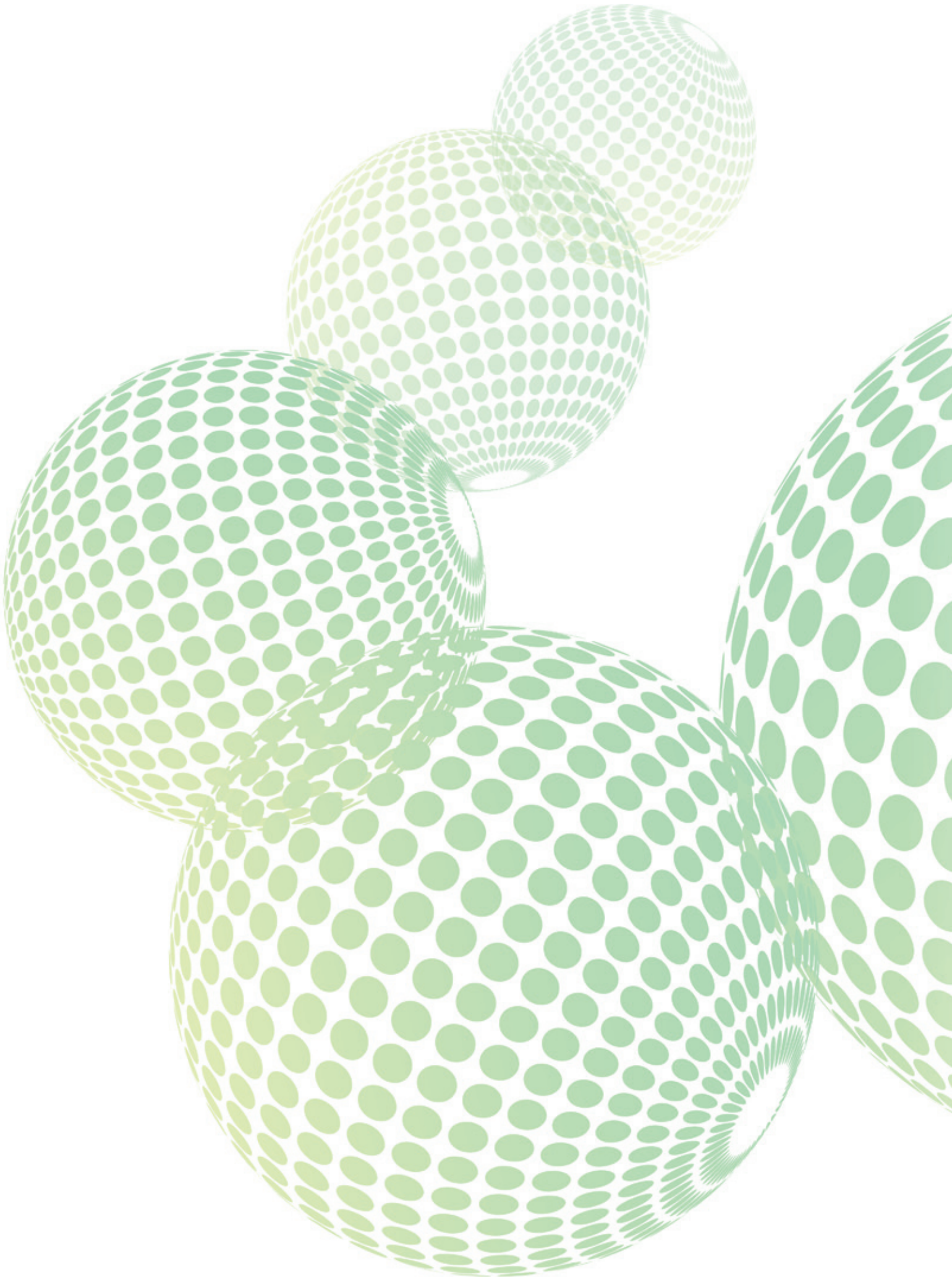




IRELAND'S
DOMAIN
REGISTRY

ANNUAL REPORT & REVIEW **2011**





Key Figures for 2011

Database of .ie domain names **173,145**

New .ie registrations **39,398**

Renewal rate of **87%**

Market share of **42.8%**

Members' Funds **€3.3m**

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Performance Highlights 2011

Extract from the audited Financial Statements

Profit and Loss

	Year to 31 Dec 2011 €	Year to 31 Dec 2010 €
Registration revenue	2,661,821	2,564,755
Administration Expenses	(1,037,485)	(892,062)
Employment Costs	(1,199,603)	(1,147,874)
Depreciation	(66,766)	(127,980)
Regulatory Costs	-	185,800
Operating profit	357,967	582,639
Financial investment impairment	(33,933)	133,688
Interest income	96,793	63,018
Interest payable	-	-
Taxation	(71,824)	(87,973)
Profit after taxation	349,003	691,372

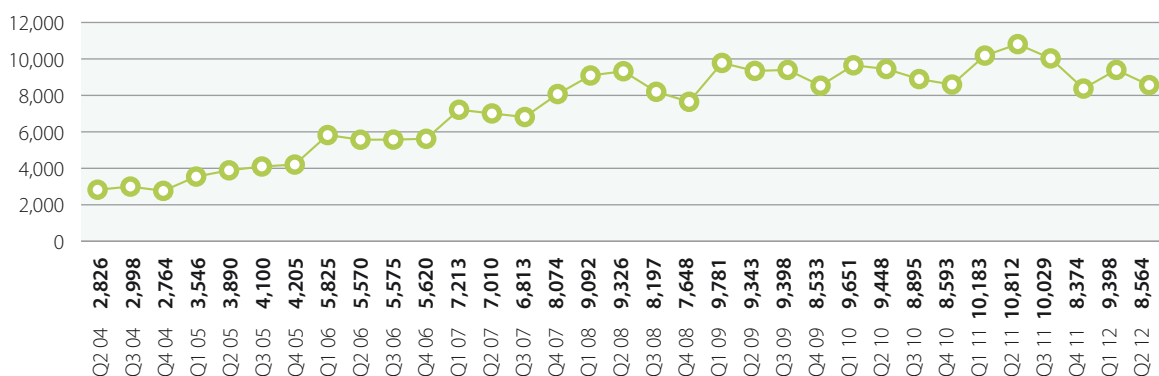
Balance Sheet

	At 31 Dec 2011 €	At 31 Dec 2010 €
Fixed Assets	93,490	49,395
Investments	1,652,601	1,686,504
Current Assets	3,355,304	2,983,379
Creditors <1 year, excluding Deferred Income	(361,843)	(245,320)
Deferred Income	(1,411,129)	(1,494,538)
Members' Funds	3,328,423	2,979,420

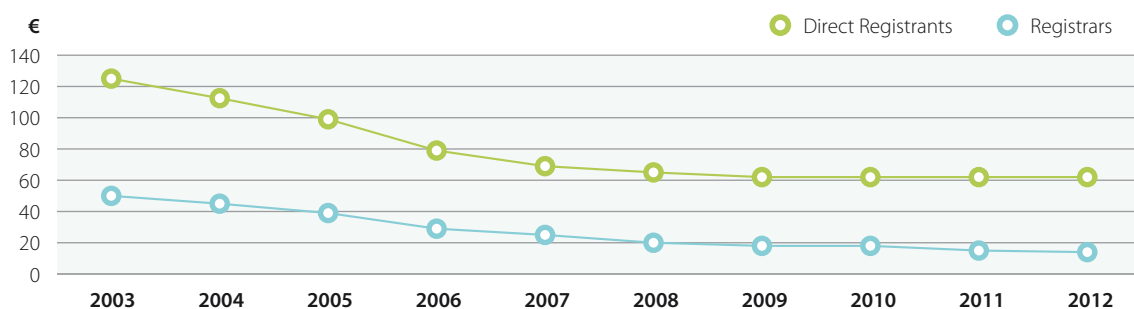
Cash Flow

	Year to 31 Dec 2011 €	Year to 31 Dec 2010 €
Net cash inflow from operating activities	521,657	520,705
Increase in cash in the year	399,634	483,589

New .ie domain registrations – quarterly growth



Price of a .ie domain on 1 January each year



Chairman's Statement



The economic and business environment in 2011 proved particularly difficult, so it was especially pleasing that IE Domain Registry maintained its steady progress in extending the Irish namespace and encouraging Internet usage throughout the country. The modernisation of the IEDR's technical infrastructure also continued apace such that our network and technical systems meet best international standards and reflect our primary emphasis on service continuity, network security and technical performance. We have in place a solid basis for further expansion.

The Internet has become increasingly important for business in all sectors of the economy, both domestically and internationally and, despite the unfavourable economic environment, the .ie namespace grew strongly in 2011. At year end, the total customer base stood at 173,145, an increase of almost 13% on the previous year. New .ie registrations, at 39,398, were nearly 8% up on 2010. The domain name market is highly competitive and the international domains such as .com and .net have major advantages in terms of considerable economies of scale. Nevertheless, IEDR maintained its leading position in the Irish market, with a 43% market share. We remain in the top five placings in McAfee's international ranking of most secure domains.

As our stakeholders would expect, IEDR's finances are managed in a strictly prudent manner. As a company limited by guarantee,

IEDR does not have a share capital and its financial stability is reliant on accumulated Members' Funds. The company had an operating profit of €357,967 in 2011 and, after allowing for taxation and investment impairment, recorded a statutory profit of €349,003. As a result, Members' Funds increased substantially over the year and stood at €3.3 million at year end, equivalent to 14.5 months' fee income. Our financial strength enabled us to reduce our prices by approximately 6.6% from 1 November 2011. It also enabled us to engage in pricing and other promotions to assist users to utilise the Internet effectively and to further boost demand for .ie. A particular example of this in 2011 was the launch of the OPTIMISE eCommerce Website Development Fund, which is aimed specifically at the SME sector. OPTIMISE generated a lot of interest throughout the country and proved highly successful. We will be continuing with the programme in 2012.

In my remarks last year, I referred to the fact that fairness and transparency are core values of the IEDR and said that, in everything we do, we strive to be open and accountable and to balance the rights, responsibilities and obligations of stakeholders. Following consultation with our industry partners, we introduced in 2011 a new Policy Development Process, designed to formalise our consultative approach to policy formation. We also intend to establish in 2012 a Policy Advisory Committee (PAC) as a forum for our industry partners to assist the Board by advising on policy and related operational matters. We have always had good relationships with our stakeholders and I believe that these initiatives will further strengthen these to our mutual advantage.

As before, I wish to acknowledge the vital contributions of a number of industry stakeholders in the continuing growth and development of .ie. Without these

contributions, the market leading position of .ie in the Irish Internet ecosystem could not have been achieved. IEDR's accredited Registrars are responsible for the vast majority of .ie registrations and I wish to recognise their central role in the marketing and promotion of .ie. We also greatly appreciate the support and cooperation of the industry associations, particularly in the areas of service improvements and technical developments. I would also like to thank the industry regulator, ComReg, and the Department of Communications, Energy and Natural Resources for their assistance during the year.

In shaping the policies and direction of the IEDR, I have the assistance of a first class Board of Directors and Company Secretary whose commitment to the company and engagement with the business is second to none. I am also deeply appreciative of the continuing contribution of the Chief Executive, David Curtin, and his team – their efforts are, of course, primarily responsible for another excellent year in 2011. Board, Management and staff have a single overriding objective, i.e. to serve the Irish Internet community to the best of our ability.

The company's results and achievements in 2011 add to the IEDR's consistent record of operational excellence and financial prudence. I can assure all in the industry that our emphases on service integrity, financial stability, and system development will continue. The IEDR is well-placed to maintain its progress in the future and I am confident that the company will continue to play its full part in keeping Ireland at the forefront of Internet developments.

Professor J.O. Scanlan
Chairman

31 May 2012

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. He was awarded the Gold Medal from the Royal Irish Academy in 2011 in recognition of his outstanding contributions to the Engineering Sciences.



Dr. Pat Frain

Pat Frain is an Adjunct Professor at the UCD Michael Smurfit Graduate School of Business. He was the Director of NovaUCD, the innovation and technology transfer centre at University College Dublin (UCD), until he retired in 2011. 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 a Member of the Board of ProTon Europe, which he chaired in 2008 and 2011. He is 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 Cooperation.



Dr. Canice Lambe

Dr. Canice Lambe is currently Chief Technology Officer with The TAS Group, an Irish software company that helps sales professionals sell smarter and manage better using Dealmaker intelligent software and proven sales methodology. 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 been Chief Product Officer at Rockall Technologies and Chief Technology Officer at PixAlert. 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 an experienced program manager of software and systems development projects, R&D management, and strategic ICT initiatives for the European Commission, regional government, academia and international Public/Private consortia. Her private sector experience is drawn mainly from the internationally traded services sectors. She has significant start-up experience both with SMEs and large scale technology start-ups. Frances is a Prince2 certified practitioner of project management – with graduate degrees in both Marketing Management and Technology/Innovation Management and postgraduate qualifications including the International MBA. Frances also has an ongoing professional involvement in the practice of intellectual property management, NPD/Technology Transfer, and STEM policy development. She has served on several professional boards, one directorial audit committee and is a founding member and former Chairperson of the Irish Internet Association.



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 business and history graduate of Trinity College Dublin, and a Fellow of the Institute of Chartered Accountants in Ireland.



Fergal O'Byrne

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 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 a former 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



2011 was a great year for the .ie namespace; new registrations exceeded 10,000 per quarter for the first time and May 2011 recorded the highest monthly total ever; the .ie namespace expanded by a net 13% to 173,145 domains by year end; registry operations were again profitable and cash-generative and IEDR ended the year in a very strong financial position, with €3.3m in Members' Funds and €4.8m in liquid funds and investments.

Operational review

New registrations of 39,398 in 2011 increased by 7.7% when compared to the same period in 2010 (36,587), a satisfactory outcome given the depth of the ongoing recession. This was offset by 19,672 non-renewals or deletions which were 3.2% higher than 2010 (19,071), giving a net increase of 19,726 (12.9%) in the database during 2011. This growth, generated almost totally by the continuous efforts of IEDR's accredited Registrar community, reflects external factors such as a maturing Internet ecosystem, new online businesses, products, or services and increased broadband availability and take-up. Internal factors such as IEDR's service enhancements, operational improvements, price reductions and further process automation also played an important part.

The growth curve on the Performance Highlights on page 2 illustrates that growth in the first three quarters of 2011 was very strong at over 10,000 new registrations per quarter but then dropped significantly in quarter four to 8,374 new registrations.

Despite the poor economic conditions in 2011 impacting SMEs and new businesses the level of non-renewals/deletions reduced to 12.8% from 14% last year. On a positive note, this level of non-renewals is very low by international standards where non-renewal rates can be over 30%.

The company intensified its outreach activities during 2011, in line with the multi-stakeholder model and consistent with best practice among ccTLDs, with the commencement of a more formalised Policy Development Process, intended to include all stakeholders in the local Internet community in the policy-making process, as explained in the Outreach and Promotion Review on page 23. Relationships with Registrars were formalised in a legal Registrar Agreement in 2010 and signed by all Registrars, thereby providing additional transparency and a solid foundation for future service delivery.

At year end, the formation of a Policy Advisory Committee (PAC) to the board awaited ComReg's approval of the Chairman recommended by IEDR. During 2011 the company continued to implement the agreed reporting framework with the submission of quarterly reports to ComReg.

In February 2011 the company submitted an application to ICANN for the redelegation of the .ie ccTLD to the IEDR, accompanied by letters of support from stakeholders in the local Internet community. In order to complete the redelegation request ICANN will need a letter of support from the Irish government. The Department of Communications, Energy and Natural Resources is considering the matter and has indicated that it will respond in due course.

Profit and Loss	Year to 31 Dec 2011 €	Year to 31 Dec 2010 €	Balance Sheet	At 31 Dec 2011 €	At 31 Dec 2010 €
Registration revenue	2,661,821	2,564,755	Fixed Assets	93,490	49,395
Administration Expenses	(1,037,485)	(892,062)	Investments	1,652,601	1,686,504
Employment Costs	(1,199,603)	(1,147,874)	Current Assets	3,355,304	2,983,379
Depreciation	(66,766)	(127,980)	Creditors <1 year, excluding Deferred Income	(361,843)	(245,320)
Regulatory Costs	–	185,800	Deferred Income	(1,411,129)	(1,494,538)
Operating profit	357,967	582,639	Members' Funds	3,328,423	2,979,420
Financial investment impairment	(33,933)	133,688	Cash Flow	Year to 31 Dec 2011 €	Year to 31 Dec 2010 €
Interest income	96,793	63,018	Net cash inflow from operating activities	521,657	520,705
Interest payable	–	–	Increase in cash in the year	399,634	483,589
Taxation	(71,824)	(87,973)			
Profit after taxation	349,003	691,372			

Financial review

Registration revenue increased by 3.8% due to a combination of strong volume growth in new registrations – offset somewhat by price reductions of 67% for new registrations for six months of the year and an overall price reduction of 6.6% for all renewals and new registrations, introduced on 1 November 2011. This compares to 2010 when IEDR gave a 10% cash rebate to Registrars in quarter four. Operating profit before financial costs, reflecting the underlying business activities, was €357,967, a reduction of 38.6% in operating profit compared to 2010. Excluding the exceptional once-off credit of €185,800 in 2010, the reduction in operating profit is 9.8%.

Administration expenses of €1,037,485 increased by 16.3% compared to 2010 (€892,062). Employment costs including pensions amounted to €1.2 million – an increase of 4.5% on 2010. Average employee numbers increased from 15 to 18, reflecting the recruitment of additional technical services and other staff for maternity cover during 2011. The company took advantage of market conditions in the office rental market and completed a smooth transition to new premises during 2011, at beneficial rental rates. Corporation tax of €71,824 represents an 18% decrease compared to 2010.

The company's financial investments declined marginally in 2011. The dramatic reductions in stock markets worldwide during 2008 necessitated a provision for financial investment impairment in 2008 amounting to €584,707 as the company's investments were marked down to market value. The instability in global stock markets generally in 2011 was evident, as three quarters of decline in 2011 were almost overturned by a strong recovery in quarter four, giving a net increase in the impairment provision of €33,933. The market value of financial investments at the end of 2011 was €1.6 million, and the cumulative impairment provision was €397,499.

Chief Executive's Review (continued)



IEDR CEO David Curtin, An Tánaiste Eamon Gilmore and the National Leprechaun Museum's Ciara Gogarty on the roof of the IEDR's new offices, Dun Laoghaire, Co. Dublin, following the announcement of the ten winning recipients of the 2011 OPTIMISE Fund.

Members' Funds increased by 11.7% from €2.97 million at December 2010 to €3.3 million at the end of December 2011. Cash and cash equivalents amounted to €4.8 million including €1.6 million invested with multiple investment managers. Deferred revenue, which represents the unearned portion of invoiced registration fee income, amounted to €1.4 million at year end.

Following a competitive tender process, the auditors Duignan Carthy O'Neill were succeeded by BDO, who carried out the 2011 audit. The quality of the company's financial transparency and reporting has been independently acknowledged as IEDR was shortlisted, on three occasions over the last five years, as a finalist in the Chartered Accountants Ireland Published Accounts Awards. The company was also proud to receive the Award for Best Design in 2009.

Continuous improvements review

Throughout 2011, 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.

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 – illustrated on page 17. The back office registry system, which was replaced in 2009 with a Java-based, centralised and extensible registry system, was further enhanced in 2011. The team improved the business continuity capability by adding a second data centre to the .ie infrastructure.

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 initially – with a target date in late 2012 to sign the zone for the .ie namespace. The introduction of DNSSEC in 2010 was a significant development for the global Domain Name System as it established the potential for 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 and has developed new promotional materials to highlight the benefits of registering a .ie domain name. The company provided significant price reductions to its Registrars for new registrations for a six month period in 2011 to support an industry wide initiative (GIBO) designed to encourage small Irish businesses to come online for the first time. It is not clear why such a large cohort of small businesses in Ireland remain effectively offline. Anecdotal evidence suggests: a perceived complexity or cost, the level of time commitment required, a reluctance to engage with multiple software vendors and an absence of obvious business benefits. It is clear that further research is needed to guide policymakers on how to improve Internet usage and uptake in the small business community.

Outlook for 2012

On the international front, the company will refine its strategic response to ICANN's proposals to significantly expand the Domain Names System by adding potentially hundreds of new generic top level domains (gTLDs). This expansion will also represent a challenge for Ireland's trademark and patent holders, brand managers and the owners of intellectual property rights.

Nationally, although new registration growth of 9,398 domains in quarter one 2012 increased by 12% on quarter four 2011, it was down 9% compared to quarter one 2011 and there are indications of a general slowdown in growth across Europe. The number of non-renewed domains continues to increase, although the percentage remains below 13%. We will continue to assist our Registrar community by engaging in generic promotional activities to support the Registrars' 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, our dedicated staff and in particular to our Company Secretary for their support and their outstanding contribution to the continued growth and development of a highly regarded Domain Name System for Ireland.

David Curtin
Chief Executive

31 May 2012

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 Rahman. **Front row**: Angela Butler, David Curtin. Not pictured: Paul Delany, 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 and Finance Team

We have 3 staff members in the Accounting and 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
 Deep Blue
 Digiweb
 Eircom
 Elive
 eMarkmonitor Inc
 EuroDNS
 Eurokom
 Host Ireland
 Hosting Ireland
 ICCM Hosting
 IE Internet
 Irish Domains
 iSeek
 Letshost.ie
 LGCSB
 Lucidity Technologies
 Magnet Business
 Melbourne IT Limited
 Myhost.ie
 Names Co Ireland/Register 365
 Silk Web Design
 Spiral Hosting
 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
 Domain Network AB
 DomainNameShop
 Domain Services Rotterdam
 Dragnet Systems
 Electriclinks
 Equinix eBusiness Solutions
 eTailor
 FBI
 Fusio
 GKITS Ireland
 HEAnet
 IEG Design
 Insight Internet
 Instra Corporation Pty Ltd
 InTech Ireland
 Interfusion Networks Limited
 Internet Ireland
 InterNetX GmbH
 Interpoint Technology
 iPLANIT
 Jenerate Ltd
 Kerna Communications
 Kildare Web Services
 Mister.ie
 Modata
 Nuasoft Web Design
 OVH
 PeWeb.NL
 Priority Computer Services
 Progress Systems
 Red Rhino Web Design
 Register.it
 Reid Networks
 Rivertower
 Safenames
 SitesToGo
 Stormweb
 Strencom
 Techstore
 TecSupport Hosting
 The Net
 Tibus
 TSG
 VC Computers
 Web Direct
 Web solutions ApS
 Webfactory
 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.



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 39,000 new registration requests during 2011.

The IEDR operates a managed registry model whereby new registrants must authenticate their claim to their selected .ie domain name. This contrasts with the .com or the .eu models which have no restrictions or verification checks. Following a public consultation in 2008, ComReg issued a report in 2009 which indicated broad support for the managed registry model in Ireland. An independent international survey by McAfee Security Consultants consecutively over five years ranked the .ie namespace in the top five safest namespaces worldwide.

The managed registry model means the .ie namespace has fewer intellectual property disputes about domains, less cyber crime and minimal incidences of credit card fraud on .ie websites. There is also very little evidence of illegal, explicit or immoral content appearing on .ie websites. Countries

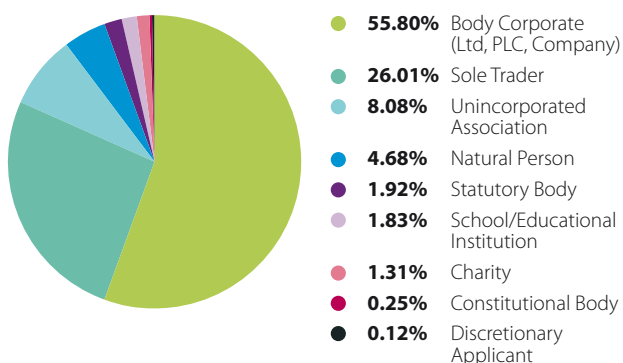
that do not operate the managed registry model do not have the same level of traceability when identifying who is behind websites in their namespace. Consequently, those countries continue to face the challenges of costly intellectual property disputes, long-running mediation/arbitration actions, identity theft, phishing, cyber crime and credit card fraud. The extent of these problems is increasing to the point where many international country code top-level domain registries (ccTLDs) are now cooperating with law enforcement agencies to “take down” problematic websites. Legislation is also being introduced in other countries to extend the powers of government agencies to intervene in such cases. The managed registry model for the .ie namespace minimises the need for such interventions in Ireland.

Class and category of registered .ie domains

Chart 1 below shows the domains registered at 31 December 2011, analysed by the class of registrant and the category of the .ie domain name they registered. Table 1 brings both sets of data together into a matrix format and affirms that the businesses sector continues to be the largest class of registrant of .ie domain names. Furthermore the table illustrates that Corporate Companies registered 96,617 or 56% followed by Sole Traders with 45,032 or 26%, together which represents 141,649 or 82% of the total .ie domain database at the end of 2011. Individuals have registered 4,137 personal domain names or 2.4% of the total, a figure which is broadly in line with international averages. Other statistical information can be found on the IEDR website, www.iedr.ie.

Chart 1: Total .ie domains registered at 31 December 2011

By class of registrant



By category of .ie domain name registered

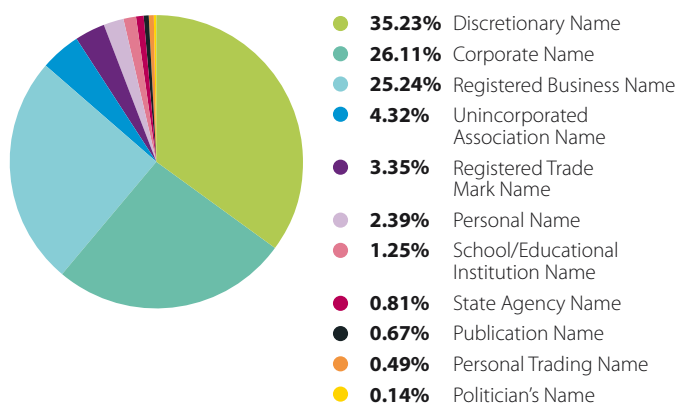
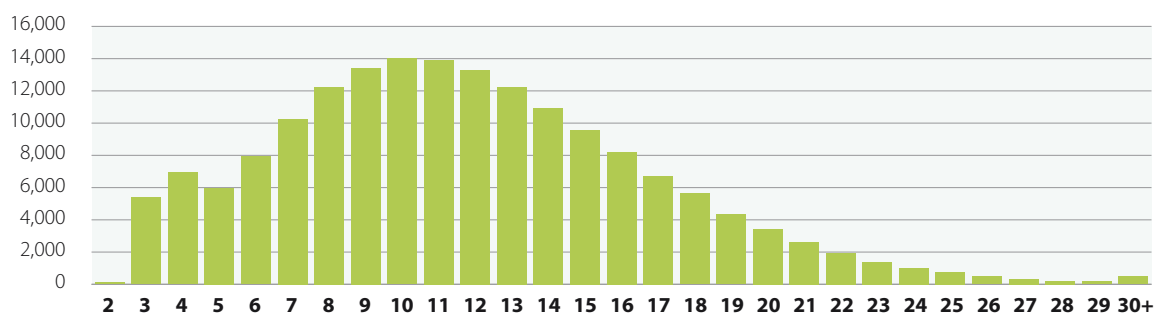




Table 1: All .ie domain names registered at 31 December 2011 – Analysed by class of registrant and category of .ie domain name registered

Category of Domain Name	Class of Registrant									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		
Discretionary Name	35,342	14,187	3,094	3,650	1,835	991	1,393	424	77	60,993	35.23%
Corporate Name	45,080			1			124			45,205	26.11%
Registered Business Name	10,053	29,648	3,995				11			43,707	25.24%
Unincorporated Association Name			6,761				718			7,479	4.32%
Registered Trade Mark Name	5,434	192	78	72	18	11			4	5,809	3.35%
Personal Name				4,137						4,137	2.39%
School/Educational Institution Name						2,145	22			2,167	1.25%
State Agency Name					1,364		3		41	1,408	0.81%
Publication Name	708	160	61		112	26	5		83	1,155	0.67%
Personal Trading Name		845								845	0.49%
Politician's Name				240						240	0.14%
Total	96,617	45,032	13,989	8,100	3,329	3,173	2,276	424	205	173,145	100.00%
As % of Total	55.80%	26.01%	8.08%	4.68%	1.92%	1.83%	1.31%	0.25%	0.12%	100.00%	

Chart 2: Analysis of .ie domain names at 31 December 2011 by character length



An analysis of .ie domain names by the character length of their name shows that the majority of .ie domains are between 9 and 12 characters in length. This is not surprising given that the number of short domains are in limited supply. For example, there are only around 47,000 possible three character domain names, *b2b.ie* etc, with the available options increasing with each additional character.

Chart 2 shows the distribution of .ie domain names by the length of characters at 31 December 2011. There were 105 domains which were two characters long and 14,013 domains with 10 characters. The longest registered .ie domain name, with 56 characters, is *aromatherapyreflexologyreikihealingforstressandpregnancy.ie*,

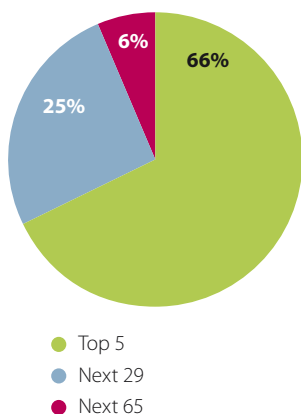
followed closely by *lithuanian-and-russian-translation-and-language-school.ie* with 54 characters. Incidentally the analysis shows that many desirable .ie domain names are still available for registration, unlike the .com namespace where most names desired by registrants have already been registered by other users.

Registration Services Review (continued)

Registrar community

At the end of 2011 the IEDR had 99 Accredited Registrars, representing 97% of the total database of .ie domains. We were pleased to add two new Registrars to the community in 2011. The top 34 Registrars (i.e. those with more than 500 domains) accounted for 91% with the top 5 (i.e. those with more than 5,000 domains) accounting for 66% of domain names.

Chart 3: Registrars – concentration of market share December 2011



The Registrar community generated over 99% of new .ie registrations in 2011 and the top 5 Registrars accounted for 31,346 or 80% of all new .ie registrations.

These Registrars operate across a number of different business sectors, offering a wide range of services to their targeted niche markets. Some provide a highly automated service and systems while others prefer to work with their customers in a more personal manner. Most accredited Registrars will offer .ie domains as part of a bundle of services, usually

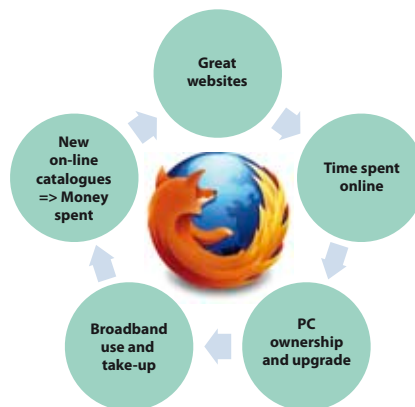
for an ongoing monthly fee. Links to all .ie accredited Registrars' websites can be found on the IEDR website at www.why.ie/registrars.

Market size and .ie market share

The domain market in Ireland consists of an estimated 404,000 domains. Therefore while relatively small, it is also very competitive and .ie performed well in 2011 compared to lower priced competitors such as .com and .eu, which benefit from huge economies of scale with over 99 million and 3.5 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, donedeal.ie or daft.ie) bring users online. In turn, this encourages other SMEs to register a domain and set up a website. Such businesses often take advantage of consumers' faster broadband to offer online shops and product catalogues which generates online spending, encourages consumers to upgrade their PCs or buy new hardware 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

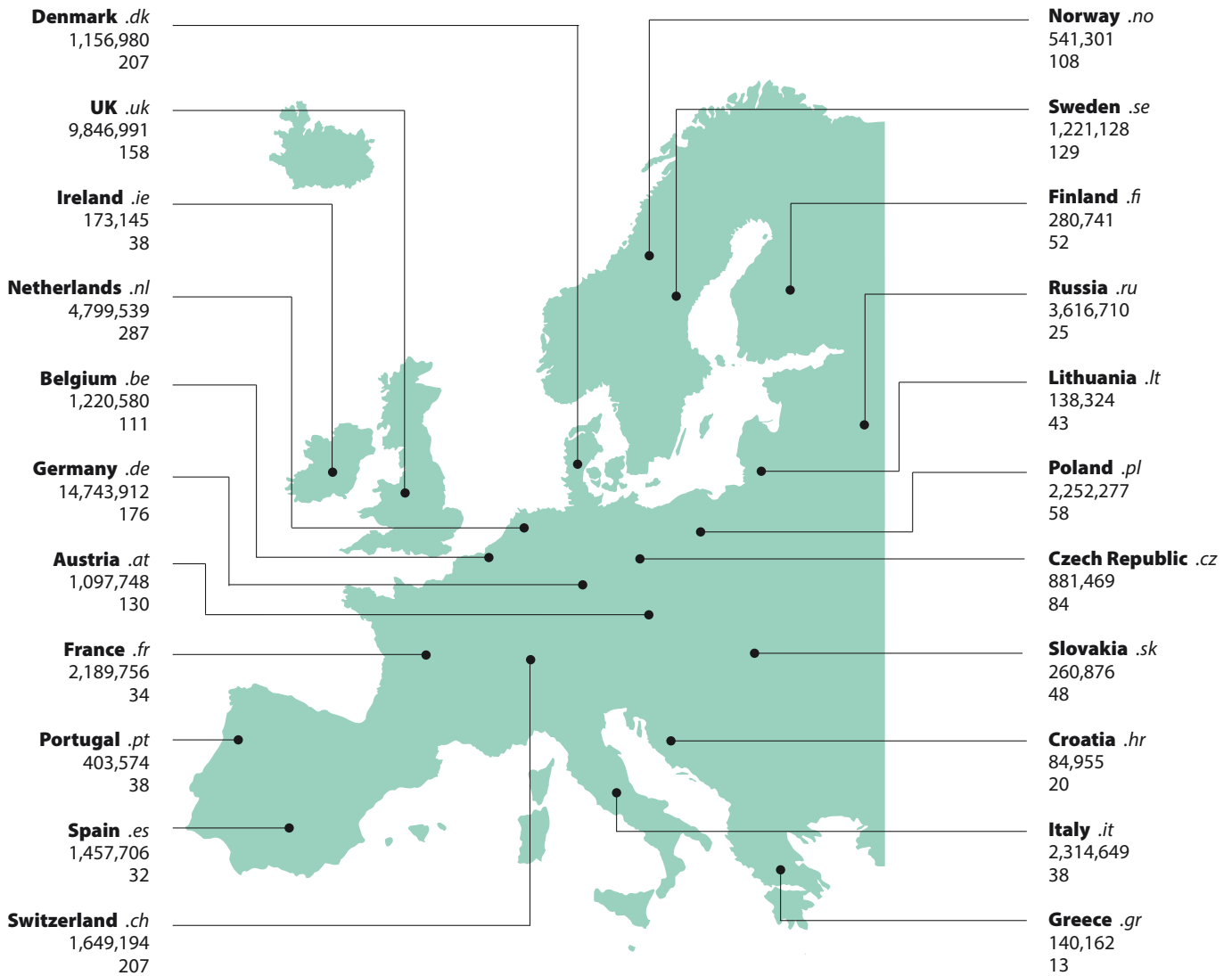


Our research shows that .ie domains accounted for approximately 42.8% of the Irish domain market at the end of 2011, up from 41.5% at the end of 2010. The number of .eu domains increased to 51,429 and .com domains increased to 123,194 or 12.7% and 30.5% respectively of the total estimated market at the end of 2011.

Comparisons of Ireland with European ccTLDs reveal a low volume of domain registration in absolute terms, particularly when compared with Scandinavian countries. Diagram 1 overleaf shows the number of local domains and the per capita figures at the end 2011, excluding .com and .eu etc. It shows on a per capita basis, at 38 local domains per 1,000 of population, that Ireland's ranking continues to improve towards a mid-table position. This ranking is partly explained by the structure and development of Ireland's Internet ecosystem.



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 63% of the Irish market followed by Munster with a 17% 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 with 43% of the total followed by Cork with 7.6% of the total. Rounding out the top five counties are Galway (4%), Kildare (3.7%) and Wicklow (3.2%).



Technical Services Review

The Technical Services Team expanded the .ie nameserver constellation in 2011, provided a DNSSEC test bed infrastructure, continued to operate the data escrow agreement and increased its participation and involvement in international fora.

High availability systems and services

The Technical Services Team successfully added a second data centre (Interxion) to the network infrastructure and 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 back-up location. 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. We expanded the 'Anycast' geographical coverage by adding NetNod, thereby improving the global footprint. IEDR 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.

Registry services

IEDR 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 added customer-facing systems and registry services to this architecture which can be delivered using fewer resources and over a shorter timeframe. The Technical Services Team continues to develop and deploy new and enhanced services for our customers using the web-based console and in May 2011 IEDR released the Java-based API upgrade for Registrars.

ENUM

Notwithstanding the absence of market demand for ENUM products or services, the team nevertheless continued with its ENUM market-development activities with regular meetings of its VoIP and ENUM working group in 2011. 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. Previously, the IEDR team had launched a number of initiatives to aid interconnection between specific service providers. These working group meetings in 2011 included presentations and tutorials from a number of international experts who provided information on the latest developments in VoIP security and ENUM services.

DNS infrastructure

The IEDR Domain Name System (DNS) infrastructure consists of a network of 59 nameserver locations around the globe, illustrated in Diagram 2 opposite. The lookup or resolution service for .ie domain queries is performed at all 59 nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to IEDR by the NetNod and Neustar networks. This 'Anycast' facility (illustrated in red/blue 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

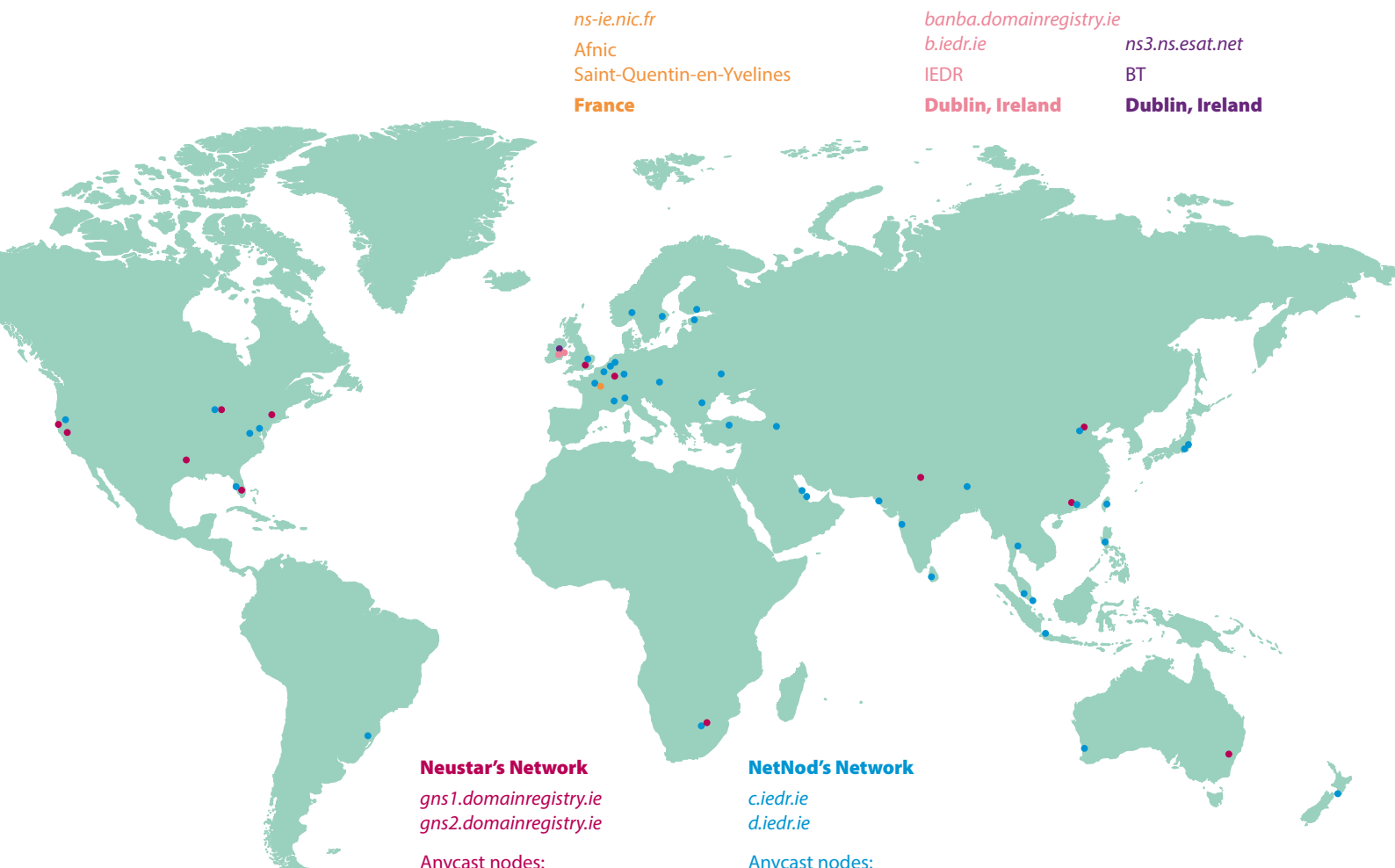
resolver for redundancy – to effectively distribute requests to a given location locally. For the .ie namespace, this means increased system efficiency, faster response times, reduced potential for outages, and increased resilience against deliberate or malicious attacks.

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 through the membership of organisations such as 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), the Irish Neutral Internet Exchange (INEX), RIPE and others.



Diagram 2: Security and stability Nameserver network



ns-ie.nic.fr
 Afnic
 Saint-Quentin-en-Yvelines
France

banba.domainregistry.ie
b.iedr.ie *ns3.ns.esat.net*
 IEDR BT
Dublin, Ireland **Dublin, Ireland**

Neustar's Network

gns1.domainregistry.ie
gns2.domainregistry.ie

Anycast nodes:

America

- Palo Alto, CA
- San Jose, CA
- Ashburn, VA
- Chicago, IL
- New York, NY
- Dallas, TX
- Miami, FL

Europe

- London, UK
- Luxembourg

Africa

- Johannesburg, South Africa

Middle East/Asia

- Noida, India
- Hong Kong, China
- Beijing, China

Australia

- Sydney, Australia

NetNod's Network

c.iedr.ie
d.iedr.ie

Anycast nodes:

America

- Porto Alegre, Brazil
- Chicago, IL
- Miami, FL
- Palo Alto, CA
- Washington, DC

Europe

- Amsterdam (2), The Netherlands
- Brussels, Belgium
- Bucharest, Romania
- Frankfurt, Germany
- Geneva, Switzerland
- Helsinki, Finland
- Oslo, Norway
- Kiev, Ukraine
- London, UK
- Milan, Italy
- Paris, France
- Stockholm, Sweden
- Tallin, Estonia
- Vienna, Austria

Africa

- Johannesburg, South Africa

Middle East/Asia

- Ankara, Turkey
- Bangkok, Thailand
- Beijing, China
- Colombo, Sri Lanka
- Doha, Qatar
- Hong Kong, China
- Jakarta, Indonesia
- Karachi, Pakistan
- Kuala Lumpur, Malaysia
- Manila, Philippines
- Mumbai, India
- Manama, Bahrain
- Singapore, Singapore
- Thimphu, Bhutan
- Taipei, Taiwan
- Tokyo (2), Japan
- Yerevan, Armenia

Oceania

- Perth, Australia
- Wellington, New Zealand

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 and DNS security extensions (DNSSEC)

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 and 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 interoperability 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.

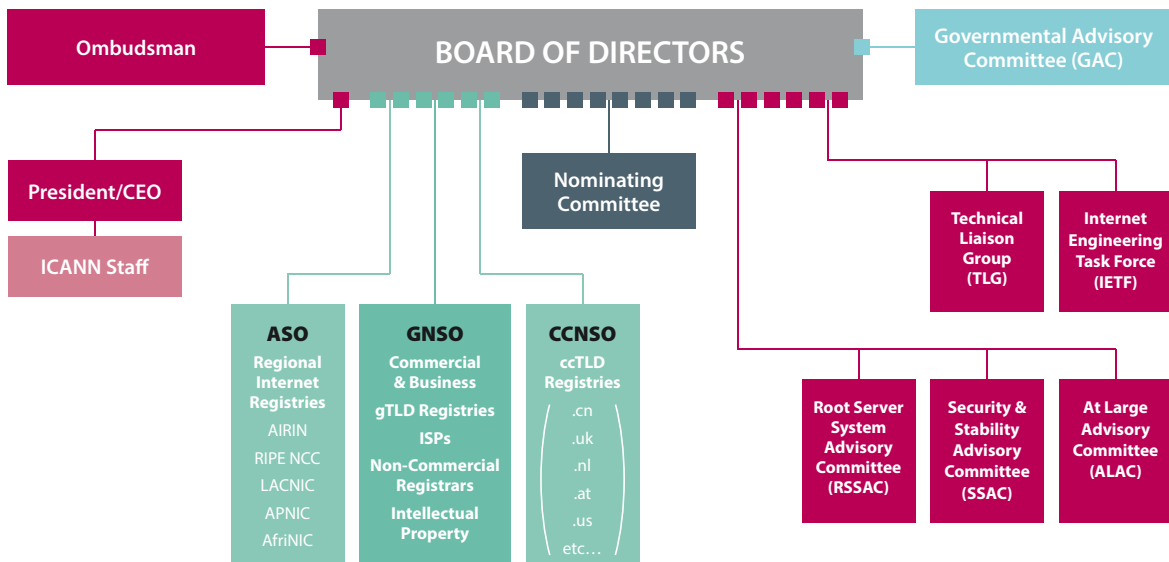
ICANN's website states "The Affirmation of Commitments completes a transition that started 11 years ago. When ICANN was created in 1998, with the assistance of the United States Government,

a memorandum of understanding (MOU) process was started with the objective of achieving a noble goal: the coordination 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



Source: <http://www.icann.org/en/about/>

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 coordinate 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 previously, 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).

Poland (.pl) and Luxembourg (.lu) joined subsequently, bringing the membership to 124 countries by year end of which 31 are from Europe. Ireland is not currently a member.

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.

There are currently 23 generic top-level domains (gTLDs), such as .com and .net. This is set to expand significantly with ICANN's decision in 2011 to allow new gTLDs, which followed an extensive industry consultation process on the application, evaluation, dispute resolution and contention procedures. Applications are expected for potentially hundreds of new gTLDs (the application period is open from 12 January to 27 April 2012). The first of these new gTLDs are expected to come online during 2013.

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: **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 6th annual IGF Meeting was held in Nairobi, Kenya in September 2011. The overall theme was: 'Internet as a Catalyst For Change: Access, Development, Freedoms and Innovation'.

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 2011:

- The IEDR launched 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 IEDR finalised its **Policy Development Process (PDP)** to give a policy voice to all stakeholders in the local Internet community.

- The IEDR continued to extend its generic joint promotional activities with its Registrar community and continued to develop the website, **www.why.ie**, as an information resource which emphasises the benefits of registering a .ie domain.



Donal O'Nuallain (IEDR) (left) and shortlisted students for the 2011 Junior Spiders Awards learn about the benefits of .ie at the IEDR exhibition stand.



IEDR CEO David Curtin and Finance & Operations Manager Angela Butler (centre) with the winners of the IEDR OPTIMISE eCommerce Website Development Fund 2011.

OPTIMISE Fund 2011

IEDR established and launched in 2011 the OPTIMISE Fund, a new eCommerce Website Development Fund aimed at Irish SMEs and micro enterprises. It provided a total fund of €100,000 of which ten successful applicants each received €10,000 worth of professional, technical and marketing support, enabling them to carry out a major, tangible eCommerce website upgrade. The upgrade provided recipients with the opportunity to sell goods and services 24/7 to a global marketplace online.

Over 100 applications were received for consideration by an independent judging panel which consisted of representatives from the Small Firms Association (SFA), Chambers Ireland and the Irish Internet Association (IIA). The initiative for the fund came from the publication of the IEDR's Domain Name Industry Report in 2010, which provided the first comprehensive review and analysis of the domain name market in Ireland, its place in the international market and highlighted action areas for policymakers.

The ten winners were announced at a presentation ceremony in September 2011 attended by guest of honour, An Tánaiste Eamon Gilmore T.D. at the official opening of the company's new office, in Dun Laoghaire. The successful applicants comprised both start-up and established businesses that operate across a range of sectors and markets. (For more information on the OPTIMISE Fund please visit www.why.ie/optimize).



Policy Development Process

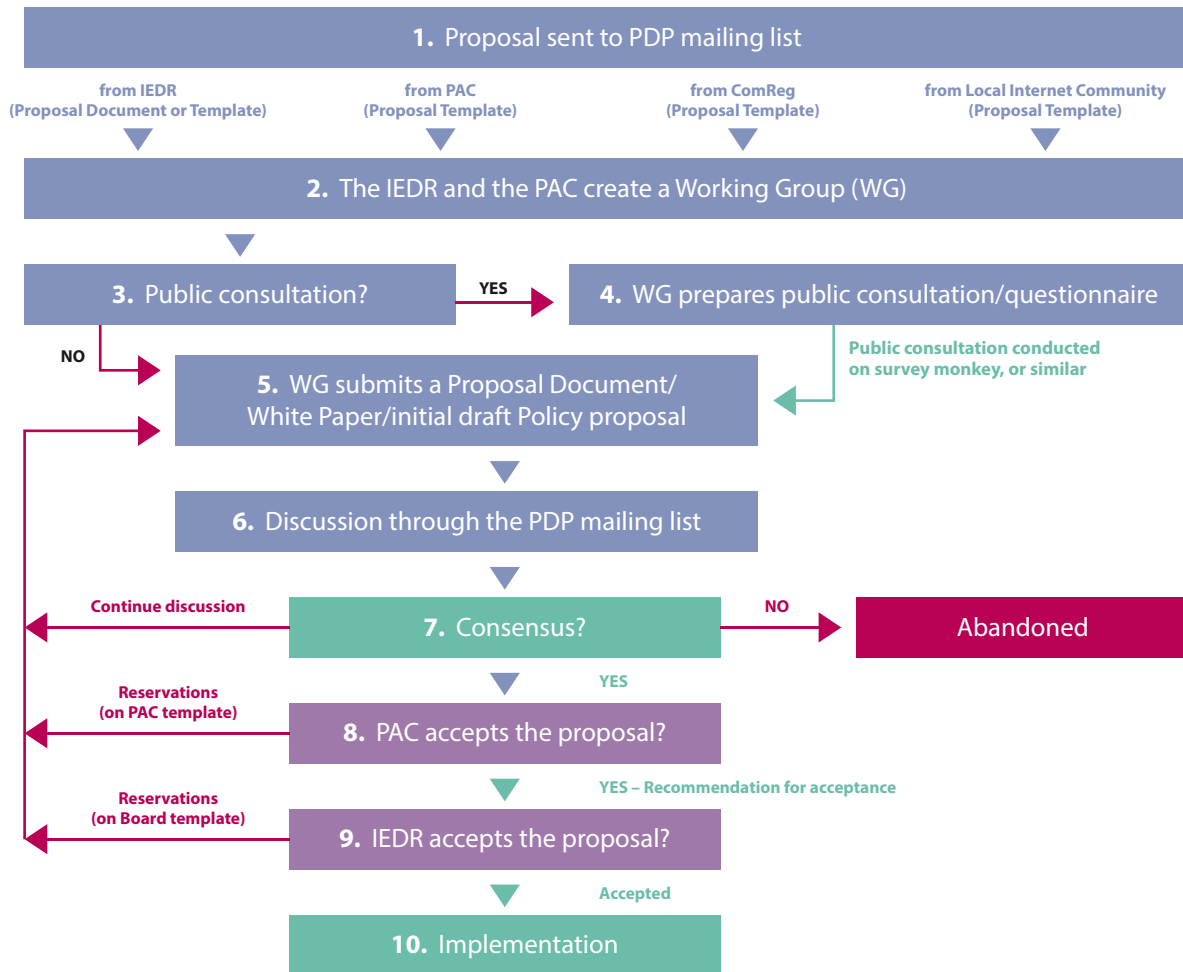
In July 2011 the company finalised the Policy Development Process after the formation of a working group of interested stakeholders. The objective of this initiative is to replace the informal process, which operated successfully for many years, with a formal process which would be consensus driven, transparent and allow for bottom-up proposals from the wider local Internet community.

The working group examined best practices in other international organisations and, following a number of iterations and rounds of consultation, developed the 10-step PDP model in Diagram 4.

With this PDP framework the IEDR looks forward to formalising its engagement with the Irish 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.

Diagram 4: The 10-step Policy Development Process (PDP) for the .ie namespace



Outreach and Promotion Review (continued)



David Curtin, CEO IEDR, presenting the IE Domain Registry Special Award to a student from Newbridge College at the BT Young Scientist Awards 2011.



David Curtin, CEO IEDR, with Junior Spider Grand Prix winner Lee Campbell, Presentation College, Carlow.



Irish Internet Association CEO Joan Mulvihill discusses the shortlist for the Dot.ie Net Visionary Awards 2011 with Angela Butler and Donal O'Nuallain from the IEDR and the judges of the awards.



Local eGovernment Award 2011 Winners – Westmeath County Council. From left to right Tánaiste Eamon Gilmore TD; David Curtin, CEO, IE Domain Registry; Kevin Monaghan, Head of Information Services and Liam Higgins, Project Leader with Westmeath County Council.

Supporting the Irish Internet community

Throughout 2011 the IEDR continued to support the Irish Internet community through a range of initiatives and sponsorships designed to promote the .ie namespace and encourage Internet usage. IEDR was the headline sponsor for the 2011 Dot.ie Net Visionary Awards run by the Irish Internet Association (IIA). IEDR also contributed to other Internet industry events such as The BT Young Scientist

Exhibition, the eGovernment Awards, the Digital Media Awards and the Junior and Senior Golden Spiders Awards.

The company publicly announced its support for a number of new campaigns designed to help micro businesses get online for the first time. The largest campaign called Getting Irish Business Online (GIBO) is a major initiative launched by Google together with Blacknight, An Post and County and City

Enterprise Boards. IEDR introduced a discounted promotional price for all new .ie registrations for the period from May to October 2011. The initiative was welcomed by Government and launched by An Taoiseach Enda Kenny TD to encourage Irish companies to get online. The initiative will provide businesses with an easy-to-use package on how to register and set up their first website using free, customisable website templates, with advice on business e-mail set-up.



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.

Following a competitive tender process in 2011 the auditors Duignan Carthy O'Neill were succeeded by BDO, who carried out the 2011 audit.

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. 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 2011 the company sponsored the eircom Golden Spiders events, the eGovernment Awards, the Digital Media Awards, IIA Congress, and was the headline sponsor of the Irish Internet Association (IIA) Net Visionary Awards.

The company was delighted to acknowledge the excellent work undertaken by students and sponsored the BT Young Scientist Exhibition for the first time.

The company provides free .ie domain names for over 3,800 registered charities. In cooperation with a number of its Registrars (see www.domainregistry.ie/CharityRegs), domains are provided free of charge to those organisations which are registered as charities with the Revenue Commissioners.

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 2011 €	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €	Year to 31 Dec 2008 €	Year to 31 Dec 2007 €
Registration revenue	2,661,821	2,564,755	2,336,937	2,516,880	2,343,111
Administration Expenses	(1,037,485)	(892,062)	(835,702)	(1,054,642)	(765,293)
Employment Costs	(1,199,603)	(1,147,874)	(922,012)	(871,581)	(830,778)
Depreciation	(66,766)	(127,980)	(151,563)	(156,717)	(75,226)
Regulatory Costs	-	185,800	(40,800)	(60,000)	(85,000)
Operating profit	357,967	582,639	386,860	373,940	586,814
Financial investment uplift/(impairment)	(33,933)	133,688	87,453	(584,707)	-
Interest income	96,793	63,018	45,034	59,907	20,107
Interest payable	-	-	-	-	-
Taxation	(71,824)	(87,973)	(70,155)	(71,633)	(83,212)
Profit/(Loss) after taxation	349,003	691,372	449,192	(222,493)	523,709
Balance Sheet	At 31 Dec 2011 €	At 31 Dec 2010 €	At 31 Dec 2009 €	At 31 Dec 2008 €	At 31 Dec 2007 €
Fixed Assets	93,490	49,395	150,589	215,196	104,346
Investments	1,652,601	1,686,504	1,552,816	1,465,363	2,050,070
Current Assets	3,355,304	2,983,379	2,322,975	1,912,340	1,336,854
Creditors <1 year, excluding Deferred Income	(361,843)	(245,320)	(406,571)	(578,513)	(306,245)
Deferred Income	(1,411,129)	(1,494,538)	(1,331,761)	(1,175,530)	(1,123,676)
Members' Funds	3,328,423	2,979,420	2,288,048	1,838,856	2,061,349
5 Year Summary – Registration Growth	Year to 31 Dec 2011	Year to 31 Dec 2010	Year to 31 Dec 2009	Year to 31 Dec 2008	Year to 31 Dec 2007
At 1 January	153,419	135,903	115,836	91,352	70,778
New Registrations	39,398	36,587	37,055	34,263	29,110
Less: Deletions/Non-renewals	(19,672)	(19,071)	(16,988)	(9,779)	(8,536)
Net Additions	19,726	17,516	20,067	24,484	20,574
At 31 December	173,145	153,419	135,903	115,836	91,352
Net Growth in year	12.9%	12.9%	17.3%	26.8%	29.1%
New Reg Growth	25.7%	26.9%	32.0%	37.5%	41.1%
Deletion rate	(12.8%)	(14.0%)	(14.7%)	(10.7%)	(12.1%)



Financial Statements

for the year ended 31 December 2011

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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

Secretary

Mr. Jim Joyce

Company Number

315315

Registered Office

4th Floor
 Harbour Square
 Dun Laoghaire
 Co. Dublin

Auditors

BDO

Beaux Lane House
 Mercer Street Lower
 Dublin 2

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 2011

The directors present their report and the financial statements for the year ended 31 December 2011.

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 €349,003 (2010 – €691,372).

Fair Review

From an operational perspective, 2011 was a satisfactory year of development and growth for the company. In consultation with industry stakeholders, the company developed and published a 10 step policy development process, which will facilitate the introduction of new services and initiatives. The company also launched the OPTIMISE Fund, which provided marketing and technical assistance to Irish SMEs and micro-businesses. This program was established in response to the findings of the company's inaugural Domain Name Industry Report in 2010, which identified a comparatively low level of e-commerce activity on SMEs' websites.

Turnover increased by 3.8 % due to positive volume growth, offset by a six-month price promotion for new registrations. The company reduced the prices of new registrations by 67%, in support of an industry-led promotional campaign designed to incentivise micro-businesses to establish a presence on the Internet. Volume growth in domains was again strong in 2011, at 26%. When non-renewals are considered, the net growth in the .ie namespace was 13%, which is satisfactory, considering the severe recession which continued to affect small and medium-sized companies in 2011. The volume growth is generated by the registrar sales channel, which accounts for over 99% of all new registrations. The .ie domain represents an approximate national market share of 43%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses increased by 16.2% from €1.98 million to €2.3 million. In 2010, the company recorded an exceptional credit in relation to monitoring and framework costs, as disclosed in note 2 to the financial statements. When this exceptional credit is excluded, the like-for-like administrative expenses decreased by 5.6%. Employment costs increased by 6.5% to €1.2 million due to personnel changes. Promotion, sponsorship, and advertising costs were in line with 2010 as the company continued its sponsorship of industry events and expanded its joint promotion with registrars of the .ie namespace.

The financial position of the company at 31 December 2011 is solid with adequate net cash funds of €3.2 million and Members' Funds of €3.3 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 light of the prevailing economic conditions. Accordingly a provision amounting to €584,707 was recorded in 2008, notwithstanding that the investments are for the long term, are in conservative managed funds and are diversified across three Irish Investment Managers. The provision increased by €33,933 in 2011 (2010 – reduced by €133,688) to €397,499 at 31 December 2011. The financial investments recovery in the three-year period to 31 December 2011 is reflected in the market value of €1,602,501 at year-end.

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 and the provision of a DNSSEC test infrastructure for interested stakeholders.

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.

Post Balance Sheet Events

There are no material post balance sheet events.

Directors and their Interests

In accordance with the Articles 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 Harbour Square, Dun Laoghaire, Co. Dublin.

Auditors

Following a competitive tender process, BDO were appointed as auditors by the directors and they have expressed 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

Director

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn

Date:

20 April 2012

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 2011 on pages 33 to 45, which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 independent 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 30. Our responsibility is to

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

We report to you 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 the Irish Statute comprising the Companies Acts, 1963 to 2009. We also report to you 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 company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 affairs of the company as at 31 December 2011 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009.

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

In our opinion the information given in the directors' report on pages 28 to 30 is consistent with the financial statements.

Teresa Morahan

For and on behalf of BDO

Dublin

Registered Auditors

AI223876

Date:

20 April 2012

Profit and Loss Account

for the year ended 31 December 2011

		Continuing Operations	
	Notes	2011 €	2010 €
Turnover		2,661,821	2,564,755
Administrative expenses		(2,303,854)	(1,982,116)
Operating profit	2	357,967	582,639
(Increase) / Decrease in provision for financial investment impairment	8	(33,933)	133,688
Interest income		96,793	63,018
Interest payable and similar charges	3	–	–
Profit on ordinary activities before taxation		420,827	779,345
Tax on profit on ordinary activities	6	(71,824)	(87,973)
Profit retained for the year		349,003	691,372
Profit and loss account at beginning of year			
Accumulated profit brought forward		2,979,420	2,288,048
Accumulated profit carried forward		3,328,423	2,979,420
Statement of total recognised gains and losses			
Total recognised gains/(losses) relating to the year		349,003	691,372
Total recognised gains/(losses) since last annual report		349,003	691,372

The financial statements were approved by the Board on 20 April 2012 and signed on its behalf by:-

Director

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn



Balance Sheet

as at 31 December 2011

	Notes	2011 €	2010 €
Fixed Assets			
Tangible assets	7	93,490	49,395
Financial assets	8	1,652,601	1,686,504
Current Assets			
Debtors	9	199,818	227,527
Cash at bank and in hand		3,155,486	2,755,852
		3,355,304	2,983,379
Creditors: amounts falling due within one year	10	(1,772,972)	(1,739,858)
Net Current Assets		1,582,332	1,243,521
Total Assets less Current Liabilities		3,328,423	2,979,420
Capital and Reserves			
Profit and loss account	11	3,328,423	2,979,420
Members' Funds	12	3,328,423	2,979,420

The financial statements were approved by the Board on 20 April 2012 and signed on its behalf by:-

Director

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn



Cash Flow Statement

for the year ended 31 December 2011

	Notes	2011 €	2010 €
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		357,967	582,639
Depreciation		66,766	127,980
Decrease / (Increase) in debtors		50,840	(178,440)
Increase / (Decrease) in creditors		46,084	(11,474)
Net cash inflow from operating activities		521,657	520,705
Cash Flow Statement			
Net cash inflow from operating activities		521,657	520,705
Returns on investments and servicing of finance	15	96,793	63,018
Taxation		(107,955)	(73,348)
Capital expenditure	15	(110,861)	(26,786)
		399,634	483,589
Financing	15	–	–
Increase in cash in the year		399,634	483,589
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	16	399,634	483,589
Net funds at 1 January		2,755,852	2,272,263
Net funds at 31 December		3,155,486	2,755,852



Notes to the Financial Statements

for the year ended 31 December 2011

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 statutes 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 2011. The company adopted a policy of deferring revenue for the first time in the year ended 31 December 2002. This results 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 2011.

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:

Leasehold Improvements	–	over the life of the underlying lease
Fixtures and Fittings	–	25% Straight Line
Computer Equipment	–	33% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment 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

	2011 €	2010 €
The operating profit is arrived at after charging:		
Depreciation and write-off of tangible assets	66,766	127,980
Auditors' remuneration – Audit	12,770	15,500
– Tax advisory services	2,010	1,760
Directors' remuneration	75,000	72,500
Secretarial fees	39,000	39,000
Monitoring and framework costs (ComReg)	–	(185,800)

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 was released in 2010.

3. Interest payable and similar charges

	2011 €	2010 €
On bank loans, overdrafts and other loans wholly repayable within five years	–	–
	–	–



Notes to the Financial Statements (continued)

for the year ended 31 December 2011

4. Employees

Number of employees

The average monthly numbers of employees during the year were:

	2011 Number	2010 Number
Administration	18	15

Employment costs

	2011 €	2010 €
Wages and salaries	1,063,668	1,020,774
Social security costs	100,573	92,215
Other pension costs	35,362	34,885
	1,199,603	1,147,874

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 €35,362 (2010 - €34,885).

6. Taxation

(a) Current year taxation

	2011 €	2010 €
Current year taxation		
Corporation tax on the profit for the year on Ordinary activities	70,000	88,679
Adjustment in respect of previous period	1,824	(706)
	71,824	87,973

**6. Taxation (continued)****(b) Factors affecting tax charge for year**

	2011 €	2010 €
Profit on ordinary activities before tax	420,827	779,345
Profit on ordinary activities multiplied by Standard rate of Corporation Tax in Ireland of 12.5%	52,603	97,418
Effects of:		
Expenses not allowable for tax purposes	154	152
Capital allowances for period greater than Depreciation	(2,978)	5,175
Deposit interest at higher rates of taxation	13,710	6,395
General provisions not allowed for tax purposes	2,269	(3,750)
Provision for financial investment impairment unrealised, so not allowable for tax purposes	4,242	(16,711)
Current tax charge for year (Note 6(a))	70,000	88,679

7. Tangible assets

	Leasehold Improvements €	Computer Equipment €	Fixtures and Fittings €	Total €
Cost:				
At 1 January 2011	–	669,754	46,420	716,174
Additions	53,354	44,182	13,325	110,861
Write-out of retired assets	–	(67,954)	(41,880)	(109,834)
Disposals	–	–	–	–
At 31 December 2011	53,354	645,982	17,865	717,201
Depreciation:				
At 1 January 2011	–	625,426	41,353	666,779
Charge for the year	10,671	50,102	5,993	66,766
Write-out of retired assets	–	(67,954)	(41,880)	(109,834)
Disposals	–	–	–	–
At 31 December 2011	10,671	607,574	5,466	623,711
Net book values				
At 31 December 2011	42,683	38,408	12,399	93,490
At 31 December 2010	–	44,328	5,067	49,395

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 2011(2010: Nil).



Notes to the Financial Statements (continued)

for the year ended 31 December 2011

8. Financial assets

	Note	2011 €	2010 €
Other financial investments	(a)	1,602,501	1,636,434
Shares in subsidiary undertakings	(b)	50,100	50,070
		1,652,601	1,686,504

(a) Other financial investments

	Unlisted €	Total €
Cost:		
At 1 January 2011 and 31 December 2011	2,000,000	2,000,000
Amounts provided:		
At 1 January 2011	(363,566)	(363,566)
Arising during year	(33,933)	(33,933)
At 31 December 2011	397,499	397,499
Net Book Value:		
At 31 December 2011	1,602,501	1,602,501
At 31 December 2010	1,636,434	1,636,434

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 2011 was €1,602,501 (2010 - €1,636,434). In accordance with the accounting policy for Other financial investments outlined in Note 1.8, a provision for impairment amounting to €397,499 has been recorded at 31 December 2011, being an increase of €33,933 from 2010. 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.

8. Financial assets (continued)

(b) Shares in subsidiary undertakings

The company acquired 30 Ordinary shares in IENUM Limited on 23 December 2011 for €30 being the total nominal value of the shares acquired. The company holds 100% of the share capital of the following companies:-

Name of subsidiary	Country of registration or incorporation	Shares held class	Principal Activity
IENUM Limited	Ireland	Ordinary and Preference	ENUM Registry
.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

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 December 2011 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 2011, except for IENUM Limited which is stated at cost.



Notes to the Financial Statements (continued)

for the year ended 31 December 2011

9. Debtors: amounts falling due within one year

	Note	2011 €	2010 €
Trade debtors		76,341	86,836
Price rebates to customers	(a)	–	(73,237)
Trade debtors less price rebates to customers		76,341	13,599
Corporation tax recoverable		23,131	–
VAT recoverable		–	10,046
Prepayments and accrued income		100,346	203,882
		199,818	227,527

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

10. Creditors: amounts falling due within one year

	Note	2011 €	2010 €
Trade creditors		98,319	99,944
Other creditors		134,647	80,741
Corporation tax payable		–	13,000
Other taxes and social security costs		44,700	–
Accruals		84,177	51,635
Deferred income	(a)	1,411,129	1,494,538
		1,772,972	1,739,858
Other taxes and social security costs include:		€	€
PAYE & PRSI		–	–
VAT		44,700	–
		44,700	–

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

**11. Reserves**

	Profit and loss account €	Total €
At 31 December 2010	2,979,420	2,979,420
Profit for the year	349,003	349,003
At 31 December 2011	3,328,423	3,328,423

12. Reconciliation of movements in Members' Funds

	2011 €	2010 €
Profit for the year	349,003	691,372
At 1 January	2,979,420	2,288,048
At 31 December	3,328,423	2,979,420

13. Guarantee**Parent Company Guarantee**

On 18 December 2006 the company's 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 €16,325 incurred during the year ended 31 December 2011 (2010 €20,664) have been charged in the company's profit and loss account.

At the end of the initial five-year term of the Agreement, the shareholders of IENUM Limited agreed that IPA would discontinue its involvement in the joint-venture and accordingly, by agreement between the parties and the company, the 2006 Shareholder Agreement was terminated from the effective date, 30 December 2011. Internet Privatstiftung Austria (IPA) was released from its Guarantee in favour of ComReg. At 31 December 2011, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited, with effect from 30 December 2011.



Notes to the Financial Statements (continued)

for the year ended 31 December 2011

14. Commitments

Operating lease commitments

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

	Premises 2011 €	Premises 2010 €
Expiring:		
Within one year	–	–
Between two and five years	160,320	–
More than five years	–	–
	160,320	–

Capital commitments

The company has no capital commitments at 31 December 2011 (2010 - €nil).

15. Gross cash flows

	2011 €	2010 €
Returns on investments and servicing of finance		
Interest received	96,793	63,018
Capital expenditure and financial investment		
Payments to acquire tangible assets	110,861	26,786
Payments to acquire shares in subsidiary undertakings	–	–
	110,861	26,786
Financing	–	–



16. Analysis of changes in net funds

	Opening balance €	Cash flow €	Closing balance €
Cash at bank and in hand	5,879	20,701	26,580
Deposit accounts	2,749,973	378,933	3,128,906
Net funds	2,755,852	399,634	3,155,486

17. Post balance sheet events

There are no material post balance sheet events.

18. Contingent liabilities

There are no contingent liabilities at 31 December 2011.

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. Six of the seven directors and the Company Secretary are the members.

21. Approval of financial statements

The financial statements were approved by the Board on 20 April 2012 and signed on its behalf by:-

Director

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn

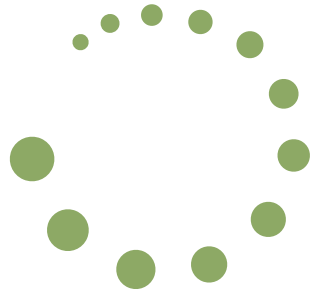
Date:

20 April 2012

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