



IRELAND'S
DOMAIN
REGISTRY

Unlock your online potential...



ANNUAL REPORT & REVIEW 2010





.ie

WineOnline.ie

FotaWildlife.ie

BabyBay.ie

Dresses.ie

PuddleDucks.ie

OrganicSupermarket.ie

The key to the future

Mandy O'Rorke BabyBay.ie



The key to trade

Eamon Downey Dresses.ie



The key to sales

Aedan Ryan PuddleDucks.ie



The key to delivery

Gerry Fitzsimons WineOnline.ie



.ie

The key to growth

Darren Grant
OrganicSupermarket.ie



The key to attracting visitors

Patrick Dunphy FotaWildlife.ie

Key Figures for 2010

Database of .ie domain names **153,419**

New .ie registrations **36,587**

Renewal rate of **86%**

Market share of **41.5%**

Members' Funds **€2.9m**

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Performance Highlights 2010

Extract from the audited Financial Statements

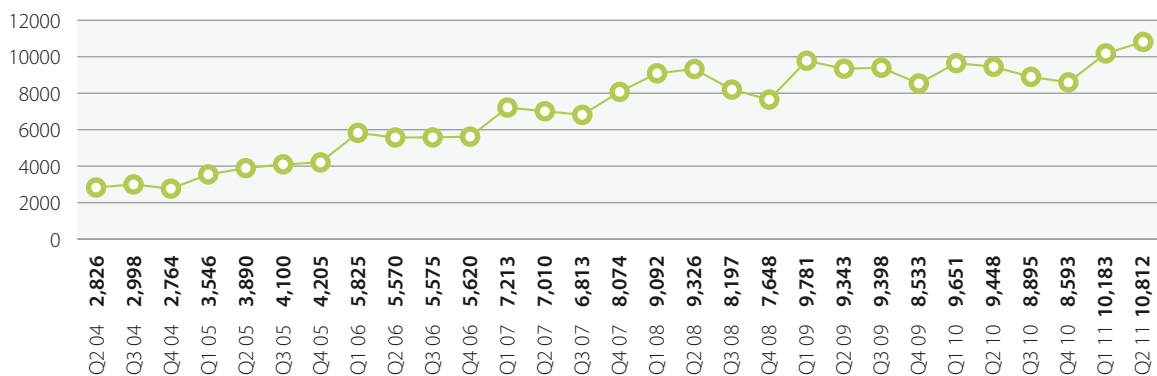
Profit and Loss

	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €
Registration Revenue	2,564,755	2,336,937
Administration Expenses	(892,062)	(835,702)
Employment Costs	(1,147,874)	(922,012)
Depreciation	(127,980)	(151,563)
Regulatory Costs	185,800	(40,800)
Operating profit	582,639	386,860
Financial investment uplift	133,688	87,453
Interest income	63,018	45,034
Interest payable	0	0
Taxation	(87,973)	(70,155)
Profit after taxation	691,372	449,192

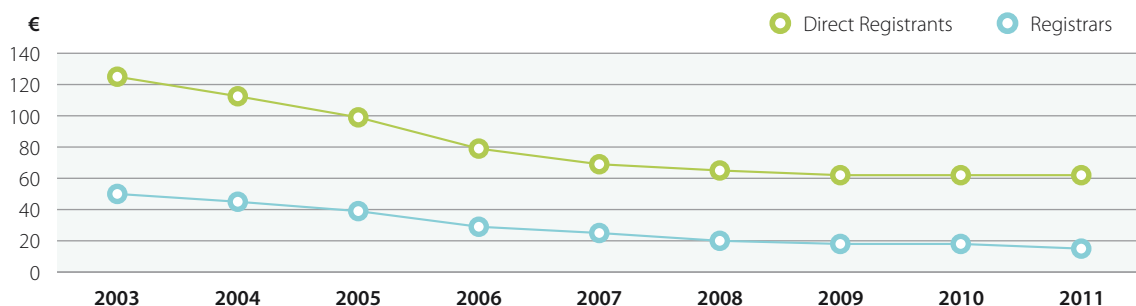
Balance Sheet

	At 31 Dec 2010 €	At 31 Dec 2009 €
Fixed Assets	49,395	150,589
Investments	1,686,504	1,552,816
Current Assets	2,983,379	2,322,975
Creditors <1 year, excluding Deferred Income	(245,320)	(406,571)
Deferred Income	(1,494,538)	(1,331,761)
Members' Funds	2,979,420	2,288,048

New .ie domain registrations – quarterly growth



Price of a .ie domain on 1 January each year



Chairman's Statement



In 2010 IE Domain Registry celebrated ten years serving the Irish Internet community. Together with our partners in the industry, we have made steady progress in getting Ireland online.

During the year the 150,000th .ie domain was registered and we issued the first Domain Name Industry Report, from which can be gauged both our achievements so far and the great opportunities for further development. There is no doubt that the current environment is difficult for society and for business, especially for the SME sector. The challenge for the IEDR is to imaginatively support the industry in the difficult times and to be prepared for the recovery when it comes.

Reflecting the importance of the Internet for business, the IEDR continued to grow strongly in 2010, despite the unfavourable economic backdrop. The demand for new .ie domains was up over 26% on 2009 and, after taking account of non-renewals, the total customer base stood at 153,419 at year end, 12.9% up on the previous year. In the face of strong competition from the international domains such as .com, IEDR again increased its share of the Irish market, to over 41%. In the key areas of service continuity, network security and technical performance the IEDR was in the top echelon internationally. As one testimony to this, .ie retained its top five placing in the main international ranking of most secure domains. We can assure our industry partners that this emphasis on service integrity will continue in tandem with the growth of the customer base.

IEDR is a company limited by guarantee and, as such, does not have share capital. Financial stability relies on accumulated Members' Funds. The Company had an operating surplus of €582,639 in 2010 and there were also investment gains and once-off credits which gave a profit after taxation of €691,372. As a result, Members' Funds increased substantially over the year and stood at €2.9 million at year end, equivalent to 13.9 months' fee income. We will continue to manage our finances in a strictly prudent manner. At the same time, our financial strength will enable us to engage in special pricing and other promotions in 2011 in order to further boost demand for .ie and to assist the SME sector, in particular, to utilise the Internet effectively.

Fairness and transparency are among the IEDR's core values. In everything we do, we strive to be open and accountable and to balance the rights, responsibilities and obligations of stakeholders.

In this context, I am particularly pleased to note that, in consultation with our industry partners, we were able to introduce a new Policy Development Process in order to formalise and embed in our ongoing operations the consultative approach to policy formation which we have always adhered to. I would like to thank all those who participated in this process – it has built on previous initiatives to strengthen our mutually advantageous relationships with all our stakeholders. We also regularly furnish the regulator, ComReg, with comprehensive reports in accordance with an agreed framework on all operational, financial and other developments in the IEDR. I am pleased to recognise ComReg's constructive participation in these arrangements, which we regard

as an important component of the IEDR's governance.

The market leading position of .ie in the Irish Internet ecosystem has been achieved as a result of the contributions of a number of industry stakeholders and the continued growth and development of .ie will be equally dependent on the cooperative efforts of the IEDR and these same stakeholders. In this connection, I wish to acknowledge the special contribution of IEDR's accredited Registrars, whose day-to-day business involves the marketing and promotion of .ie and who are responsible for the vast majority of .ie registrations. We also work closely with the industry associations, particularly in the areas of service improvements and technical developments, and we have always had their unfailing cooperation and support.

The IEDR's achievements to date and in 2010 in particular reflect the energy and commitment of the Chief Executive, David Curtin, and of all the Company's staff. I am also fortunate to have a highly qualified and engaged Board of Directors and Company Secretary for whose help and support I am deeply appreciative.

I said in my remarks last year that, while not underestimating the difficulties of the current economic environment, I believed that the Company's track record of operational excellence and financial prudence left it well positioned to tackle the challenges involved and that the IEDR could, therefore, look to the future with confidence. The economic difficulties are no less pressing and pressures on the business sector continue. I remain fully confident, however, that IEDR can, and will, continue to play its full part in meeting the needs of the local Internet community and the Irish economy generally.

Professor J. O. Scanlan
Chairman

29 April 2011

Directors and Management



Professor J.O. Scanlan

Sean Scanlan is Emeritus Professor of Electronic Engineering UCD and Head of the UCD Department of Electronic and Electrical Engineering (1973-2005). He is a Life Fellow of the IEEE (Institute of Electronics and Electrical Engineering, USA) and a Fellow of the Institute of Mathematics and its Applications. He was President, Royal Irish Academy (1993-1996). Professor Scanlan has been Editor of the International Journal of Circuit Theory and Applications. He is a member of the Editorial Advisory Board, Transactions on Fundamentals of Electronics, Communications and Computer Sciences (Japan). He is President (Honoris Causa) and Founding President, European Circuits Society. He was Board Member (1979-1996), Deputy Chairman (1992-1996) and Acting Chairman (1992) of Telecom Éireann. He was awarded the Golden Jubilee Medal from the IEEE Circuits and Systems Society in 2000.



Dr. Pat Frain

Pat Frain is Director of NovaUCD, the innovation and technology transfer centre at University College Dublin (UCD). He was responsible for the planning and development of the Centre, which was established in 2003 with the support of a public-private partnership. Pat is also involved in a range of national and international organisations and initiatives aimed at promoting innovation and technology transfer. He is the Chair of ProTon Europe and a Fellow and Board member of the Institute for Knowledge Transfer. He is also a member of the International Advisory Board for Industry and Higher Education and the Editorial Advisory Boards of Technology Transfer Tactics and Intellectual Property Marketing Advisor. He is a physicist by qualification and an alumnus of the EU-Japan Centre for Industrial Co-operation.



Dr. Canice Lambe

Canice Lambe is currently Chief Product Officer with Rockall Technologies, an Irish software company that specialises in the provision of Collateral Management solutions to banks and other financial institutions. He was a founder and CTO of Cunav Technologies (later New World Commerce) which merged with US CRM company IQ to become New World IQ. Canice has also consulted to early-stage technology companies in the area of product development and positioning. Canice received his degree and PhD in Computer Science from Trinity College Dublin.



Frances Buggy

Frances Buggy is a technology/business analyst and public policy consultant with marketing and project management experience across a range of internationally tradable services sectors. She has been active in the execution of strategic technology projects since 1994, has managed significant strategic initiatives for regional government and was engaged in the management of a European IST FP6 project and proposal development for FP7. She is a founding member and former Chairperson of the Irish Internet Association (IIA). Frances is a graduate of Trinity College Dublin and the College of Marketing and Design. She has an honours degree in Technology & Innovation Management and her postgraduate qualifications include the International MBA from the DCU Graduate Business School.



Kevin McCarthy

Kevin McCarthy retired from IDA Ireland in December 2009 as Area Director for the Border, Midlands and West regions. Kevin served in IDA since 1970 and was the longest serving staff member on retirement. During his time in IDA Kevin was seconded to the post of Chief Executive to the Tallaght Task Force and also as Enterprise Advisor to the Polish Agency for Regional Development. Kevin is currently partner/director of HanMac Consulting Partners Limited, a niche consultancy business offering project management expertise mainly to the foreign direct investment sector.



Mark Dobbyn

Mark Dobbyn is a former partner in the accountancy and advisory firm, KPMG, where he had client responsibility for assurance services and a number of management roles. Prior to this he was a director in the management consultancy division of the precursor firm to KPMG, specialising in performing short-term financial management assignments. He is a director of a number of commercial companies and not-for-profit organisations. Mark is a graduate of Trinity College Dublin, and is a Fellow of the Institute of Chartered Accountants in Ireland.



Fergal O'Byrne

(Joined the board on 16 April 2010)

Fergal O'Byrne is currently CEO of Sonru.com, an online video interviewing company. He is an experienced Internet industry entrepreneur who founded Interactive Return in 1998. His most recent role was as CEO of the Irish Internet Association. He has published four books including; '10 Online Marketing and Search Engine Essentials' and '10 Technologies Every Executive Should Know'. Fergal holds an Honours Degree in Electronic Engineering from DIT, Kevin Street, Dublin. He has sat on the Board of Directors of IGOpeople.com, WINC, and CCD Limited. He is currently Chair of the Project Advisory Group for Fáilte Ireland's eBusiness Support Initiative.

Chief Executive Officer



David Curtin

David Curtin joined the Company in November 2002, and was appointed interim Chief Executive in October 2003 and Chief Executive in January 2004. David worked for eight years in Dublin and Paris with the Jefferson Smurfit Group plc. He was Chief Executive of Smurfit Software Services, project manager for the Smurfit Group's Hyperion systems implementation, and internal auditor of Smurfit Ireland. Prior to this he worked for KPMG in Dublin and Philadelphia, USA. David is a graduate of UCD, a Fellow of the Institute of Chartered Accountants and holds a first class honours MBA from The Michael Smurfit Graduate School of Business.

Company Secretary



Jim Joyce

Jim Joyce was appointed Secretary of the Company in 2004. He is Chairman of the Health Insurance Authority and Company Secretary to the National Digital Research Centre (NDRC). Jim has been an actuarial consultant to the Department of Enterprise, Trade, and Employment and the Irish Financial Services Regulatory Authority (1992 to 2005). He was previously Executive Director of Telecom Éireann (1984 to 1992). Jim is a Fellow of the Society of Actuaries in Ireland and served as President of the Society for 1999/2000.

Chief Executive's Review



The year 2010, when IEDR celebrated 10 years of service to Ireland's online community, was a year of volume growth, service enhancement and continuous improvement; the .ie namespace expanded by a net 13% to pass the milestone of 150,000 domains by year end; the registry operations were again profitable and cash-generative and we ended the year in a very strong financial position, with almost €3m in Members' Funds and €4.4m in liquid funds; and the .ie namespace was again ranked among the top 5 safest domains worldwide.

Operational review

New registrations of 36,587 in 2010 were broadly in line with the same period in 2009 (37,055), a satisfactory outcome given the depth of the recession. This was offset by 19,071 non-renewals or deletions which were 12% higher than 2009 (16,988), giving a net increase of 17,516 (12.9%) in the database during 2010. This growth, generated almost totally by the efforts of IEDR's Registrar community, reflects a maturing Internet ecosystem, new online businesses - perhaps as a result of redundancies or recession - and increased broadband availability and take-up. Internal factors such as IEDR's operational improvements, price reductions and further process automation also played an important part.

The growth curve on the performance highlights page illustrates that growth in the first half of 2010 was very strong at over 9,000 new registrations per quarter but then dropped dramatically until growth resumed in quarter one of 2011 when new registrations exceeded 10,000 for the first time.

Poor economic conditions in 2010 are reflected in the level of non-renewals and deletions as SMEs and new businesses struggled, bringing the net growth per quarter back to levels from 2006. The non-renewal rate for the year at 14% is in line with 2009 (14.7%) but significantly above the 10.7% rate in 2008. On a positive note, this is very low by international standards where non-renewal rates can be over 30%.

The Company intensified its outreach and promotion activities during 2010 with the publication of the first Domain Name Industry Report and the commencement of a more formalised Policy Development Process, intended to include all stakeholders in the local Internet community in the policy-making process. The formation of a Policy Advisory Committee (PAC) to the board awaits ComReg's approval of the Chairman recommended by IEDR, which is required by the agreed Terms of Reference for the PAC. During 2010 the Company continued to implement the agreed reporting framework with the submission of quarterly reports to ComReg.

Continuous improvements review

Throughout 2010 IEDR staff continued to focus their efforts and financial resources on delivering improved price, choice, service and security for our registrants and Registrars in the local Internet community. In 2010 relationships with Registrars were formalised in a legal Registrar Agreement, signed by all Registrars.

The Technical Services Team consolidated the gains made following recent investments and continued to enhance the resilience and security of our nameserver network and DNS infrastructure. The back office registry system, which was replaced in 2009 with a Java-based, centralised and extensible registry system, was further enhanced in 2010. We strengthened the team with the recruitment of an experienced Technical Services Manager who is responsible for network infrastructure, business IT applications and the achievement of technical services strategic objectives.

Profit and Loss	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €	Balance Sheet	At 31 December 2010 €	At 31 December 2009 €
Registration Revenue	2,564,755	2,336,937	Fixed Assets	49,395	150,589
Administration Expenses	(892,062)	(835,702)	Investments	1,686,504	1,552,816
Employment Costs	(1,147,874)	(922,012)	Current Assets	2,983,379	2,322,975
Depreciation	(127,980)	(151,563)	Creditors <1 year, excluding Deferred Income	(245,320)	(406,571)
Regulatory Costs	185,800	(40,800)	Deferred Income	(1,494,538)	(1,331,761)
Operating profit	582,639	386,860	Members' Funds	2,979,420	2,288,048
Financial investment uplift	133,688	87,453	Cash Flow	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €
Interest income	63,018	45,034	Net cash inflow from operating activities	520,705	789,074
Interest payable	0	0	Increase in cash in the year	483,589	686,515
Taxation	(87,973)	(70,155)			
Profit after taxation	691,372	449,192			

The data escrow function continued to operate, whereby relevant extracts of the .ie database are extracted, encrypted and transmitted to a third party, to be held in safekeeping and only released to the appropriate authorities in the unlikely event of a catastrophic event occurring at the registry. This is an added layer of security and protection for registrants of .ie domain names.

IEDR is taking a lead role on introducing DNSSEC in Ireland by forming a DNSSEC task force, working with trusted partners from the Internet community and providing a test bed infrastructure. The introduction of DNSSEC in 2010 is a major development for the global domain name system as it introduces cryptographically verifiable chains of trust between users' computers and the server for DNS queries.

The web-based console and automated interfaces (API) continued to operate reliably and efficiently. The console and API systems provide full transparency of all transactions with IEDR. Registrars have accountability and responsibility for registrations, renewals and suspensions and have the ability to audit the completeness and accuracy of their .ie portfolios within IEDR's database.

The Company continues to improve and extend its generic joint promotional activities with its Registrar community. The Company developed new promotional materials and online resources including www.why.ie to highlight the benefits of registering a .ie domain name.

Financial review

Registration revenue increased by 9.7% compared to 2009 due to a combination of strong volume growth in new registrations offset somewhat by price reductions of 16% in five months of the year, combined with a 10% cash rebate to Registrars in quarter four of 2010. Operating profit before financial costs, reflecting the underlying business activities, was €582,639, which includes an exceptional once-off credit of €185,800 which contributed to the increase of 50.6% in operating profit compared to 2009.

Chief Executive's Review (continued)

Financial review (continued)

Administrative expenses of €892,062 increased by 6.7% compared to 2009 (€835,702). Employment costs including pensions amounted to €1.1 million - an increase of 24.5% on 2009. Average employee numbers increased from 12 to 15, reflecting the recruitment of additional technical services and other staff during 2010. Corporation tax of €87,973 represents a 25% increase compared to 2009.

The Company's financial investments recovered further in 2010 following the major decline in stock markets worldwide during 2008, which necessitated a provision in 2008 amounting to €584,707 as the investments were marked down to market value. The recovery in global stock markets generally in 2010 resulted in a further reduction in that provision of €133,688, and the market value of financial investments at the end of 2010 was €1.6 million.

Members' Funds increased by 30% from €2.3 million at December 2009 to just under €3 million at end of December 2010. Cash and cash equivalents amounted to €4.4 million including the €1.6 million invested with multiple investment managers. Deferred revenue, which represents the unearned portion of invoiced registration fee income, amounted to €1.5 million at year-end.

The quality of the Company's financial transparency and reporting has been independently acknowledged as IEDR was shortlisted, on three occasions over the last four years, as a finalist in the Chartered Accountants Ireland



The .ie namespace has been consistently ranked among the top 5 safest domains worldwide by McAfee's Mapping the Mal Web report since it was first published in 2007. Pictured discussing the 2010 Mapping the Mal Web report are Donal O Nuallain (IEDR) and Paul Walsh, Vice President Engineering, McAfee.

Published Accounts Awards. The Company was also proud to receive the Award for Best Design in 2009.

Outlook for 2011

On the international front, we will continue to monitor ICANN's proposals to significantly expand the DNS by adding potentially hundreds of new generic top level domains (gTLDs). This expansion will represent a challenge for Ireland's trademark and patent holders, brand managers and the owners of intellectual property rights.

Nationally, although new registration growth exceeded 10,000 domains in the first quarter, we expect another difficult year for SMEs as the national recession continues and businesses further rationalise activities to ensure their survival. These adverse economic circumstances are reflected in the level of non-renewals which remains high in quarter one 2011.

We will continue to assist our Registrar community by engaging in generic promotional activities to support their sales and marketing activities, in addition to providing lower prices and one-off price promotions. We will maintain our ongoing investment in the resilience and safety of our infrastructure and nameservers, and continue to control operating costs in other areas of the business.

I would like to express my gratitude to the Chairman, the Board of Directors and in particular to our Company Secretary and our dedicated staff for their outstanding contribution to the continued growth and development of a highly regarded domain name system for Ireland.

David Curtin

Chief Executive

29 April 2011

Internal Operations Team



Back row left to right: Robin Spiteri, Alice O'Brien, Paul Shortt, Jimmy Nimo, Donal O'Nuallain, Brian Taite. **Middle row** left to right: Emmanuelle Balme, Billy Glynn, Sara Lotfalizadeh, Dermot Tynan, Conor Daly, Liesanne Romero-Dean, Nadia Raman. **Front row:** Angela Butler, David Curtin.
Not pictured: Lorin Lawless, Ciara Conlon-Kavanagh.

About us

IE Domain Registry Limited (IEDR) was incorporated on 1 July 2000. We are a not-for-profit organisation with members instead of shareholders and we are limited by guarantee. We are responsible for managing the .ie namespace on behalf of the Internet community. We also provide complementary Registry Services in the interest of all relevant stakeholder communities. The Company seeks to be cost and not profit orientated, non-discriminatory, efficient and transparent in all our dealings with our customers and stakeholders. The Company needs to be self-sufficient financially and therefore holds a modest level of reserves. IEDR operates a managed registry model; this means that there are some restrictions on who can register a .ie domain name.

Internal operations

IEDR has a total of 17 staff including the CEO, and a Board of 7 Directors, supported by a Company Secretary. Day-to-day operations are carried out by 4 teams:

Registration Services Team

We have 4 staff members in our Registration Services Team who are responsible for ensuring that all .ie applications from potential registrants are authenticated and have a real and substantive connection with the island of Ireland.

Accounting & Finance Team

We have 3 staff members in the Accounting & Finance Team who are involved in managing the invoicing and receipting for all new and existing domain names.

Outreach and Promotions Team

We have 2 dedicated staff members in the team who are responsible for outreach, policy development and working with our Registrar group in promoting the .ie namespace.

Technical Services Team

Our Technical Services Team consists of 7 staff members in two separate groups: Network Operations and Application Support and Development. They are responsible for maintaining the efficiency and security of the infrastructure and for providing the mission critical services required to keep Ireland's .ie domain holders online.

Accredited Registrars

Accredited Registrars are a key part of the service delivery process

Table A¹

Always Amber
 Ascio Technologies Inc
 Blacknight.ie
 BT Ireland
 CSC Domains Inc
 Darklite-Sce / iSeek
 Digiweb
 Eircom
 Elive
 eMarkmonitor Inc
 EuroDNS
 Eurokom
 Host Ireland
 Hosting Ireland
 IE Internet
 Irish Domains
 Letshost.ie
 LGCSB
 Lucidity Technologies
 Magnet Business
 Melbourne IT Limited
 Myhost.ie
 Names Co Ireland
 Register.ie (Novara)
 Silk Web Design
 Switchmedia
 UTV Internet
 Web World
 Webhost.ie

Table B²

4 Unlimited Hosting
 Abu
 Active Online
 Advanced Internet Marketing
 Anu Internet Services
 Baker Consultants
 BB Online
 Beecher Networks
 Biznet Solutions
 Connect.ie
 Com Laude
 DB Alliance
 Deep Blue
 Domain Network AB
 DomainNameShop
 Domain Services Rotterdam
 Dragnet Systems
 Electriclinks
 Equinox eBusiness Solutions
 eTailor
 FBI
 Fusio
 GKITS Ireland
 HEAnet
 ICCM Hosting
 IEG Design
 Insight Internet
 Instra Corporation Pty Ltd
 InTech Ireland
 Interfusion Networks Limited
 Internet Ireland
 InterNetX GmbH
 Interpoint Technology
 iPLANIT
 Kerna Communications
 Kildare Web Services
 Mister.ie
 Modata
 Nuasoft Web Design
 OVH
 PeWeb.NL
 Progress Systems
 Red Rhino Web Design
 Register.it
 Rivertower
 Safenames
 SitesToGo
 Spiral Hosting
 Stormweb
 Strencom
 Techstore
 TecSupport Hosting
 The Net
 Tibus
 TSG
 VC Computers
 Web Direct
 Web solutions ApS
 Weblink
 Webtrade
 Webworks.ie
 WebZone
 Worldsites

1. Registrars on Table A have a .ie portfolio exceeding 500 domains each.

2. Registrars on Table B have a .ie portfolio of less than 500 domains each.



The key to delivery

Gerry Fitzsimons and Anne Mullin are co-founders of WineOnline.ie – a website dedicated to boutique wines, carefully sourced from private family owned wineries where quality and superb value are the keys to delivering choice to wine lovers in Ireland.

Combined, Gerry and Anne have 39 years' experience in the wine industry and both are members of The Irish Guild of Sommeliers. They aspire to bring choice and value to their customers, while also promoting wine appreciation in Ireland and beyond through WineOnline.ie.

In developing the website Gerry and Anne have tried to de-mystify wine, to explain the jargon and break down the barriers that can exist, especially for people new to wine appreciation. The website delivers on performance being fully eCommerce enabled, delivers Gerry and Anne's extensive knowledge of Oenology and delivers for the Irish diaspora throughout the world allowing them to use WineOnline.ie as a means of sending gifts of wine back home to relatives or friends in Ireland.

Gerry Fitzsimons Co-founder, WineOnline.ie



Registration Services Review

The Registration Services Team is responsible for authenticating new registrations, processing requests for transfers and deletions and ensuring the efficiency of the automated self-service systems which enable our customers – Registrars and direct registrants – to manage their portfolio of domains. The team handled over 36,500 new registration requests during 2010.

The IEDR operates a managed registry model, whereby new registrants must authenticate their claim to a .ie domain name. This contrasts with the .com or .eu models which have no restrictions or verification checks. The ComReg report in January 2009, which followed a public consultation process during 2008, indicated broad support for the managed registry model for Ireland. An independent international survey by McAfee Security Consultants reported in 2010 that the .ie namespace was the 4th safest worldwide.

It is no coincidence therefore that in the .ie namespace, there are fewer intellectual property disputes about domains, less cyber crime on .ie websites, fewer incidences of credit card fraud on .ie websites and very

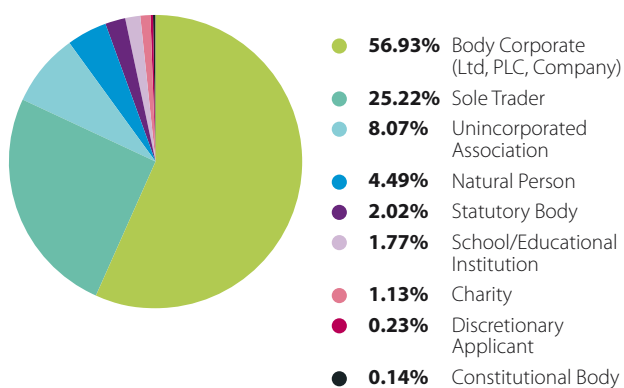
little evidence of illegal, explicit or immoral content appearing on .ie websites. Other countries, who do not have a level of traceability of who is behind such websites, continue to face the challenges of costly intellectual property disputes, long-running mediation/arbitration actions, identity theft, phishing, cyber crime and credit card fraud. The extent of the problem is increasing, to the point where many international ccTLDs are now cooperating with law enforcement agencies to “take-down” problematic websites, and legislation is being introduced in other countries to extend the reserve powers of government agencies to intervene. In Ireland, the managed registry model for the .ie namespace continues to obviate the need for such interventions.

Class and category of registered .ie names

Chart 1 below shows the domains registered at 31 December 2010, analysed by the class of registrant and the category of the .ie domain they registered. Table 1 brings both sets of data together in a matrix and illustrates that businesses continue to be the largest class of registrant of .ie domain names. It shows that limited companies registered 87,375 domains or 57% of the total by the end of 2010, followed by sole traders with 38,691 domains or 25.2%. Together they represent 82.2%, while individuals registering a personal name have 3,604 domains, 2.3% of the total - broadly in line with international averages. Other statistical information is provided on the IEDR website www.iedr.ie.

Chart 1: Total .ie domains registered at 31 December 2010

By class of registrant



By category of .ie domain name registered

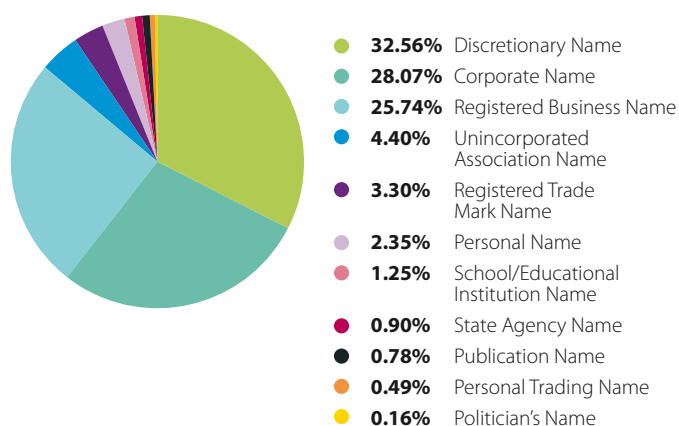
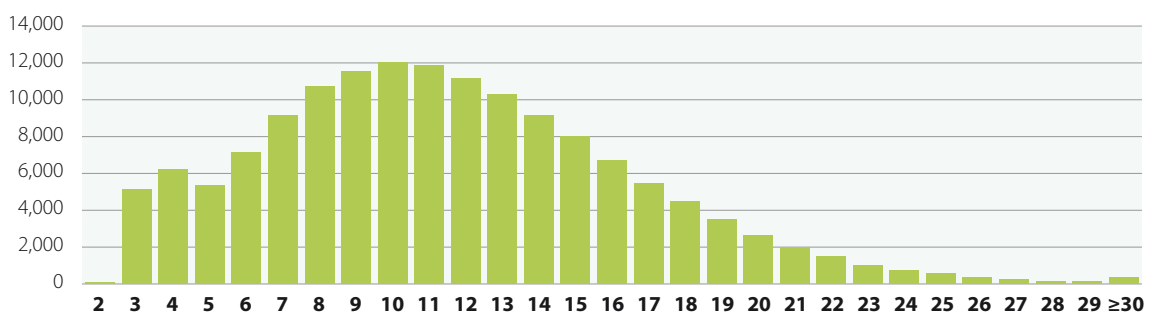


Table 1 : All .ie domains registered at 31 December 2010 – analysed by class of registrant and category of .ie domain they registered

Category of Domain Names	Class of Registrant									Grand Total	As % of total
	Body Corporate (Ltd PLC Company)	Sole Trader	Unincorporated Association	Natural Person	Statutory Body	School/Educational Institution	Charity	Discretionary Applicant	Constitutional Body		
Corporate Name	42,987			1			92			43,080	28.1%
Discretionary Name	29,458	11,286	2,423	2,955	1,624	784	999	349	76	49,954	32.6%
Registered Business Name	9,460	26,351	3,672				5			39,488	25.7%
Unincorporated Association Name			6,149				603			6,752	4.4%
Registered Trade Mark Name	4,716	164	81	70	19	11			4	5,065	3.3%
Personal Name				3,604						3,604	2.3%
School/Educational Institution Name						1,892	21			1,913	1.2%
State Agency Name					1,327		2		46	1,375	0.9%
Publication Name	754	144	57		123	24	4		85	1,191	0.8%
Personal Trading Name		746								746	0.5%
Politician's Name				251						251	0.2%
Grand Total	87,375	38,691	12,382	6,881	3,093	2,711	1,726	349	211	153,419	100.0%
As % of total	57.0%	25.2%	8.1%	4.5%	2.0%	1.8%	1.1%	0.2%	0.1%	100.0%	

Chart 2: Analysis of .ie domain names at 30 June 2010 by character length



The Domain Name Industry Report published by the Company in November 2010 revealed a range of interesting findings and facts about the .ie namespace. For example, an analysis of domain names by length

of the name revealed that the majority contained 9 to 11 characters. Chart 2 reproduces the information on the distribution of domains by character length. Incidentally, the analysis confirms that many desirable

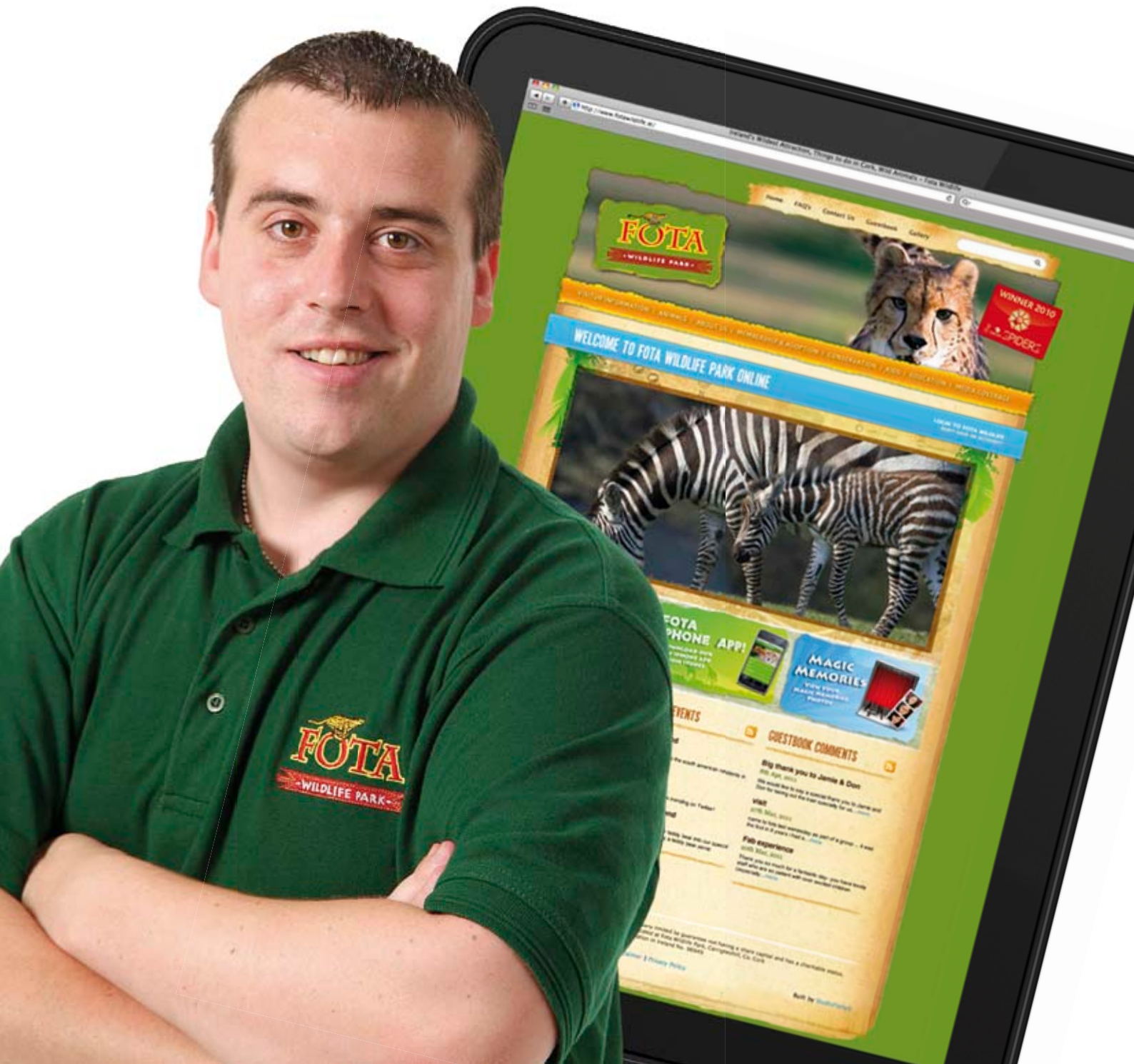
domain names are still available for registration - unlike the .com namespace, where most desirable names have now been registered to other users.

The key to attracting visitors

Fota Wildlife Park is Cork's most visited Tourist Attraction and was awarded "Best Family Day Out" in Ireland (CSO 2009). The park is home to over 70 species from around the world. The key to attracting visitors is its uniqueness. This is no ordinary Zoo! Here you can come face-to-face with free-roaming animals and birds from all parts of the world. In addition to the wonderful array of free-roaming animals, visitors also have the opportunity to see highly endangered species such as the Rothschild Giraffe and the Lion Tailed Macaque.

Fota Wildlife Park has brought the great outdoors online at FotaWildlife.ie, encouraging animal lovers in Ireland and all over the world to visit the park using a host of social media tools, including web cams. This truly is a spectacular website and was awarded the Golden Spider "Grand Prix Award" for best website in 2010.

Patrick Dunphy Marketing, FotaWildlife.ie

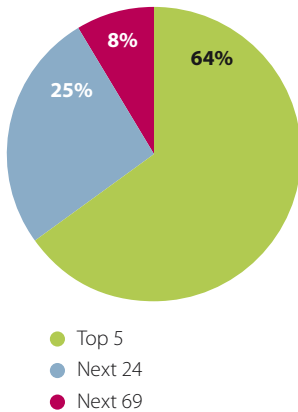


Registration Services Review (continued)

Registrar community

The IEDR had 98 accredited Registrars at the end of 2010, representing 97% of the total database of .ie domains. The top 29 Registrars had a portfolio of more than 500 .ie domains each, of which only 5 had more than 5,000 domains in their portfolios.

Chart 3: Registrars – concentration of market share – December 2010



The Registrar community generated almost 98% of the new registrations in the year 2010, and the top 5 accounted for over 28,668 or 78% of all new .ie registrations.

These Registrars operate in a highly competitive market environment, providing the consumer with a wide variation of choices on price, bundled services and technical assistance combinations. Developing and growing the market is a key issue for this community.

Market size and .ie market share

The domain market in Ireland with an estimated 370,000 domains, although small, is very competitive and .ie performed well in 2010 compared to our lower priced main competitors – .com and .eu, which benefit from huge economies of scale, with over 83 million and 3.3 million domains respectively.

The size of the domain market is influenced by many factors, however research shows that a key driver is the demand for websites. A healthy Internet ecosystem operates as a “virtuous circle”, whereby great websites (such as myhome.ie, carzone.ie or daft.ie) bring users online, which encourages other SMEs to register a domain and set up new websites. These take advantage of consumers’ faster broadband to provide online catalogues, which generates online spending, encourages consumers to upgrade their PC and pay for faster broadband - which in turn leads to even better websites and more Internet users and online spending. This virtuous circle can be represented graphically as follows:-

Virtuous circle potential



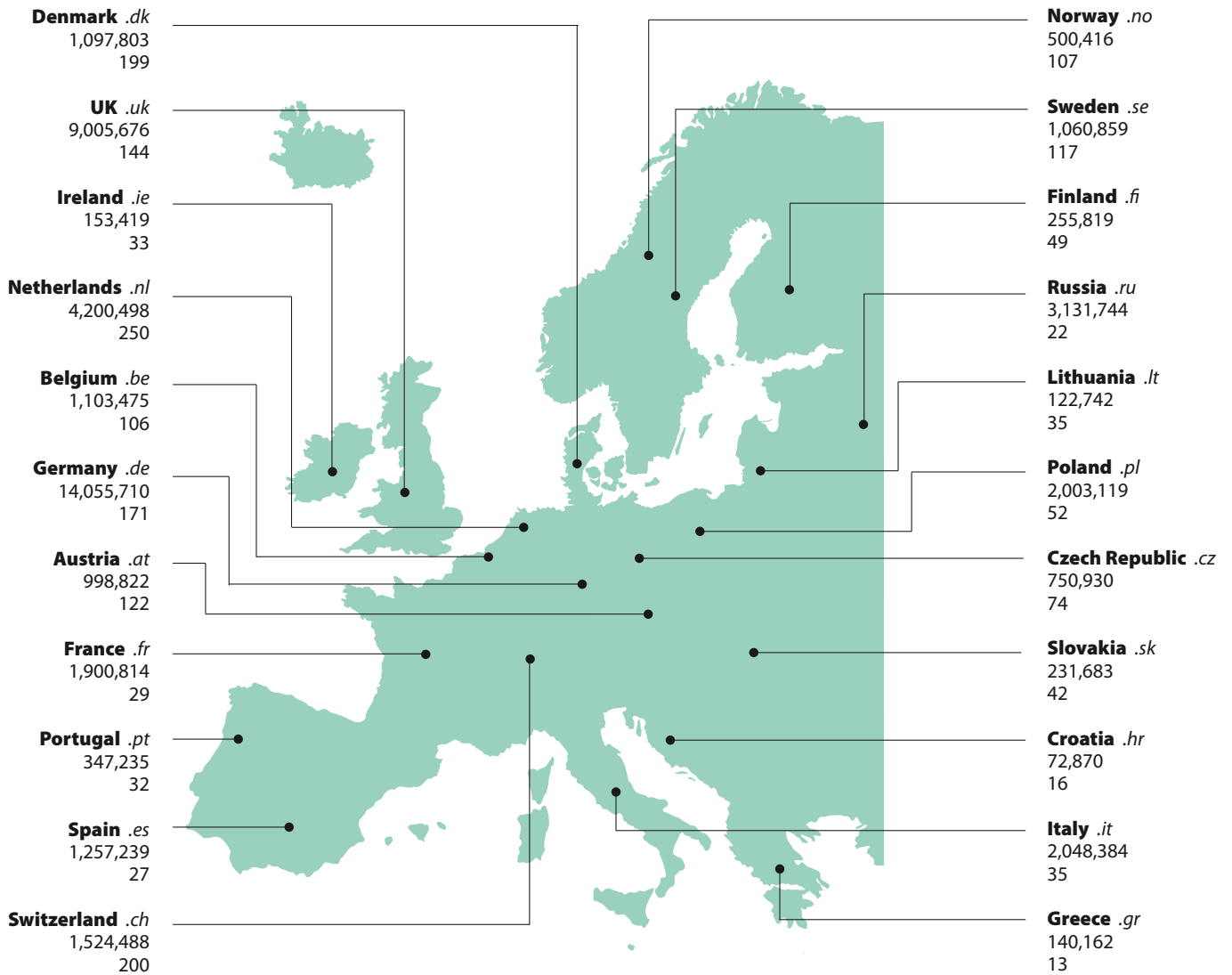
In this Annual Report & Review, we are profiling business owners with highly successful .ie websites. These provide examples to all micro-enterprises and SMEs of how their objectives and potential can be achieved with a .ie domain website.

Our research shows that .ie domains accounted for approximately 41.5% of the Ireland domain market at the end of 2010, up from 39.9% at the end of 2009. The number of .eu domains decreased to 51,032 or 13.8% of the market, and .com domains increased to 110,606 or 29.9% of the total market.

Comparisons of Ireland with European country code top-level domain registries (ccTLDs) reveal a low volume of domain registration in absolute terms, particularly when compared with the Scandinavian countries. Diagram 1 overleaf shows the number of local domains and the per capita figures at December 2010 – excluding .com and .eu etc. It shows that, on a per capita basis, at 33 local domains per 1,000 of population, Ireland’s ranking continues to improve towards a mid-table position. This position is partly explained by the structure and development of Ireland’s Internet ecosystem.

Registration Services Review (continued)

Diagram 1: ccTLD registrations by country and domains per 1,000 of population



Source: CENTR and ccTLD websites.

Nationally, the analysis of registrations by province shows Leinster with 65% of the national market followed by Munster with a 16% market share. Although market share percentages are very different, it is interesting to note that Munster, Connacht and Ulster have approximately the same

number of domains on a per 1,000 of population basis. Across the 32 counties, Dublin has the highest number of .ie domain registrations representing 44% of the total followed by Cork with 7.3% of the total. Rounding out the top five counties are Galway (4%),

Kildare (3.7%) and Wicklow (3.2%). Additional analysis and information is set out in the Domain Name Industry Report 2010, available for download on the Company website www.iedr.ie.

The key to the future

Designed for parents and parents-to-be BabyBay.ie allows its users to buy, sell and recycle their new and used baby items online. Members can make some extra cash by selling-on the baby clothes and items they no longer require, while buyers can get quality used items at a good price and from a single location. Inspiration for the site came from parent and entrepreneur Mandy O'Rorke who, after the birth of her third child was trying to figure out what to do with all her baby items.

After researching the market she found there was nothing specifically for the trading of baby items in Ireland, so she decided to set up her own website, BabyBay.ie. Mandy also has plans to expand into the UK and other markets but she emphasises the importance of having a .ie website, "Having a .ie is essential for BabyBay.ie as we are an Irish business targeting the Irish market and it is a major part of our branding".

Mandy O'Rorke Founder, BabyBay.ie



Technical Services Review

The team deployed a DNSSEC test bed infrastructure in 2010, continued to operate the data escrow agreement, and increased its participation and involvement in international fora.

High availability systems and services

The team successfully completed a series of live tests of the Disaster Recovery (DR) programme by invoking the Business Continuity Process (BCP) and switching back-office operations to an alternate location. We also commissioned a formal, external review of our business continuity procedures and this review was completed early in 2010, with a favourable report on the registry's BCP/DR preparedness. We continued to operate the data escrow agreement to the benefit of the Internet community, whereby registry data is encrypted on a monthly basis, transmitted to, and then verified by, a third party escrow agent. As a consequence of the continual review of our procedures and ongoing live tests, we maintain a high state of readiness for any possible outages or unforeseen events.

Registry services

We continued to develop and enhance the Core Registry System, the centralised and extensible registry system launched in 2009. The system leverages the inherent capabilities of a Service Oriented Architecture, or SOA methodology. We are adding customer-facing systems and registry services to this architecture which can be delivered using fewer resources and over a shorter timeframe. In tandem with this large project, the Technical

Services Team continues to develop and deploy new and enhanced services for our customers using the web-based console and the API.

ENUM

Throughout 2010 the team continued with its ENUM market-development activities with regular meetings of its VoIP and ENUM working group. The majority of Irish VoIP service providers are now represented among the membership of this group, which has dealt with issues from Number Portability to Emergency Calling. In addition, the IEDR team has launched a number of initiatives to aid interconnection between specific service providers. These working group meetings included presentations and tutorials from a number of international experts who provided information on the latest developments in VoIP and ENUM services.

DNS infrastructure

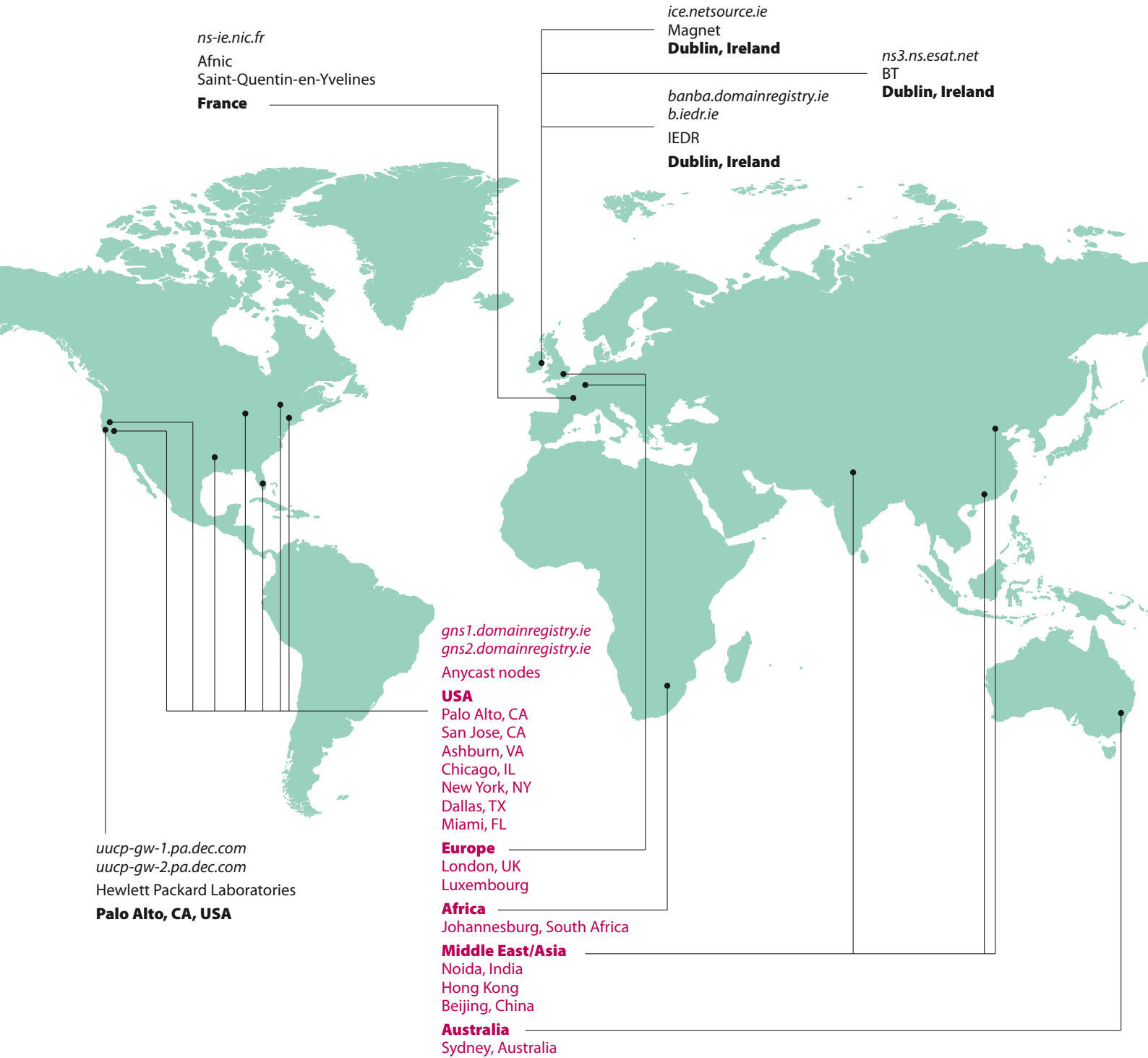
The IEDR Domain Name System (DNS) infrastructure consists of a network of 22 nameserver locations around the globe, illustrated in Diagram 2 opposite. The lookup or resolution service for .ie domain queries is performed at all 22 nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to IEDR by the Neustar Ultra Services Network. This 'Anycast' facility (illustrated in red text, in Diagram 2) protects against a Denial of Service

attack (DoS attack) by allowing the geographical distribution of .ie domain lookup requests to any available DNS resolver for redundancy – to effectively distribute requests to a given location locally. For the .ie namespace, this means increased system efficiency, faster response times, reduced potential for outages, and increased resilience against deliberate or malicious attacks.

It is important to note that even if the IEDR's physical locations, staff and primary nameserver were wiped out (an unlikely scenario) and no action was taken to invoke emergency plans (an even more unlikely scenario), then service to .ie domains would continue for a minimum of 30 days without any intervention. Obviously, new registrations, changes and deletions would not take place but crucially, existing domain holders' websites and email would continue to function normally during this time, using the secondary nameserver locations around the world.

IEDR also continued its collaboration efforts with various Internet stakeholders by joining the DNS-OARC (DNS Operations, Analysis, and Research Center) group. This group brings together members from the major Internet DNS operators, including ICANN and Verisign, implementors and researchers in order to coordinate responses to attacks, share critical information and engage in discussion and analysis. Staff are also actively engaged with the Irish Reporting and Information Security Service (IRISS).

Diagram 2: Security and stability Nameserver network



Partners in Keeping Ireland Online

The IEDR works closely with key stakeholders and partners in keeping Ireland online



HEAnet

HEAnet is Ireland's National Education and Research Network, providing high quality Internet Services to Irish Universities, Institutes of Technology and the research and educational community. HEAnet provides a high-speed national network with direct connectivity for its community to other networks in Ireland, Europe, the USA and the rest of the world. Established in 1984 to promote the interchange of information electronically within third level education, HEAnet plays a critical role in establishing Ireland as a global centre of excellence in Internet activity.

INEX

INEX is a neutral, industry-owned Association, founded in 1996, that provides IP peering facilities for its members. INEX's objective is to provide high-speed, reliable and resilient IP traffic exchange facilities for both Irish and international organisations, allowing them to route IP traffic efficiently thereby providing faster, more reliable and lower-latency Internet access for their customers. The INEX switching centres are located in two secure data centres in Dublin. The switches are connected by dedicated resilient fibre links.

IIA

The Irish Internet Association is the professional body for those conducting business via the Internet from Ireland. It has been and remains one of the driving forces behind the adoption of the medium. Established in 1997, the IIA provides leadership to enterprises and society conducting business in Ireland. The IIA is a strong voice for its 550 plus company members which includes those using the medium for communication, marketing and commerce. The aim of the Association is "to Connect, Inform and Promote".

ISPai

The Internet Service Providers Association of Ireland (ISPai) has agreed with the Irish government that a self-regulatory approach to the industry has greater opportunities for success and effectiveness. As part of this, the ISPai established the www.hotline.ie service to combat illegal content, especially child pornography, being hosted and distributed on the Internet. The Hotline has been in operation since November 1999 and receives part-funding of its operations from the EC's Safer Internet Programme. ISPs agree to adhere to a common Code of Practice when they become members of the ISPai.

ComReg

ComReg is the statutory body responsible for the regulation of the electronic communications sector and the postal sector. It is the national regulatory authority for these sectors in accordance with EU law which is subsequently transposed into Irish legislation. ComReg is responsible for promoting competition, for protecting consumers and for encouraging innovation. It was given the regulatory responsibility for the .ie namespace in 2007 when the Oireachtas transferred powers which the Minister for Communications had previously obtained under the E-Commerce Act in 2000.

Technical Services Review (continued)

DNS security

Following the resolution of the Kaminsky DNS flaw in the summer of 2008 research and subsequent discussions within the community refocused attention on the issue of DNS security and protocol extensions and highlighted the need to accelerate the introduction of DNSSEC (Domain Name System Security Extensions). DNSSEC introduces cryptographically verifiable chains of trust between the client computer and the server for DNS queries.

The DNS has a hierarchical structure in which the apex is known as the root domain or dot ("."). The Root Zone holds the delegation pointers to Internet protocol numbers for top-level domains such as .ie, .uk, .fr, .com, .org. These top level domains hold the delegation pointers for the second level domain names such as aib.ie, gov.ie or adidas.com. The DNS has several distinct classes of vulnerabilities which may be exploited in an insidious manner. The threats include, but are not limited to, packet interception, query identity prediction, cache poisoning and betrayal by a trusted server.

DNSSEC is an extension to the domain name system, with the purpose of improving the information security of the name service. The Domain Name Service (DNS) can be compared to a telephone directory that covers the entire world, and every domain name (e.g. <http://www.iedr.ie>) in this directory has been given an IP address (e.g. 193.1.32.40) of its own.

When DNSSEC is in use, the computer submitting a query (e.g. an Internet browser) would be able to determine whether the reply provided for an Internet address in the DNS actually comes from the server that is registered with IEDR as being the authoritative server. At the same time, DNSSEC ensures that this response is not modified as it is transported through the Internet. Expressed in simple terms, DNSSEC is like a lie-detector, which guarantees that people using the Internet will be warned if the website name information of the site they are looking up has been interfered with by a hacker. This guarantee is achieved through cryptographic signatures. Note that no information is encrypted in DNSSEC and DNSSEC cannot prevent phishing or typo-squatting. All the data remains publicly accessible, as with the existing DNS.

To create digital signatures, a key pair, consisting of a public key and a private key, is needed. The private key is kept secret and the holder alone has access to it. The public key is published in its own record in the name service. The digital signature can be verified by using the public key corresponding with the private key.

Internet browsers already use a technology designed to encrypt personal information between users and websites. Websites of this type are generally encrypted with SSL (Secure Sockets Layer) and are indicated in the browser by means of a key or padlock symbol.

DNSSEC was not developed in order to replace SSL encryption. On the contrary, DNSSEC has been introduced to supplement SSL and to prevent a situation where the user lands at an incorrect server even before the connection has been secured by SSL.

To be effective, DNSSEC requires that (1) the root zone is signed, (2) the .ie zone is signed and (3) that individual .ie domains are also signed. IEDR has taken a lead role with its partners in signing the .ie zone. The signing of domain names however, requires input from, and therefore additional cost for, Registrars, ISPs involved in DNS resolution, name server service providers and those .ie registrants concerned most about DNS security e.g. banks, government etc. This is likely to be a complex project and will require considerable planning, technical cooperation and consultation with a wide range of interested parties within the local Internet community.

IEDR is committed to the deployment of DNSSEC within Ireland. Accordingly, a carefully considered and measured approach to DNSSEC deployment for the .ie namespace has been undertaken.

The Technical Services Team has progressed to advanced stages of operational testing with their test bed infrastructure and has commenced working with trusted partners from the Internet community within Ireland, via the DNSSEC Task Force.

Legal & Regulatory Review

Internationally, the US government and ICANN's Affirmation of Commitments helped to raise international confidence that the ICANN model is best equipped to coordinate the technical operation of the Internet and it placed reviews of ICANN's performance in the hands of the Internet community.

Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN is responsible for the technical operation of the Internet, in particular for managing and coordinating the Domain Name System (DNS) to ensure that every address is unique and that all users of the Internet can find all valid addresses. During 2009, ICANN took a major step forward in securing its independence from the US Department of Commerce.

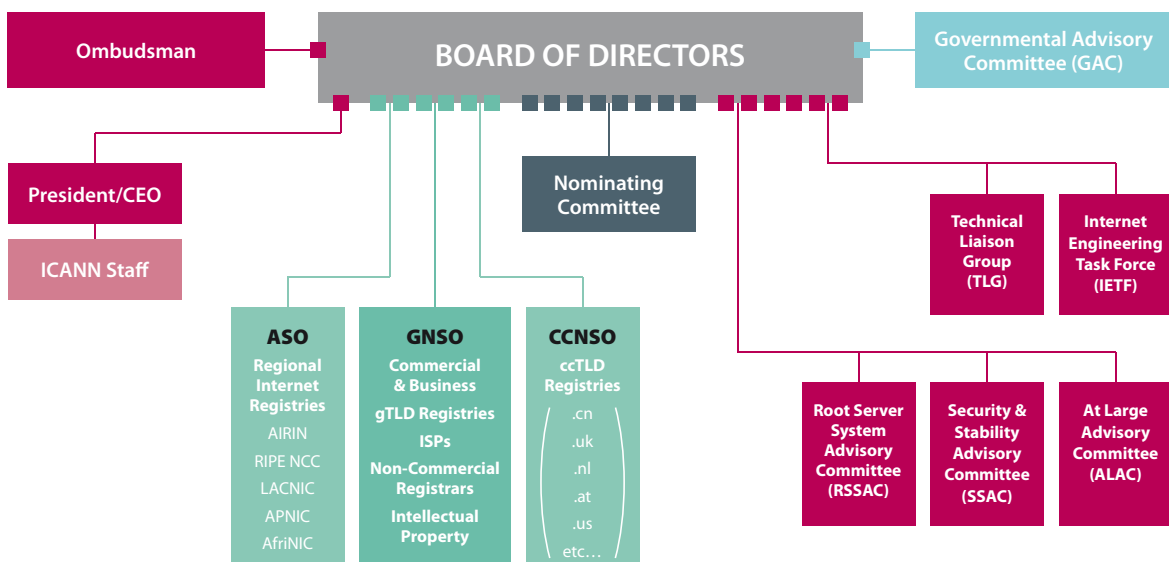
ICANN's website states "The Affirmation of Commitments completes a transition that started 11 years ago. When ICANN was created in 1998, with the assistance of the United States Government, a memorandum of understanding

(MOU) process was started with the objective of achieving a noble goal: the co-ordination of the Internet's unique identifiers by the private sector through a not-for-profit organisation where policies were developed from the bottom up.

The recently expired Joint Project Agreement (JPA) was the seventh amendment of the original MOU. Over the years there have been thirteen report cards on performance of responsibilities to the US Department of Commerce alone. So why is the Affirmation of Commitments a further step in progress and internationalisation of the ICANN model?

It commits ICANN to remaining a private not-for-profit organisation. It declares ICANN is independent and is not controlled by any one entity. It commits ICANN to reviews performed by the community – a further recognition that the multi-stakeholder model is robust enough to review itself. The Affirmation is of long standing and is not limited to the three years for which previous agreements operated. The Government Advisory Committee's (GAC) role is reaffirmed, and the GAC is a key participant in selecting the membership of the review teams. There is a certain timetable as to when those reviews will take place.

Diagram 3: ICANN organisation structure



The key to sales

PuddleDucks.ie is a small family run outdoor clothes retailing business, set up in March 2005 by Suzanne Kingston and Aedan Ryan. The inspiration came from their young son: "like most children he loves to be outdoors, regardless of the weather, but even on warm, sunny days he would get soaked just playing in the damp grass. A friend recommended a pair of Waterproof Dungarees from Sweden and life changed for all of us!" The waterproof dungarees were soon in demand and hence the idea for PuddleDucks.ie was born!

Suzanne and Aedan began by importing children's outdoor clothing and using PuddleDucks.ie as the base to provide a cost effective medium of reaching their niche market. The website is fully e-commerce enabled, allowing for easy and efficient online product review, purchase and payment. Based on customer demand the couple were able to expand their online range to include adults in 2007.

The website is user friendly and fun and was the worthy recipient of the Irish Internet Association's "Best Online Trader Award" in 2009.

Aedan Ryan Co-Founder, PuddleDucks.ie

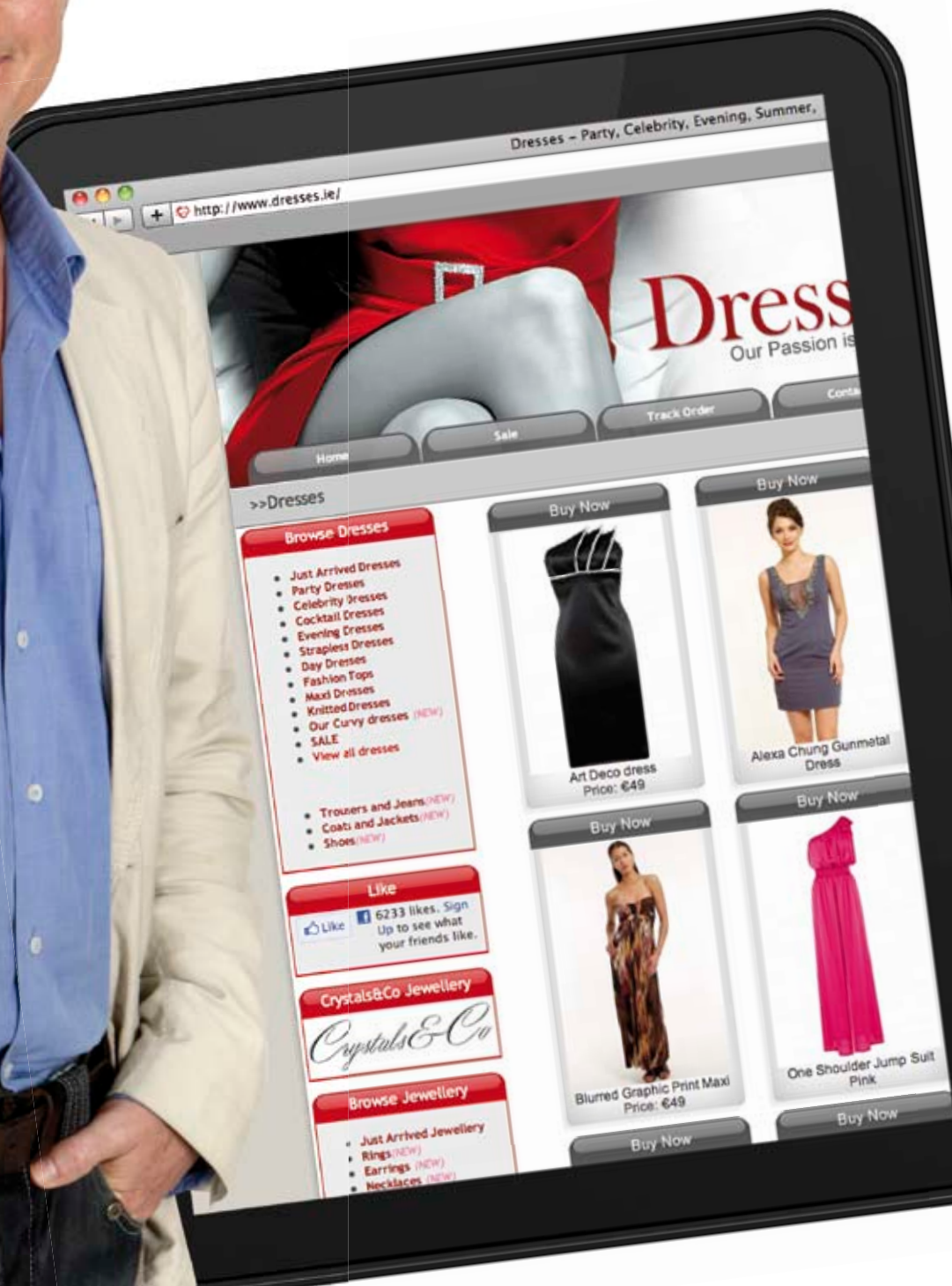


The key to trade

Dresses.ie was the latest addition to Eamon Downey's bricks and mortar wholesale dress business which was launched in 2007, as one of Ireland's most exciting new fashion websites. You can buy dresses online from the comfort of your own home and receive your order next day. Due to the demand for online fashion they have scoured the world, hunting for the best dresses at the best prices. The website is regularly updated adding 50 new dress styles weekly as well as fashion handbags and accessories.

Unfortunately, the recession had an impact on Eamon's wholesale business and he was forced to close his high street doors, but according to Eamon this turned out to be the best thing that could have happened to him. He concentrated his efforts on his online business and was rewarded by an impressive turnover of €1.5m within his first year. With the Dresses.ie website now boasting over 150,000 users monthly, Eamon is now looking to expand into the UK market.

Eamon Downey Founder, Dresses.ie



Legal & Regulatory Review (continued)

Internet Corporation for Assigned Names and Numbers (ICANN) (continued)

In summary, the Affirmation of Commitments places beyond doubt that the ICANN model is best equipped to co-ordinate this vital resource and places reviews of ICANN's performance in the hands of the community. That provides a stable, secure platform into the future that can adapt to changes to the Internet itself."

Source: ICANN website.

In addition to the Government Advisory Committee referred to above, there are a range of other committees representing the global Internet stakeholders, and who provide advice and recommendations to the ICANN Board of Directors (See Diagram 3). From the IEDR's perspective an important committee is the Council of the country code Names Supporting Organisation (ccNSO).

Since its inception in 2003, the ccNSO has provided country code Top-Level Domain name (ccTLD) managers with a unique, global platform to share information and experiences with other ccTLD managers and the broader ICANN community, and to develop global policy recommendations regarding country code Top-Level Domains. ccNSO membership has grown significantly during recent years. In 2009 alone, the ccNSO added 18 members, including country code operators for .il (Israel), .de (Germany) and .eu (European Union).

In 2010 Poland (.pl) and Luxembourg (.lu) joined, bringing the membership to 108 countries by year end.

The ccNSO now provides a worldwide forum for ccTLD managers to meet and discuss issues that concern them. It is also a forum to nurture consensus, technical cooperation and skill building among ccTLDs and facilitates the development of voluntary best practices for ccTLD managers.

ICANN's proposals to significantly expand the number of top-level domains (gTLDs) will result in accelerated growth in the global domain name market. While this innovation will be welcomed by many, it represents a challenge for trademark and patent holders, brand managers and the owners of intellectual property rights.

For general Internet users, it should be noted that ICANN's role is very limited, and it is not responsible for many issues associated with the Internet, such as online financial transactions, Internet content control, spam, Internet gambling, or online data protection and privacy. Internationally, this role has been adopted by the Internet Governance Forum (IGF).

The **Internet Governance Forum (IGF)** was established by the United Nations with a mandate which revolves around five issues:

1. Critical Internet resources,
2. Access, 3. Diversity, 4. Openness and 5. Security. It functions as an open, multi-stakeholder consultative body with an interactive and participatory structure. The 5th annual IGF Meeting was held in Vilnius, Lithuania in September 2010. The overall theme was: 'Developing the Future Together'.

In Ireland, the **Communications Regulation (Amendment) Act 2007** came into force in 2007.

The 2007 Act essentially transfers the powers previously available to the Minister for Communications under the Electronic Commerce Act 2000 (but never exercised by him) to ComReg, with some limited but important amendments and additions. As an input into the process of developing a regulatory framework for .ie ComReg launched a public consultation process on the .ie namespace and published its formal Response to the Consultation Paper 08/48 on 12 January 2009. ComReg's 2009 press release stated that:

- ComReg will, by way of regulation, appoint IEDR as the authority authorised to register .ie domain names in accordance with Section 32(4)(a) of the Act of 2007
- IEDR will set up and maintain a Policy Advisory Committee (PAC) representative of all stakeholders with a focus on more transparent policy development
- IEDR will continue to adopt the "managed approach" to .ie registrations to ensure continued protection for .ie domain name holders and consumers
- ComReg will implement a monitoring framework and will participate in the PAC to keep abreast of activities in the marketplace
- Further regulatory measures may be considered in the future, as warranted.

In this context, IEDR looks forward to a continuing effective working relationship with ComReg.

Outreach and Promotion Review

The IEDR intensified its outreach and promotion activities in 2010:-

- The publication of the **Domain Name Industry Report 2010** was a milestone development as it provides the first comprehensive review and analysis of the domain name market in Ireland, its place in the international market and highlights action areas for policymakers.

- The IEDR established the **OPTIMISE Fund** to raise awareness of the fact that Irish companies remain slow to harness the potential of the Internet.
- In recognition of the multi-stakeholder nature of the Internet, the Company began a formalisation of its **Policy Development Process (PDP)**, to give a policy voice to all stakeholders in the local Internet community. Relationships with

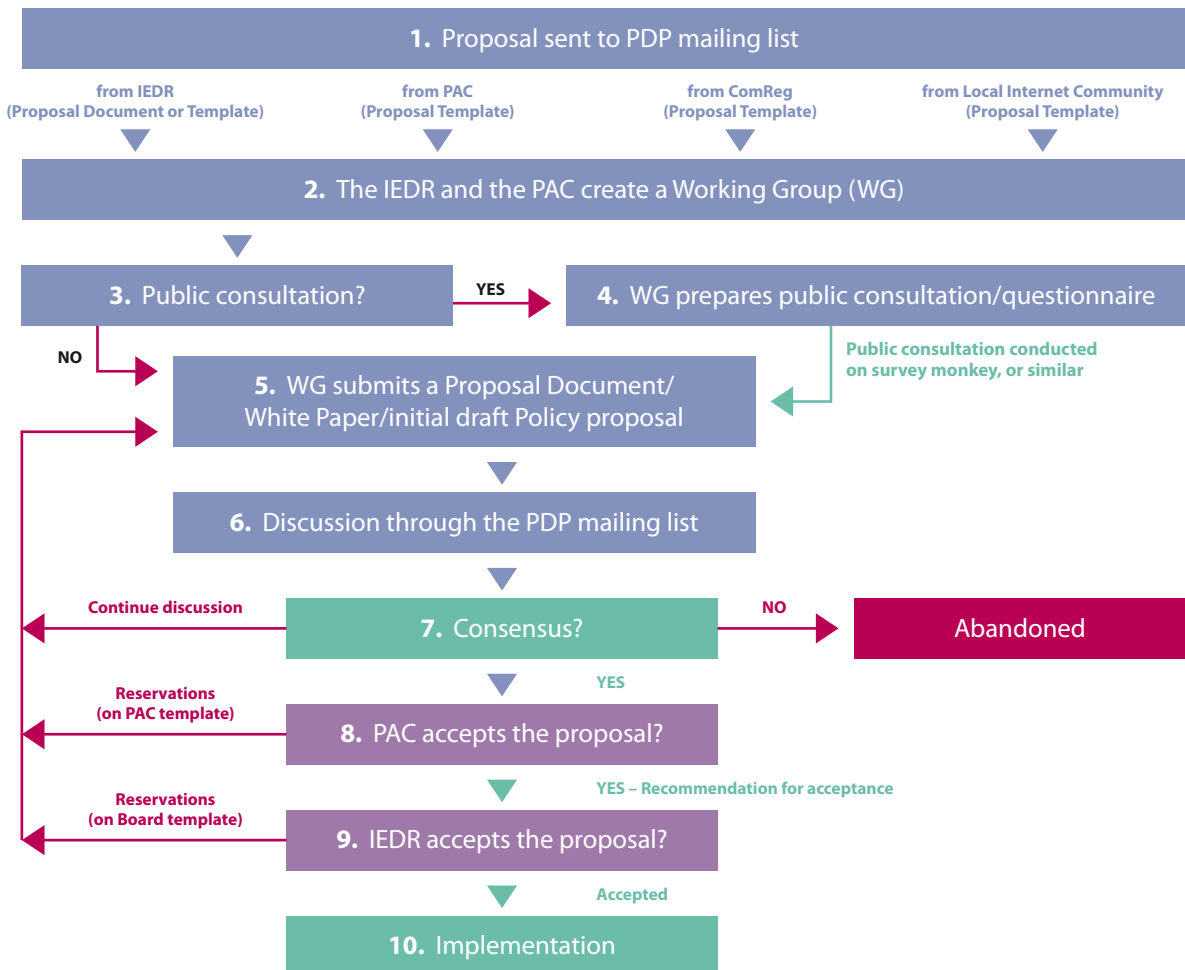
Registrars were formalised in a legal **Registrar Agreement**, subsequently signed by all Registrars.

- Responding to a Registrars' survey, the Company developed a new website, **www.why.ie**, and extended its generic joint promotional activities with its Registrar community, to emphasise the benefits of registering a .ie domain name.

Policy development process

In December 2010 the Company announced the formation of a working group of interested stakeholders tasked with developing a formal Policy Development Process (PDP) for the .ie namespace. The objective was to replace the informal process, which operated successfully for many years, with the formal process which would be consensus driven, transparent and allow for bottom-up proposals from the wider local Internet community.

The working group examined best practices in other international organisations and developed the following 10 Step PDP model, following a number of iterations and rounds of consultation:-





IEDR hosted the 42nd General Assembly of CENTR, the European organisation representing ccTLDs, in Dublin in June 2010. Pictured with CENTR board members are left to right: Mathieu Weill AFNIC (.fr), CENTR Chairman, Sabine Dolderer DENIC (.de), Annebeth Lange Norid (.no) and David Curtin IEDR (.ie).

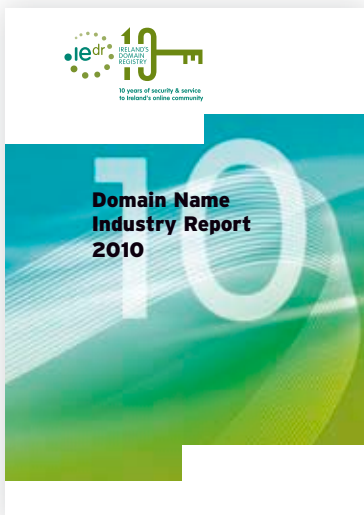


IEDR celebrated the registration of the 150,000th .ie domain in November 2010. Pictured left to right: Angela Butler (IEDR), Maeve Kneafsey, Chair of the Irish Internet Association (IIA), David Curtin (IEDR), Claudiu Negosanu, registrant of the 150,000th .ie domain, LocalComputerRepair.ie.

Policy development process (continued)

With this PDP framework, we look forward to formalising our engagement with the Internet community on a range of registration and naming policies in the near future.

Previously, the board of the IEDR in cooperation with ComReg approved the terms of reference for a Policy Advisory Committee (PAC). The PAC, whose membership will be drawn from relevant stakeholder organisations, will advise the Board on matters of policy affecting the .ie namespace.



Domain Name Industry Report 2010

The publication of the Domain Name Industry Report 2010 was an important development as it provided the first comprehensive review and analysis of the domain name market in Ireland in the context of the global market, and also highlighted action areas for policymakers.

After 10 years of providing registration services and security to Ireland's online community we felt it was appropriate to provide a snapshot of the .ie domain namespace within the context of Ireland's online Internet ecosystem and the global domain name industry.

Highlighting research which indicates that there is significant room for improvement in SME website functionality, the report recommends that policymakers take note and take action. Aware that there is no shortage of advice for SMEs, the report recommends tangible, practical support for micro-enterprises and SMEs to take immediate action to upgrade their websites to international standards.

The OPTIMISE Fund for micro-enterprises and SMEs

In 2010 the Company announced that it would launch a new e-commerce website development fund for Irish micro-enterprises/SMEs worth €100,000. The OPTIMISE Fund is one of a number of initiatives to mark the 10th anniversary of the Company's service to the Irish Internet community. The OPTIMISE Fund will enable ten Irish micro/small business owners to begin the process of transforming their existing online presence into a fully featured, transactional website custom-designed for their business' needs. The ten recipients will each receive €10,000 worth of professional technical and marketing support with which to plan and carry out a major, tangible e-commerce website upgrade. The upgrade will offer the ten successful SMEs the opportunity to sell goods and services 24/7 to a global marketplace online.

The key to growth

During the economic downturn in 2008, OrganicSupermarket.ie founder, Darren Grant, researched the market and found that consumers believed that food in Ireland had become unhealthy, chemical dependent and highly processed. Darren identified an opening in the Irish market, took a leap of faith, left his job and opened the doors of Ireland's first 100% organic supermarket in 2008, stocking over 3,000 products and employing 7 people.

In 2009 Darren opened a virtual door and launched OrganicSupermarket.ie to tap into his online potential and grow his existing sales.

This website really does stand out from the crowd and was awarded the accolade of the "Most Beautiful Website in Ireland" at the Irish Web Awards 2009 and also picked up a Golden Spider Award for "Best eCommerce Website" also in 2009.

Darren Grant

Founder, OrganicSupermarket.ie



Corporate Social Responsibility

One of the core mandates of the IEDR is to serve the needs of the local Internet community. The Directors and Management of the IEDR strive to be transparent and accountable and to balance the rights and responsibilities of all stakeholders

The directors of the Company carry out their fiduciary responsibilities in accordance with the best Corporate Governance principles and practices. All of the directors are independent and non-executive. In accordance with the Memorandum and Articles of Association of the Company the directors do not have a beneficial interest in the Members' Funds, reserves or the annual profits of the Company.

The directors are responsible for ensuring that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company's Audit Committee comprises three non-executive directors of the Company and meets at least twice a year. The Audit Committee is responsible to the board for the coordination and oversight of the financial reporting process, the external audit function, the system of internal financial controls, regulatory compliance and all matters relating to the legal integrity of the Company, with specific reference to:

- the Company's financial statements,
- the maintenance of proper financial records and of financial and operational controls, and
- the Company's compliance with all legal and regulatory requirements.

The Company's Banking Committee comprises the Company's chairman, secretary and one other director.

ComReg commissioned an independent third party due diligence review of the Company's Corporate Governance, as an input into the process of developing a Regulatory Framework for .ie, and the conclusions, published in early 2009, were very complimentary of the high standards of corporate governance at the IE Domain Registry Limited.

Through its membership and sponsorship of industry awards and industry events, the Company provides a modest level of financial support to the local Internet community. In 2010 the Company sponsored the eircom Golden Spiders events, the eGovernment Awards, and the Irish Internet Association (IIA) Net Visionary Awards and IIA Congress.

The Company provides free .ie domain names for registered charities. In cooperation with a number of its Registrars (see www.domainregistry.ie/CharityRegs.php), domains are provided free of charge to those organisations which are registered as charities with the Revenue Commissioners. The Company also provides free .ie domains for two years to those Registrars providing new broadband connections to Ireland's schools and educational institutions.

IEDR strives to reduce its carbon footprint by adopting some of the principles of Green IT. This is apparent from our high availability initiatives in our data centre whereby we invested in energy efficient hardware and software (VMware), which has reduced our energy consumption through rationalisation of our services and servers. Furthermore, our back-office recycling programme ensures that all technical hardware is recycled in an environmentally responsible manner.

The Company endeavours to be a good employer in all respects. The Company's Staff Handbook sets out the HR policies and procedures, and includes whistleblower provisions. The Company operates a pension scheme for the benefit of all full-time employees, and has a Safety Statement in accordance with the relevant legislation.

Five Year Summary

Extract from the audited Financial Statements

Profit and Loss	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €	Year to 31 Dec 2008 €	Year to 31 Dec 2007 €	Year to 31 Dec 2006 €
Registration Revenue	2,564,755	2,336,937	2,516,880	2,343,111	2,309,332
Administration Expenses	(892,062)	(835,702)	(1,054,642)	(765,293)	(671,849)
Employment Costs	(1,147,874)	(922,012)	(871,581)	(830,778)	(779,449)
Depreciation	(127,980)	(151,563)	(156,717)	(75,226)	(53,491)
Regulatory Costs	185,800	(40,800)	(60,000)	(85,000)	0
Operating profit	582,639	386,860	373,940	586,814	804,543
Financial investment uplift / (impairment)	133,688	87,453	(584,707)	0	0
Interest income	63,018	45,034	59,907	20,107	17,769
Interest payable	0	0	0	0	(526)
Taxation	(87,973)	(70,155)	(71,633)	(83,212)	(87,728)
Profit / (Loss) after taxation	691,372	449,192	(222,493)	523,709	734,058
Balance Sheet	At 31 Dec 2010 €	At 31 Dec 2009 €	At 31 Dec 2008 €	At 31 Dec 2007 €	At 31 Dec 2006 €
Fixed Assets	49,395	150,589	215,196	104,346	79,876
Investments	1,686,504	1,552,816	1,465,363	2,050,070	2,000,070
Current Assets	2,983,379	2,322,975	1,912,340	1,336,854	666,257
Creditors <1 year, excluding Deferred Income	(245,320)	(406,571)	(578,513)	(306,245)	(193,908)
Deferred Income	(1,494,538)	(1,331,761)	(1,175,530)	(1,123,676)	(1,014,655)
Members' Funds	2,979,420	2,288,048	1,838,856	2,061,349	1,537,640
5 Year Summary – Registration Growth	Year to 31 Dec 2010	Year to 31 Dec 2009	Year to 31 Dec 2008	Year to 31 Dec 2007	Year to 31 Dec 2006
At 1 January	135,903	115,836	91,352	70,778	54,684
New Registrations	36,587	37,055	34,263	29,110	22,590
Less: Deletions / Non-renewals	(19,071)	(16,988)	(9,779)	(8,536)	(6,496)
Net Additions	17,516	20,067	24,484	20,574	16,094
At 31 December	153,419	135,903	115,836	91,352	70,778
Net Growth in year	12.9%	17.3%	26.8%	29.1%	29.4%
New Registrations Growth	26.9%	32.0%	37.5%	41.1%	41.3%

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Company Information

Directors

Professor J.O. Scanlan (*Chairman*)
 Ms. Frances M. Buggy
 Mr. Mark Dobbyn
 Dr. Patrick Frain
 Dr. Canice Lambe
 Mr. Kevin McCarthy
 Mr. Fergal O'Byrne
 (appointed 16 April 2010)

Secretary

Mr. Jim Joyce

Company Number

315315

Registered Office

14 Windsor Terrace
 Sandycove
 Co. Dublin

Auditors

Duignan Carthy O'Neill
 84 Northumberland Road
 Ballsbridge
 Dublin 4

Bankers

Bank of Ireland
 Montrose
 Dublin 4

Solicitors

Arthur Cox
 Earlsfort Centre
 Earlsfort Terrace
 Dublin 2

McKeever Rowan
 5 Harbourmaster Place
 IFSC
 Dublin 1

Directors' Report

for the year ended 31 December 2010

The directors present their report and the financial statements for the year ended 31 December 2010.

Principal Activity

The company was incorporated on 16th November 1999 and commenced to trade on 1 July 2000. The principal activity of the company is the registry for .ie Internet domain names.

Results and Dividends

The profit for the year, after providing for depreciation, taxation and the financial investment impairment amounted to €691,372 (2009 – €449,192).

Fair Review

From an operational perspective, the year 2010 was a satisfactory year of development and growth for the company. The company celebrated its 10th anniversary during which it marked a number of milestone events including the registration of Ireland's 150,000th .ie domain name and the launch of a www.why.ie website as a resource for .ie registrants and registrars. This was followed by the publication of the Registry's inaugural Domain Name Industry Report, the first account of its kind in Ireland of the .ie namespace and the Irish domain market. It is set in the context of the global domain name market and Ireland's Internet ecosystem and represents a valuable resource for Internet industry leaders and policymakers.

Turnover increased by 9.7 % due to positive volume growth, offset by price promotions of 16% for five months and 10% for three months during 2010. Volume growth in domains was again strong in 2010, at 27%. When non-renewals are considered, the net growth in the .ie namespace was 13%, which is satisfactory, considering the severe recession which adversely affected small and medium-sized companies in 2010. The volume growth is generated by the registrar sales channel, which accounts for over 98% of all new registrations. The .ie domain represents an approximate national market share of 40%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses increased by 1.6% from €1.95 million to €1.98 million. Employment costs increased by 24% to €1.1 million, primarily due to the recruitment of additional technical staff and management. The company recorded an exceptional credit in relation to monitoring and framework costs as disclosed in note 2 to the financial statements. Promotion, sponsorship, and advertising costs increased compared to 2009 as the company continued its sponsorship of industry events, held a number of seminars and conferences, and expanded its joint promotion with registrars of the .ie namespace.

The financial position of the company at 31 December 2010 is solid with adequate net cash funds of €2.76 million and Members' Funds of €2.98 million.

The company's financial investments were adversely affected by the decline in stock markets worldwide during 2008. Although the reduction is unrealized in accounting terms, the directors considered it prudent to make an impairment provision in the light of the prevailing economic conditions. Accordingly a provision amounting to €584,707 was recorded to reduce the financial investment to its market value of €1,415,293 at 31 December 2008, notwithstanding that the investments are for the long term, are in conservative managed funds and are diversified across three Irish Investment Managers. The financial investments recovered by €87,453 in 2009 and by €133,688 in 2010 to a market value of €1,636,434 at 31 December 2010.

Principal risks and uncertainties

In common with other small and medium-sized enterprises, the company's performance is impacted by the current weakness in the macro-economic environment in Ireland. There is some exposure to these macro-economic risks posed by the recession, and in particular the risk of non-payment by customers. These risks continue to be managed prudently by the company. In line with Internet industry norms, the

company faces a number of risks in relation to reliance on key computer systems and key staff. The company's business continuity plans and disaster recovery procedures address the risks associated with reliance on key computer systems. Staff training, cross-skilling and key process documentation mitigate the potential exposure arising from the loss of key staff members.

Future Developments

The company continues to monitor international developments impacting ccTLD registries, in particular the international proposals to significantly expand the number of top-level domains. While these proposals will result in accelerated growth in the global domain name market, they represent a challenge for trademark and patents holders, brand managers and the owners of intellectual property rights.

In technical terms, the company remains ready to implement technologies and products such as IDN when there is a positive indication of national market interest, and has taken a leadership role in providing secure DNS, with the formation of the DNSSEC task force during 2010.

Directors

At the Annual General Meeting in every third year, a third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one third shall retire from office. Accordingly, no directors are required to retire in accordance with the Articles of Association. Fergal O'Byrne was appointed to the Board on 16 April 2010.

Post Balance Sheet Events

There are no material post balance sheet events.

Directors and their Interests

In accordance with the Article of Association, the directors have no financial interest in the Members' Funds of the company.

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while remaining a member, or within one year afterwards, for payment of debts and liabilities of the company contracted before ceasing to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding €1.27 cash.

Directors' Report (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009 and all Regulations to be construed as one with those Acts. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of Account

The measures taken by the directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account are maintained at Windsor House, 14 Windsor Terrace, Sandycove, Co. Dublin.

Auditors

The auditors, Duignan Carthy O'Neill, Chartered Accountants have indicated their willingness to continue in office in accordance with the provisions of Section 160 (2) of the Companies Act, 1963.

On behalf of the Board

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn

Director

15 April 2011

Independent Auditors' Report

to the Members of IE Domain Registry Limited

We have audited the financial statements of IE Domain Registry Limited for the year ended 31 December 2010, which comprise the Profit & Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent

permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to the members our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Companies Acts, 1963 to 2009. We also report to the members whether in our opinion: proper books of account have been kept by the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations which we consider necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 32 to 34 is consistent with the financial statements.

Duignan Carthy O'Neill

Chartered Accountants and Registered Auditors

15 April 2011

Profit and Loss Account

for the year ended 31 December 2010

		Continuing Operations	
	Notes	Year ended 31 December 2010 €	Year ended 31 December 2009 €
Turnover		2,564,755	2,336,937
Administrative expenses		(1,982,116)	(1,950,077)
Operating profit	2	582,639	386,860
Decrease in provision for financial investment impairment	8	133,688	87,453
Interest income		63,018	45,034
Interest payable and similar charges	3	–	–
Profit on ordinary activities before taxation		779,345	519,347
Tax on profit on ordinary activities	6	(87,973)	(70,155)
Profit retained for the year		691,372	449,192
Profit and loss account at beginning of year			
Accumulated profit brought forward		2,288,048	1,838,856
Accumulated profit carried forward		2,979,420	2,288,048
Statement of total recognised gains and losses			
Total recognised gains/(losses) relating to the year		691,372	449,192
Total recognised gains/(losses) since last annual report		691,372	449,192

The financial statements were approved by the Board on 15 April 2011 and signed on its behalf by:-

Professor J. O. Scanlan
Director

Mr. Mark Dobbyn
Director

Balance Sheet

as at 31 December 2010

	Notes	2010 €	2009 €
Fixed Assets			
Tangible assets	7	49,395	150,589
Financial assets	8	1,686,504	1,552,816
Current Assets			
Debtors	9	227,527	50,712
Cash at bank and in hand		2,755,852	2,272,263
		2,983,379	2,322,975
Creditors: amounts falling due within one year	10	(1,739,858)	(1,738,332)
Net Current Assets		1,243,521	584,643
Total Assets less Current Liabilities		2,979,420	2,288,048
Capital and Reserves			
Profit and loss account	11	2,979,420	2,288,048
Members' Funds	12	2,979,420	2,288,048

The financial statements were approved by the Board on 15 April 2011 and signed on its behalf by:-

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn

Director

Cash Flow Statement

for the year ended 31 December 2010

	Notes	2010 €	2009 €
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		582,639	386,860
Depreciation		127,980	151,563
(Increase) / Decrease in debtors		(178,440)	266,362
Increase / (Decrease) in creditors		(11,474)	(15,711)
Net cash inflow from operating activities		520,705	789,074
Cash Flow Statement			
Net cash inflow from operating activities		520,705	789,074
Returns on investments and servicing of finance	15	63,018	45,034
Taxation		(73,348)	(60,637)
Capital expenditure	15	(26,786)	(86,956)
		483,589	686,515
Financing	15	–	–
Increase in cash in the year		483,589	686,515
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	16	483,589	686,515
Net funds at 1 January		2,272,263	1,585,748
Net funds at 31 December		2,755,852	2,272,263

Notes to the Financial Statements

for the year ended 31 December 2010

1. Accounting Policies

1.1. Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009.

Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

1.2 Consolidation

The company and its subsidiaries combined, meet the exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 7 of the European Communities (Companies: Group Accounts) Regulations, 1992. Consequently, these financial statements deal with the results of the company as a single entity.

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales for the year ended 31 December 2010. The company adopted a policy of deferring revenue for the first time in the year ended 31 December 2002. This will result in income being recorded in the period to which the fee invoice relates, rather than the period in which the fee invoice was raised. This policy has been maintained during the year ended 31 December 2010.

All turnover derives from activities in the Republic of Ireland.

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life from date of acquisition as follows:

Computer Equipment	–	33% Straight Line
Fixtures and Fittings	–	25% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.5. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to a defined contribution pension scheme for the benefit of all eligible employees.

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1. Accounting Policies (continued)

1.7. Taxation

The charge for taxation is based on the profit for the year.

Full provision for deferred tax is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

1.8. Financial assets

Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at cost less provisions for impairments in value.

Other financial investments

Other financial investments are shown at cost less provisions for impairments in value. Income from other financial fixed asset investments, together with any related withholding tax, is recognized in the profit and loss account in the year in which it is receivable.

2. Operating profit

	Year ended 31 December 2010 €	Year ended 31 December 2009 €
The operating profit is arrived at after charging:		
Depreciation and write-off of tangible assets	127,980	151,563
Auditors' remuneration – Audit	15,500	15,500
– Tax advisory services	1,760	1,760
Directors' remuneration	72,500	65,000
Secretarial fees	39,000	30,000
Monitoring and framework costs (ComReg)	(185,800)	40,800

In March 2011 ComReg informed the company that it would not be invoicing the company for previously accrued Monitoring and Framework Costs. Accordingly, the accumulated accrual has been released in the current year.

3. Interest payable and similar charges

	Year ended 31 December 2010 €	Year ended 31 December 2009 €
On bank loans, overdrafts and other loans wholly repayable within five years	–	–
	–	–

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

4. Employees

Number of employees

The average monthly numbers of employees during the year were:

	Year ended 31 December 2010 Number	Year ended 31 December 2009 Number
Administration	15	12

Employment costs

	Year ended 31 December 2010 €	Year ended 31 December 2009 €
Wages and salaries	1,020,774	814,873
Social security costs	92,215	70,494
Other pension costs	34,885	36,645
	1,147,874	922,012

5. Pension costs

The company operates a defined contribution pension scheme for the benefit of all eligible employees. The assets of the scheme are vested in independent trustees for the sole benefit of those eligible employees. The pension costs charge represents contributions payable by the company to the fund and amounted to €34,885 (2009 - €36,645).

6. Taxation

(a) Taxation

	Year ended 31 December 2010 €	Year ended 31 December 2009 €
Current year taxation		
Corporation Tax on the profit for the year on ordinary activities	88,679	68,194
Adjustment in respect of previous period	(706)	1,961
	87,973	70,155

6. Taxation (continued)

(b) Factors affecting tax charge for year

	Year ended 31 December 2010 €	Year ended 31 December 2009 €
Profit on ordinary activities before tax	779,345	519,347
Profit on ordinary activities multiplied by Standard rate of Corporation Tax in Ireland of 12.5%	97,418	64,918
Effects of:		
Expenses not allowable for tax purposes	152	2,669
Capital allowances for period less than Depreciation	5,175	7,829
Deposit Interest at higher rates of Taxation	6,395	3,710
General provisions not allowed for tax purposes	(3,750)	–
Provision for financial investment impairment unrealised, so not allowable for tax purposes	(16,711)	(10,932)
Current tax charge for year (Note 6(a))	88,679	68,194

7. Tangible assets

	Land and Buildings Leasehold €	Computer Equipment €	Fixtures and Fittings €	Total €
Cost				
At 1 January 2010	3,809	646,164	47,442	697,415
Additions	–	25,829	957	26,786
Write-out of retired assets	–	(6,048)	–	(6,048)
Disposals	–	–	–	–
At 31 December 2010	3,809	665,945	48,399	718,153
Depreciation				
At 1 January 2010	3,809	501,467	41,550	546,826
Charge for the year	–	126,198	1,782	127,980
Write-out of retired assets	–	(6,048)	–	(6,048)
Disposals	–	–	–	–
At 31 December 2010	3,809	621,617	43,332	668,758
Net book values				
At 31 December 2010	–	44,328	5,067	49,395
At 31 December 2009	–	144,697	5,892	150,589

The accounting policy for the depreciation of tangible assets is outlined in Note 1.4. There are no assets held under finance leases or hire purchase contracts at 31 December 2010.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

8. Financial assets

	2010 €	2009 €
Other financial investments – at cost	2,000,000	2,000,000
Shares in subsidiary undertakings	50,070	50,070
	2,050,070	2,050,070
Less: Provision for financial investment impairment	(363,566)	(497,254)
	1,686,504	1,552,816

Other financial investments at cost represents the investment for the long term in conservative managed funds, diversified across three Irish Investment Managers. The market value of the financial investments at 31 December 2010 was €1,636,434 (2009 - €1,502,746). In accordance with the accounting policy for Other financial investments outlined in Note 1.8, a provision for impairment amounting to €363,566 has been recorded at 31 December 2010, being a reduction of €133,688 from 2009. Although the provision is unrealised in accounting terms, the directors consider it prudent to make the impairment provision in the light of the current economic conditions.

Other financial investments

	Unlisted €	Total €
Cost		
At 1 January 2010	2,000,000	2,000,000
Purchased in year	–	–
	2,000,000	2,000,000
Less: Provision for financial investment impairment	(363,566)	(363,566)
	1,636,434	1,636,434

8. Financial assets (continued)

Shares in subsidiary undertakings

The company holds 100% of the share capital of the following companies, except for IENUM Limited where the company holds 70% of the share capital, and 100 % of the preference share capital:-

	Country of registration or incorporation	Shares held class	Principal Activity
Shares in subsidiary undertakings			
.IE Registry Limited	Ireland	Ordinary	Not trading
Domain Registry IE Limited	Ireland	Ordinary	Not trading
IEDR Limited	Ireland	Ordinary	Not trading
The Irish National Domain Registry Limited	Ireland	Ordinary	Not trading
IENUM Limited	Ireland	Ordinary and Preference	ENUM Registry

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Reserves €	Profit for the year €
.IE Registry Limited	127	Nil
Domain Registry IE Limited	127	Nil
IEDR Limited	127	Nil
The Irish National Domain Registry Limited	127	Nil
IENUM Limited	50,100	Nil

In the opinion of the directors, the shares in the company's subsidiaries have no value and have been written down to €nil in the Balance Sheet as at 31 December 2010, except for IENUM Limited which is stated at cost.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

9. Debtors: amounts falling due within one year

	Notes	2010 €	2009 €
Trade debtors		86,836	116,098
Price rebates to customers	(a)	(73,237)	(227,734)
Trade debtors less price rebates to customers		13,599	(111,636)
Corporation tax recoverable		–	1,625
VAT recoverable		10,046	28,624
Prepayments and accrued income		203,882	132,099
		227,527	50,712

(a) Credit notes amounting to €73,237 (2009 - €227,734) were issued in December 2010 in respect of 2010 price rebates to customers.

10. Creditors: amounts falling due within one year

	Notes	2010 €	2009 €
Trade creditors		99,944	46,696
Other creditors		80,741	56,822
Corporation tax payable		13,000	–
Other taxes and social security costs		–	–
Accruals		51,635	303,053
Deferred Income	(b)	1,494,538	1,331,761
		1,739,858	1,738,332
Other taxes and social security costs include:		€	€
PAYE & PRSI		–	–
VAT		–	–
		–	–

(b) The accounting policy for deferred income is outlined in Note 1.3.

11. Equity reserves

	Profit and loss account €	Total €
At 31 December 2009	2,288,048	2,288,048
Profit for the year	691,372	691,372
At 31 December 2010	2,979,420	2,979,420

12. Reconciliation of movements in Members' Funds

	2010 €	2009 €
Profit for the year	691,372	449,192
At 1 January	2,288,048	1,838,856
At 31 December	2,979,420	2,288,048

13. Guarantee

Parent Company Guarantee

On 18 December 2006 the company's 70% subsidiary IENUM Limited signed an agreement with ComReg to provide the national ENUM registry service for Ireland. On the same date the company signed a Shareholder Agreement with Internet Privatstiftung Austria (IPA) which provided inter alia the terms and conditions of the joint venture between the company and IPA, and their respective responsibilities. On 18 December 2006 the company and IPA co-signed a Guarantee in favour of ComReg to guarantee, on a joint and severable basis, the performance obligations of IENUM Limited under the ComReg Agreement. In this regard, net operating costs of €20,664 incurred during the year ended 31 December 2010 (2009 €46,756) have been charged in the company's profit and loss account.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

14. Commitments

Operating lease commitments

Annual commitments exist under non-cancellable operating leases as follows:

	Premises 2010 €	Premises 2009 €
Expiring:		
Within one year	–	–
Between two and five year	–	80,000
More than five years	–	–
	–	80,000

Capital commitments

The company has no capital commitments at 31 December 2010 (2009 - €nil).

15. Gross cash flows

	2010 €	2009 €
Returns on investments and servicing of finance		
Interest received	63,018	45,034
Capital expenditure and financial investment		
Payments to acquire tangible assets	26,786	86,956
Payments to acquire shares in subsidiary undertakings	–	–
	26,786	86,956
Financing	–	–

16. Analysis of changes in net funds

	Opening balance €	Cash flow €	Closing balance €
Cash at bank and in hand	153,060	(147,181)	5,879
Deposit accounts	2,119,203	630,770	2,749,973
Net funds	2,272,263	483,589	2,755,852

17. Post balance sheet events

There are no material post balance sheet events.

18. Contingent liabilities

There are no contingent liabilities at 31 December 2010.

19. Company structure

The company is limited by guarantee and does not have a share capital.

20. Controlling parties

The company is controlled by its members, who in accordance with the Articles of Association, are defined as the directors of the company.

21. Approval of financial statements

The financial statements were approved by the Board on 15 April 2011 and signed on its behalf by:-

Professor J. O. Scanlan

Director

15 April 2011

Mr. Mark Dobbyn

Director

Key milestones in IEDR's 10 year history

Providing service and security for Ireland's online community

2008 – IEDR upgrades to a High Availability infrastructure, using VM Ware and best-practice business continuity/disaster recovery arrangements.

2006 – IEDR introduces an automated interface (API) for its Registrars.

2003 – IEDR Registrar Invoicing Process changes from quarterly in arrears (for all domains) to annual in advance (for renewals in each month). Results in dramatic service quality improvements.

IEDR introduces a non-renewal process as a service for all registrants (MSD).

2002 – IEDR reports accumulated losses of €1.42 million.

2000 – Spinout from UCD. IEDR formed following a due diligence process.

E-Commerce Act 2000 is passed, giving Minister powers of regulation over the .ie namespace.

2005 – the 50,000th domain was registered by findatradesman.ie

2001

25,000th domain registered

2000

15,506 domains

2009 – IEDR introduces automated multiyear renewal service.

ComReg's public consultation process confirms local Internet community support for the .ie Managed Registry model.

IEDR commences Escrow of registry data service.

2010 – the 150,000th domain was registered by localcomputerrepair.ie

2008 – the 100,000th domain was registered by royal-hospital-kilmainham.ie

2007 – the 75,000th domain was registered by themusicshop.ie

2010 – IEDR formalises relationships with its 98 strong Registrar community, with a formal legal agreement, clarifying respective roles and responsibilities.

IEDR forms working group tasked with formalising the Policy Development Process (PDP) for the .ie namespace.

IEDR ends 2010 with Members' Funds of €3 million and cash reserves of €4.4 million.

2007 – E-Commerce Act 2007 (as amended) is passed, transferring the Minister's powers of regulation to ComReg.

Policy change approved, permitting Personal Domain Names for the first time.

IEDR JV introduces ENUM service for Ireland – the 7th country in the world to do so. (Following an international competitive tender process).

2005 – IEDR introduces a web-based console for its Registrars, providing portfolio management services 24/7/365.

Communications Regulation (Amendment) Bill 2005 proposes revised legislation, transferring Minister's powers to ComReg.

