44 597	93 784
Retained earnings	424	-1 613	30 997	46 429	69 908	123 375	166 570	166 570	199 937	167 198
Earnings ofthe reporting period	-2 037	32 610	15 432	23 479	53 646	43 195	36 970	32 628	16 560	13 609
Liability	16 786	26 831	18 753	13 706	16 764	13 851	14 877	15 988	17 684	27 479
Provisions								9 530	884	1 832
Long-term liabilities					193				241	304
Short-term liabilities	16 786	26 831	18 753	13 706	16 571	13 851	14 877	15 988	16 559	25 343
Bank loans										
Other liabilities	78 182	82 471	95 217	79 981	73 833	87 039	86 158	92 253	108 896	103 084

(in thousands CZK)

Profit and Loss Account

15

15 Profit and Loss Account

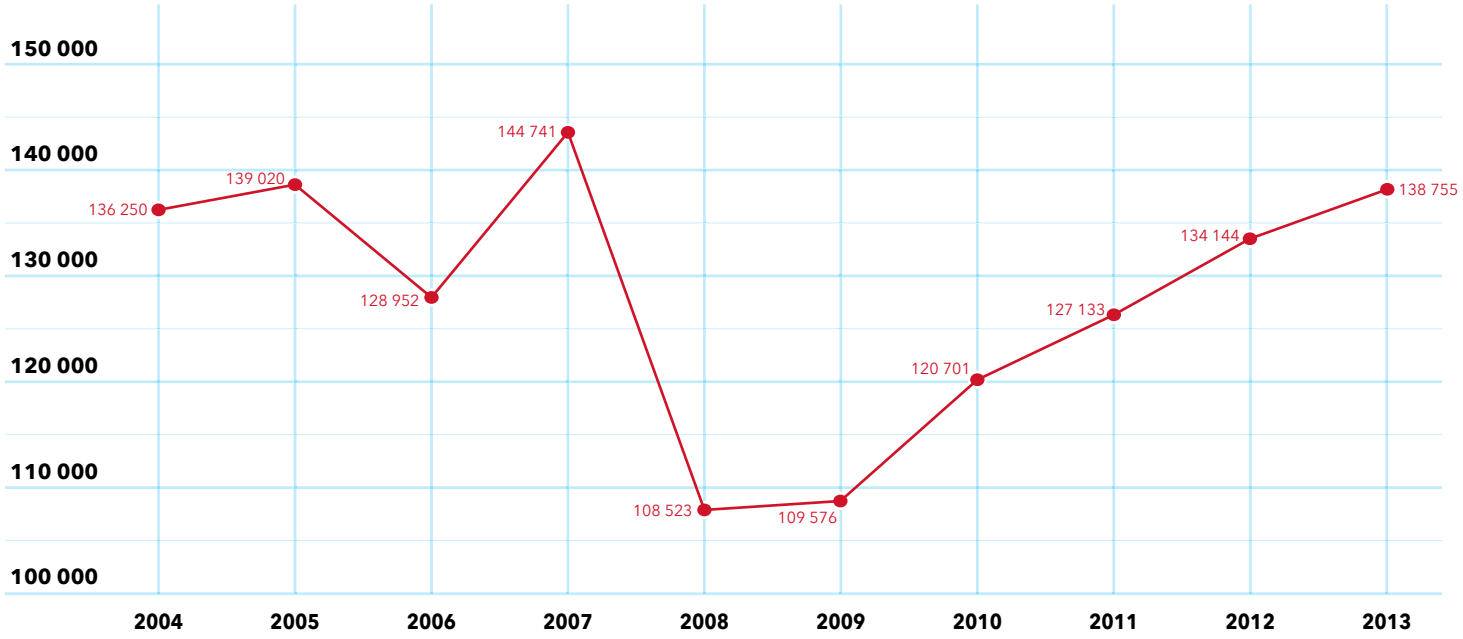
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Output and sales	136 250	139 020	131 864	147 564	108 671	109 764	120 980	127 135	134 030	142 295
Of which revenue and sales	136 250	139 020	128 952	144 740	108 671	109 764	120 980	127 133	134 144	138 755
Capitalization			2 912	2 824	0	0	0	0	0	3 379
Production consumption and costs	124 497	82 074	94 067	88 668	19 509	27 572	37 451	44 440	70 414	67 042
Added value	11 753	56 946	37 797	58 896	89 162	82 192	83 529	82 693	63 616	75 253
Staff costs	5 923	6 053	11 930	20 193	20 567	27 113	31 520	39 227	43 328	57 245
Depreciation of assets	4 294	4 944	4 900	6 042	5 851	5 069	6 980	6 145	4 183	4 922
Accounting of reserves								533	313	1 020
Other operating income	421	-475	244	246	574	1 156	1 496	1 208	1 082	2 290
Other operating costs	598	321	516	435	393	433	3 034	351	626	916
Operating profit or loss	1 359	45 135	20 695	32 448	63 033	50 566	43 491	37 795	16 245	13 442
Other financial income	961	622	942	7 885	10 054	30 041	15 075	8 435	6 724	78 118
Other financial costs	2 719	115	81	7 077	4 129	25 342	11 208	4 623	685	74 915
Profit or loss from financial operations	-1 758	507	861	808	5 925	4 699	3 867	3 812	6 039	3 203
Profit or loss from ordinary activities	-399	45 642	21 556	33 256	68 958	55 265	47 358	41 607	22 284	16 645
Extraordinary income										
Extraordinary costs	1 638		6 124	9 777	15 312	12 070	10 388			
Extraordinary profit or loss	-1 638		-6 124	-9 777	-15 312	-12 070	-10 388			
Profit or loss after tax	-2 037	32 610	15 432	23 479	53 646	43 195	36 970	32 628	16 560	13 609

(in thousands CZK)

Revenue Development

16

16 Revenue Development



(in thousands CZK)

Data on Facts between the Date of Final Accounts and General Assembly

17

17 Data on Facts between the Date of Final Accounts and General Assembly

No events occurred in the given time that would have had an impact on the data presented in the financial statements for 2013.

Auditor's Report

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18 Auditor's Report

Independent Auditor's Report for members of CZ.NIC, Special-Interest Association of Legal Entities

We have audited the enclosed Financial Statements of CZ.NIC, zájmové sdružení právnických osob (special-interest association of legal entities), i.e. the Balance Sheet as of 31 December 2013, the Profit and Loss Account for the period from 1 January 2013 to 31 December 2013, and the Notes to Financial Statements, including the description of the significant accounting methods applied.

Responsibility of the Statutory Body of the Accounting Unit for Financial Statements

The statutory body of the Association is responsible for the preparation and true representation of the Financial Statements in accordance with the Czech accounting regulations. The responsibility of the statutory body encompasses the duty to propose, implement and secure internal controls regarding the preparation and true representation of the Financial Statements to ensure that the Financial Statements do not provide misstatements caused by deception or error, to select and apply suitable accounting methods and to provide accounting estimates that are adequate with respect to the situation concerned.

Auditor's Responsibility

Our task is to issue a statement regarding these Financial Statements on the basis of our audit. We conducted our audit in accordance with the Act on Auditors and the International Auditing Standards, as well as with the relevant application clauses issued by the Czech Chamber of Auditors. These regulations require that we comply with the ethical standards and plan and perform the audit to obtain reasonable assurance that the Financial Statements are free of material misstatements.

The audit comprises the execution of audit procedures with the aim of obtaining evidence regarding the amounts and disclosures provided in the Financial Statements. The choice of the auditor's procedures depends on the auditor's discretion, including the consideration of risks that the Financial Statements may comprise significant misstatements caused by deception or error. When considering these risks, the auditor reflects the internal controls relevant for the preparation and true presentation of the Financial Statements. The evaluation of the internal controls aims to propose suitable auditing procedures, not to render a statement regarding the effectiveness of the internal controls. The a udit includes verification of the applicability of the accounting methods used, adequacy of accounting estimates provided by the management and an evaluation of the overall presentation of the Financial Statements.

We are of the opinion that the information obtained represents a sufficient and suitable basis for the auditor's delivery of a statement.

Auditor's Statement

In our opinion, the Financial Statements present fairly and truly, in all material respects, the assets, liabilities, and financial position of CZ.NIC, zájmové sdružení právnických osob, as of 31 December 2013, and of the expenses, revenues and the results of its operations for 2013, in accordance with the Czech accounting regulations.

Malenice, 22 April 2014

ADU.CZ s.r.o.
Zámostí 68, 38706 Malenice
Czech Chamber of Auditors Licence No. 368
Report issued on behalf of ADU.CZ s.r.o. by Ing. Simona Pacáková, Auditor, Czech Chamber of Auditors Decree No. 1825

Place of business and contact information

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19 Place of business and contact information

CZ.NIC, z. s. p. o.
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120 00 Praha 2

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VAT ID: CZ67985726
Tel.: +420 222 745 111
Fax: +420 222 745 112
www.nic.cz

The association is registered in the Register of Interest Association of Legal Persons at the Municipality of the City of Prague, registration number ZS 30/3/98.

CZ.NIC – 24-hour customer support
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or
E-mail: podpora@nic.cz