



**Confidence
Through
Traceability**

IRELAND'S DOMAIN
REGISTRY



IEDR ANNUAL REPORT & REVIEW 2013

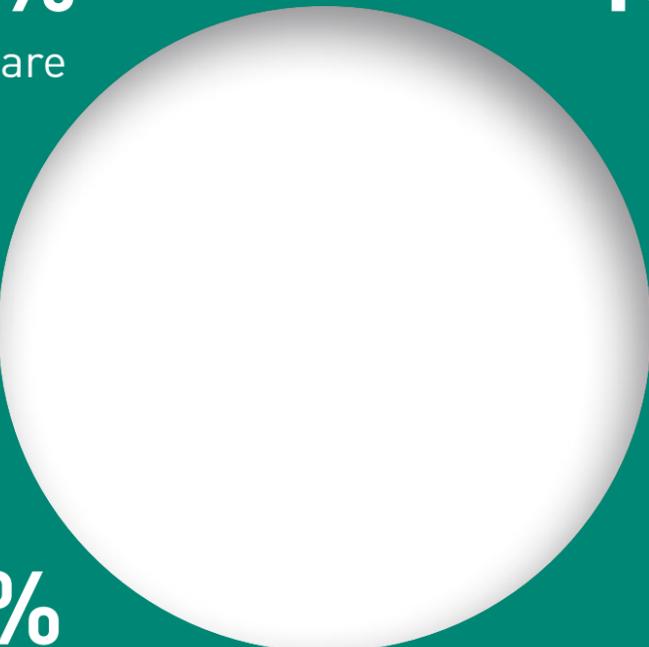


Identifiably Irish...

€3.9m
Members' Funds

47.9%
Market share

187,269
Database of .ie
domain names



85.1%
Renewal rates

32,154
New .ie
registrations

**2013
Key Figures**



**Identifiably
Irish...**

A .ie domain name makes you
or your company instantly
recognisable.

It tells the global community
you are Irish and tells the Irish
community you are local.

Contents

- 2 Performance Highlights 2013
- 3 Chairman's Statement
- 4 Mission, Vision, Values and Strategic Priorities
- 6 Report from the Chief Executive

Governance Section

- 10 Board of Directors and Management
- 12 Corporate Governance
- 13 The Audit Committee
- 14 Internet Governance
- 17 Corporate Social Responsibility (CSR)

Business and Market Review

- 19 Registration Services Review
- 24 Technical Services Review
- 28 Outreach and Promotion Review
- 31 International Market Review
- 34 Five Year Summary
- 53 Glossary of Terms

Financial Statements

- 36 Company Information
- 36 Directors' Report
- 39 Independent Auditors' Report
- 40 Profit and Loss Account
- 41 Balance Sheet
- 42 Cash Flow Statement
- 43 Notes to the Financial Statements

Performance Highlights 2013

Extract from the audited Financial Statements

Profit and Loss

	Year to 31 Dec 2013 €	Year to 31 Dec 2012 €
Registration revenue	2,587,526	2,603,799
Administration costs	(991,860)	(1,243,677)
Employment costs	(1,274,261)	(1,199,101)
Depreciation	(190,406)	(89,683)
Operating profit	130,999	71,338
Financial investment impairment – decrease in provision	144,504	142,984
Interest income	59,674	106,384
Interest payable	0	0
Taxation	(36,000)	(38,000)
Profit after taxation	299,177	282,706

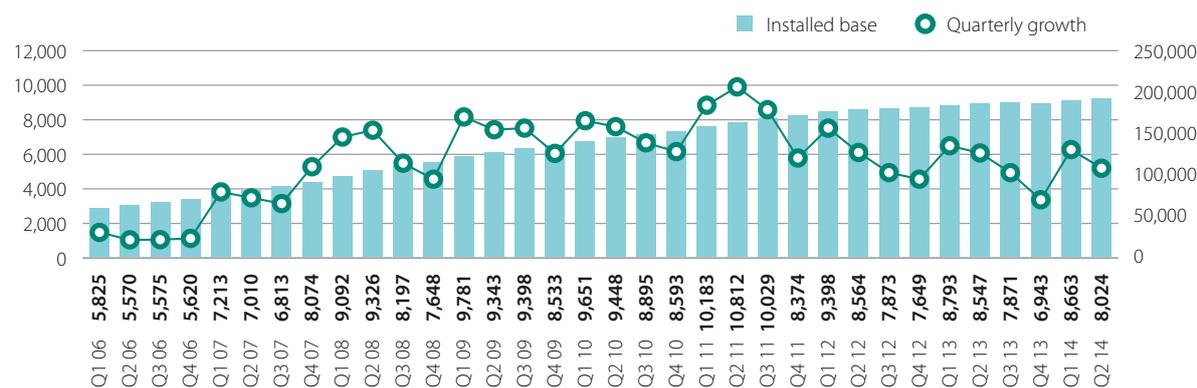
Balance Sheet

	At 31 Dec 2013 €	At 31 Dec 2012 €
Fixed Assets	199,451	148,043
Investments	1,940,089	1,795,585
Current Assets	4,077,512	3,689,614
Creditors < 1 year, excluding Deferred Income	(645,586)	(629,491)
Deferred Income	(1,661,160)	(1,392,622)
Members' Funds	3,910,306	3,611,129

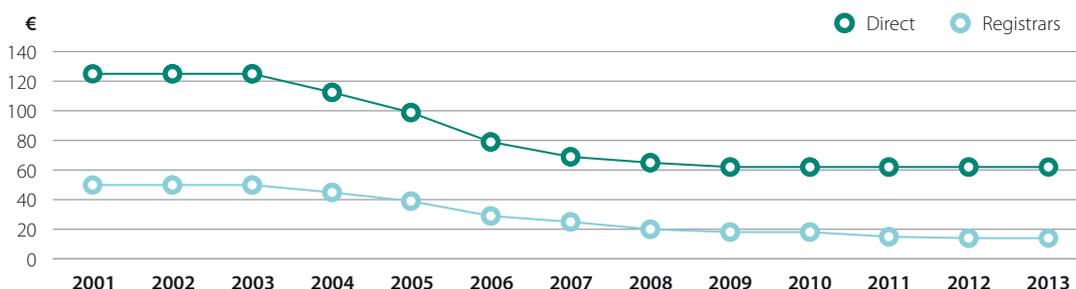
Cash Flow

	Year to 31 Dec 2013 €	Year to 31 Dec 2012 €
Net cash inflow from operating activities	710,716	341,845
Increase in cash in the year	447,266	293,466

.ie domains – installed base and quarterly growth



Price of a .ie domain on 1 January each year



Chairman's Statement



The business and economic environment remained difficult in 2013 but IE Domain Registry continued to grow, albeit at a slower pace than we have been accustomed to. We had over 32,000 new .ie registrations offset by 27,000 cancellations, many of which would have been temporary registrations for special events. There were 187,269 .ie domains registered at end 2013, a net growth over the year of 2.7%. As the economic situation improves,

there is every reason to expect that there will be increased scope for continued growth – the ever expanding reach of the Internet and IEDR's premium offering gives me great confidence in our prospects in this regard.

While, as a company limited by guarantee providing a public service, profit is not our primary motive, we operate on a fully commercial basis and aim to manage our finances so as to maintain our capital strength in line with the size of the business. We have no other source of funds. On registration income of €2.6m, we recorded an operating profit of €130,999 in 2013, with a corresponding increase in Members' Funds to almost €4 million at year end. As before, our primary financial objective is to manage the Company in a prudent manner in the interest of our stakeholders.

I referred last year to the proposal by ICANN, the organisation responsible for technical co-ordination of the Internet, to authorise a large number of new generic domains. This proposal was pushed ahead in 2013 with the first new generic domains being authorised and commencing operation. The competition facing national domains is, therefore, set to increase cumulatively as the authorisation of new domains continues. At the same time, we remain in direct competition with the international domain names, .com, .eu, .info., etc., all of which have considerable benefits of economies of scale. However, while there is absolutely no room for complacency, it is encouraging that IE Domain Registry still achieved an increase in market share in 2013 and currently has an estimated 48% of the market. We will be competing strongly to maintain our leading position, taking full advantage of our managed domain offering, which is unique in the market. Unlike other domain names, we establish the entitlement of applicants for .ie, which, while it involves some extra processing, has many benefits for the customer, including the virtual elimination of cybersquatting.

I also referred last year to the prevalence of attacks on the Internet by hackers and other intruders. Internationally, this continues to be a matter of great concern and network operators are in a non-stop battle to counter illegal interference with the network and to maintain network security. I am glad to report that IE Domain Registry had no unplanned outages in 2013. We also invested in improvements in our technology

and operational processes specifically aimed at security enhancement. However, this is an area where one can never be less than unceasingly vigilant.

In addition to managing .ie, IE Domain Registry also sees itself as having a general responsibility for promoting the use of the Internet in Ireland, particularly in the business sphere. In this connection, it is pleasing to note that the Company's "OPTIMISE" programme had its third successful year in 2013. This programme is designed to provide practical assistance to firms in the SME sector in using the Internet in the efficient operation and development of their businesses. A large number of firms in the SME sector have benefited from the programme over the past three years and we are continuing with it in 2014.

The .ie domain name is a national resource. It may seem like a cliché but, nevertheless, it is the core value of IE Domain Registry that we work for our stakeholders and, specifically, we regard as a key objective the balancing of the rights, responsibilities, and obligations of our stakeholders. Our relationships with our stakeholders have traditionally been excellent and, as I write, we are taking an initiative to further strengthen the partnership by inviting stakeholders to participate in a new Policy Advisory Committee to assist the Board by advising on policy developments in the Company. I expect this to be up and running later this year. We depend in particular on our accredited Registrars in the marketing and promotion of .ie and we partner with them in initiatives designed to grow the .ie database. I must also acknowledge the close working relationships, in particular in regard to technical developments and service improvements, which we have with the industry associations, which have been unfailingly supportive of .ie. I also thank the industry regulator, ComReg, and the Department of Communications, Energy and Natural Resources for their assistance during the year.

On behalf of the Board of Directors, I would like to express appreciation of the work of the Chief Executive, David Curtin, and his team in serving the requirements of the Irish Internet community to the best of their ability. For my own part, I have the assistance of a committed and talented group of Directors, who make my tasks of operational oversight and policy development so much easier.

In short, IE Domain Registry had a successful year in 2013, both operationally and financially. We are well placed to take advantage of an improving economy to maintain, indeed hopefully to accelerate, our progress. I can assure our friends in the Irish Internet community that we will remain focussed on the areas of service integrity, financial prudence, technical development, and good governance needed to ensure this.

Professor J.O. Scanlan
Chairman of the Board

30 May 2014

Mission

Our mission is to provide unique identifiable Irish domain names, and registry and related services, to the local and international Internet community.

Vision

Our vision is that the .ie domain name will continue to be recognised globally as representing Ireland's presence on the Internet with high levels of stability, safety and resilience.

Values

- Fairness, Equity and Transparency in our dealings with Registrars and stakeholders
- Integrity, Corporate Governance and Ethical Values
- Enthusiasm, Dedication and Pride in serving the local Internet community.

To achieve annual new growth rates greater than our competitors (.com/new TLDs) with .ie retention rates comparable to similar ccTLDs.

To maintain profitability and balance sheet integrity to ensure the company's ability to enhance .ie stability, safety and resilience through re-investment.

Strategic Priorities

To focus on the needs and requirements of customers in continuously improving existing services and infrastructure.

To deliver on our customer service, technical, statutory and other obligations as the active Registry Operator for the .ie namespace in Ireland.

To contribute to the development of Internet usage and uptake through active involvement and engagement with the community.

Report from the Chief Executive



Irish SMEs continue to confound the critics by remaining off-line, when their customers are online in their millions and buying online from abroad. ¹CSO statistics indicate that three quarters of online spending goes abroad – at a time when ²UPC research shows that Irish consumers would buy Irish, if a local website was available. In response, IEDR recognises the need to inform and build awareness among SMEs about the benefits of having a .ie address and being identifiably Irish online.

Guided by our vision for the .ie domain namespace, the Management Team continues to focus on the Company's strategic priorities of volume growth, reinvestment of financial resources, continuous improvement in customer services, delivering on obligations as the Active Registry Operator and contributing to the development of Internet usage and uptake in Ireland.

Operational review

From an operational perspective, 2013 was an important year, as significant work was completed in laying the foundations for future net growth. Process improvements in 2013 will facilitate economies of scale through increased automation while improved technical processes will enable faster delivery of new services for customers. Although there is a continuing slowdown in net growth compared to previous years, the top line growth of the opening installed base of domains, of almost 18%, illustrates the high demand for .ie addresses. In response, the Company launched co-funded marketing initiatives with Registrars and supported SMEs by expanding the OPTIMISE Fund. Registry operations were again profitable and cash-generative and IEDR ended the year in a very strong financial position, with €3.9m in Members' Funds and €5.9m in liquid funds and investments.

New registrations of 32,154 in 2013 decreased by 4% when compared to the same period in 2012 (33,484), a satisfactory outcome given the national context of a slow recovery from a major recession. This growth was offset by 27,169 non-renewals or deletions which were 11.6% higher than 2012 (24,345), giving a net increase of 4,985 (2.73%) in the database by the end of 2013. This growth, generated almost totally by the continuous efforts of IEDR's accredited Registrar community, reflects external factors such as a maturing Internet ecosystem with websites for new online businesses, products or services, offset by increased use of mobile and social media for small businesses' promotions. The Company continued its work in 2013 to promote excellence in website functionality, design and e-commerce through sponsorships and direct funding.

The growth curve (see Performance Highlights on page 2) illustrates that new quarterly growth peaked at almost 11,000 in quarter two 2011. This reflects the digital divide and the poor economic conditions impacting SMEs and their businesses, but mirrors activity in the sector across Europe. The 14.9% level of non-renewals/deletions is similar to 2012 (14.1%) reflecting shorter domain life-cycles, as domains are increasingly used for the promotion of one-off events and campaigns. On a positive note, this level of non-renewals is very low by international standards where non-renewal rates can be over 30%.

1 CSO Statistical Yearbook 2013.

2 UPC Report on Ireland's Digital Future.

During 2013, the Company continued to implement the agreed reporting framework with the submission of quarterly reports to ComReg. There was no progress in 2013 on the Company's application to ICANN for the re-delegation of the .ie ccTLD to IEDR, which was submitted in February 2011, accompanied by letters of support from stakeholders in the local Internet community. In order to complete the re-delegation request ICANN will need a letter of support from the Irish government. The Department of Communications, Energy and Natural Resources is considering the matter.

Financial review

Turnover, representing the deferred income released in 2013, remained constant at €2.59 million (2012 – €2.6 million). While the invoiced value of registration fees increased, reflecting new growth in 2013, an increasing proportion is accounted for by multiyear registrations and renewals. Accordingly, the deferred revenue on the balance sheet increased by 19.3% in 2013, to €1.66 million (2012 – €1.39 million). Volume growth in domains was again strong in 2013, at 17.6%. When non-renewals are considered, the net growth in the .ie namespace was 2.7%, which is satisfactory, considering the ongoing recession which continued to affect Irish small and medium-sized companies in 2013. 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 48%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses decreased by 3% from €2.53 million to €2.46 million. Employment costs increased by 6% in 2013 to €1.28 million reflecting staff turnover, maternity cover and new recruitment, with average employee numbers increasing from 17 to 18 in the year. Depreciation increased to €0.2 million reflecting the company's investments in mission critical applications and services for customers. The decrease in administration costs is explained by a once-off credit in 2013. Promotion, sponsorship, and advertising costs decreased by 8% in 2013 although the company continued its sponsorship of industry events, its joint promotion with Registrars of the .ie namespace and expanded the OPTIMISE Fund which assists SMEs and micro-businesses to develop and e-commerce enable their .ie websites.

The market value of the Company's financial investments increased by over 15% to €2.03m (2012 – €1.77m) continuing the gradual recovery since the 2008 global stock markets collapse. However, in accordance with the accounting policy the value of other financial investments is shown at cost less provision for impairment in value €1.89m (2012 – €1.75m). The investment impairment provision decreased by €144,504 in 2013 (2012 – €142,984) to €110,011 at 31 December 2013.

The financial position of the Company at 31 December 2013 is solid. Members' Funds increased by 8.3% from €3.6 million at December 2012 to €3.9 million at the end of December 2013. Cash and cash equivalents amounted to €5.93 million including €2.03 million invested with multiple investment managers.

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

Continuous improvements review

As part of the continuous improvement process the Company redesigned its longstanding business processes, thereby reducing the domain renewal cycle, streamlining the payment and invoicing process for new registrations/transfers and providing deterministic deletion dates for non-renewed domains.

The redesigned web-based console and automated interfaces, launched in November 2013, continue to provide full transparency of all transactions with IEDR. Registrars continue to 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 Technical Services Team improved the infrastructure in preparation for the business process change. In addition, there were many incremental improvements in aligning with best industry practices, in particular to protect against ongoing and new external threats, thereby ensuring the stability, safety and resilience of the .ie domain.

Report from the Chief Executive (continued)

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 incident occurring at the Registry. This is an added layer of security and protection for registrants of .ie domain names.

Ongoing research indicates the need to encourage small Irish businesses to come online for the first time. Accordingly, the company has financially supported its Registrars in promoting their website builder services, recognising that businesses only indirectly need .ie domain names (surveys confirm that the main reason is for website and email purposes). 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, a matter which IEDR will continue to address through its ongoing outreach and promotion programme, and in collaboration with industry peers.

Outlook for 2014

On the international front, the Company continues to monitor developments impacting ccTLD registries, in particular the expansion of the global namespace by up to one thousand new gTLDs over twelve months. While these new top level domains will undoubtedly result in innovation and accelerated growth in the global domain name market, the potential for cybersquatters represents a challenge for brand managers, trademark and patent holders and the owners of intellectual property rights.

Nationally, new registration growth in quarter one 2014 was in line with quarter one 2013, while the rate of non-renewed domains decreased to 11%. To encourage net growth we will continue to assist the .ie Registrar community by sharing pre-approved costs of Registrars' promotional activities to support their sales and marketing activities.

In technical terms, the Company remains ready to implement technologies and products such as IDN and DNSSEC when there is a positive indication of national market interest. We will maintain our ongoing investment in the resilience and stability 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

30 May 2014



Our vision is that the .ie domain name will continue to be recognised globally as representing Ireland's presence on the Internet with demonstrated higher levels of stability, safety and resilience.

Board of 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 founding member and co-ordinator of the European Knowledge Transfer Society. Until recently he was 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 and is a founding member and former Chairperson of the Irish Internet Association.

▲ Audit committee member.

● Banking committee member.

**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's educational qualifications include a Diploma in Business Strategy from the IMI and an MA in International Relations from DCU.

**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 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 Director of Sonru.com, an online video interviewing company. He is an experienced Internet industry entrepreneur who founded Interactive Return in 1998. His most recent role was as CEO of the Irish Internet Association. He has published four books including; '10 Online Marketing and Search Engine Essentials' and '10 Technologies Every Executive Should Know'. Fergal holds an Honours Degree in Electronic Engineering from DIT, Kevin Street, Dublin. He has been a member of 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**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.

Corporate Governance

Corporate governance is a key focus of the Board of Directors and Management at IEDR as it directs the philosophy, practices, culture and overall success of the Company.

IE Domain Registry Limited (IEDR) is an independent, not-for-profit organisation, limited by guarantee and is therefore not required to comply with the provisions of Corporate Governance Codes. However, the IEDR Board of Directors is committed to ensuring that best practice Corporate Governance operates throughout the Company and, accordingly, the Board has adopted and applied provisions of the codes beyond what would normally be regarded as practical, relevant and appropriate for a Company of IEDR's size and nature.

The Company's unitary Board of Directors is comprised of seven independent Non-Executive Directors, supported by two sub-committees; the Audit Committee and the Banking Committee. Directors are appointed initially to the Board for a three year term; thereafter Directors can seek re-election for a further three year term. At the end of a continuous term of six years Directors are required to retire and re-election can only be sought after a break in service of three years.

The Board of Directors meets six times per annum to consider a range of Company matters, including reviewing the management accounts, monitoring registration and non-renewal rates, discussing strategy and agreeing on the future direction of the Company. The Board also receives regular updates, including between meetings if necessary, on a range of matters including business, financial, legal, regulatory and corporate affairs.

The IEDR Chairman ensures that the Non-Executive Directors are appointed to the Board from a range of different professional backgrounds. This ensures Board diversity which in turn means that the Board can reach out more effectively to the broader stakeholder groups. Diversity of the Board ensures a better understanding of the different requirements of each stakeholder.

The IEDR Chairman is responsible for ensuring that all Non-Executive Directors have the necessary knowledge and experience required to discharge their responsibilities. Appraisal of the Board's performance is an important control, aimed at improving Board effectiveness, maximising strengths and tackling weaknesses.

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 were very complimentary of the high standards of Corporate Governance at IEDR.

Directors' responsibilities

The Board of Directors is the custodian of the Company's values and its long term vision; the Board also provides strategic direction and guidance for the Company.

The Directors of the Company carry out their fiduciary responsibilities in accordance with the best practice Corporate Governance codes and principles. 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 2013. 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. Other material financial decisions reserved for Board approval include investments, capital projects and any bank borrowing facilities.

The Directors are also responsible for other tasks including, monitoring the Chief Executive Officer, overseeing strategy, monitoring risks, control systems and governance, monitoring the human capital aspect of the Company, specifically, succession planning, training and remuneration, managing potential conflicts of interest and ensuring that there is effective communication throughout the Company.

The Audit Committee

The Company's Audit Committee is responsible to the Board of Directors for the co-ordination and oversight of the financial reporting process, the external audit function, the system of internal financial controls, regulatory compliance and all matters in relation to the legal integrity of the Company.

The Audit Committee operates under written terms of reference agreed by the Board which are reviewed on a regular basis. The Audit Committee is appointed by the Board from among the Non-Executive Directors of the Company and consists of not less than three members, at least one of whom has the "relevant financial experience". The Chairman of the Committee is Mr Mark Dobbyn who is a Fellow of the Institute of Chartered Accountants in Ireland.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It also may seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee has the authority to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.



Statement from the Audit Committee Chairman

IEDR operates in a challenging environment, particularly with regard to economic, reputational, technical and regulatory factors. With the arrival of up to one thousand

new global domain extensions into the Irish marketplace, the competitive pressures on the Company are set to increase significantly.

The role of the Audit Committee is important in reviewing the effectiveness of the Company's internal controls to provide assurance on the Company's financial reporting process and compliance with all legal and regulatory requirements. The Committee will continue to keep the risk management and internal control framework under review to ensure the integrity of the financial reporting process in the changing environment.

The duties and key responsibilities of the Committee are:

- to consider the appointment of the external auditors, to make recommendations to the Board about the audit fee and any questions of resignation or dismissal.
- to discuss with the external auditors before the audit commences the nature and scope of the audit and to review the audit plan.
- to review the annual financial statements before submission to the Board and focus on:
 - critical accounting policies and decisions requiring a significant element of judgement and any changes in accounting policies and practices
 - compliance with accounting standards, legal requirements and regulations
 - major judgmental areas and major or unusual transactions and how they are disclosed
 - Company policy and practice with regard to insurance and investment risk mitigation and controls
 - significant adjustments to the financial statements as a result of the external audit
 - any problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where appropriate)
- to review the external auditor's management letter and management's response.
- to keep under review the effectiveness of internal control systems.
- to report to the Board of Directors on how it has discharged its responsibilities.

It is the Committee's view that during the year it has discharged its duties and key responsibilities.

Mark Dobbyn

Chairman of the Audit Committee

30 May 2014

Internet Governance

No one person, company, organisation or government runs the Internet.

“Internet governance is conducted by a decentralized and international multi-stakeholder network of interconnected autonomous groups drawing from civil society, the private sector, governments, the academic and research communities, and national and international organizations. They work cooperatively from their respective roles to create shared policies and standards that maintain the Internet’s global interoperability for the public good.” Source: Internet Corporation for Assigned Names and Numbers (ICANN).

The infographic below attempts to illustrate this complexity by way of an Internet Governance map. Two organisations have a prominent role and are worthy of note: ICANN and the IGF.

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 main theme for the 8th annual IGF meeting in 2013 was: ‘Building bridges-enhancing multi-stakeholder co-operation for growth and sustainable development’.

Internet Corporation for Assigned Names and Numbers (ICANN)

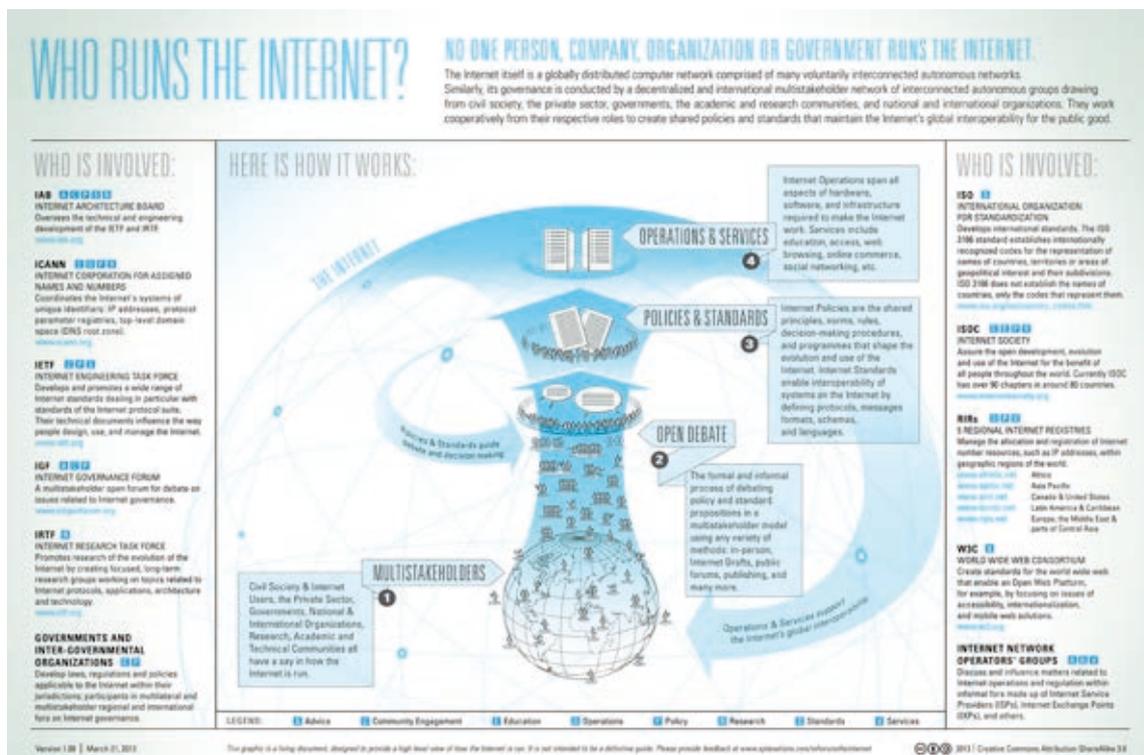
ICANN is responsible for the technical interoperability of the Internet, in particular for managing and coordinating the Domain Name System (DNS) to ensure that every address is unique and that all users of the Internet can find all valid addresses.

ICANN was created in 1998 and took a major step forward in 2009 in securing its independence from the US Department of Commerce when it signed the Affirmation of Commitments.

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.

Governments across the globe can participate via the Government Advisory Committee (GAC). The GAC role in ICANN was clarified in the Affirmation of Commitments in 2009. In Ireland, Internet Governance is not yet formalised to reflect the international structures. Irish officials do not participate in the IGF or in the ICANN GAC.

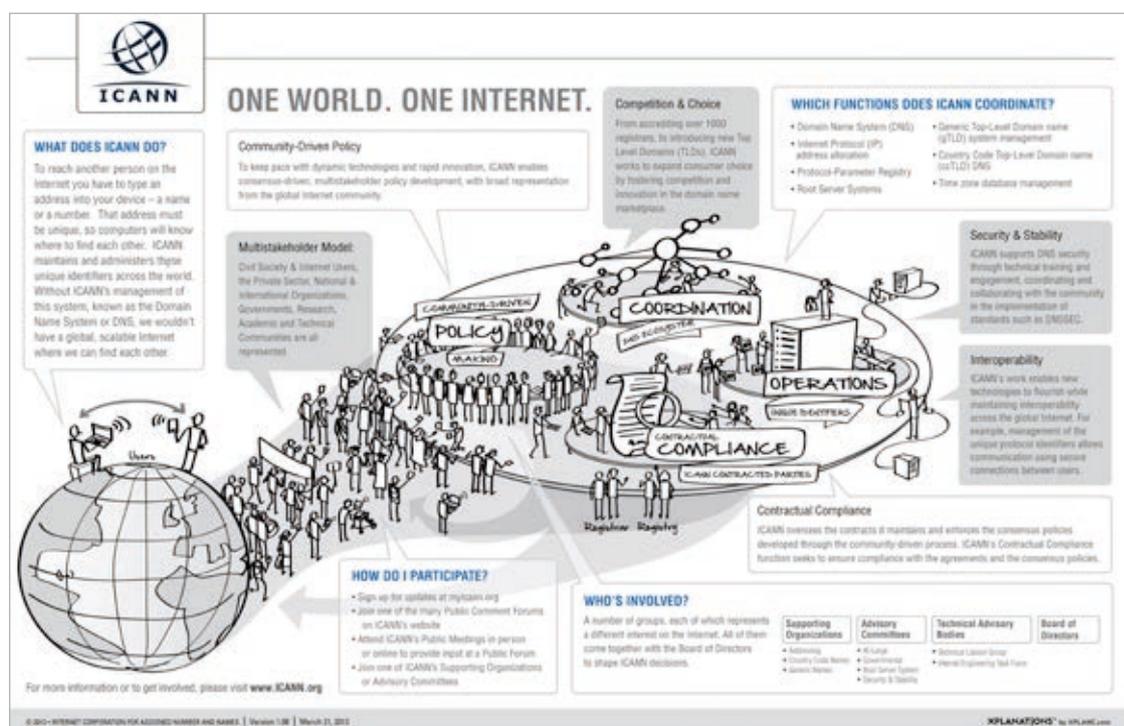
Internet Governance map



In addition to the GAC, there are a range of other committees representing the global Internet stakeholders, and who provide advice and recommendations to the ICANN Board of Directors. From IEDR's perspective an important committee is the Council of the country code Names Supporting Organisation (ccNSO). IEDR can attend the ccNSO meetings and events, but cannot vote as the required mandates are not yet in place. 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. It is also a forum to nurture consensus, technical cooperation and skill building among ccTLDs and facilitates the development of voluntary best practices for ccTLD managers.

ICANN ecosystem map



IEDR mirrors the international multi-stakeholder philosophy and principles within its structures and has adopted a bottom-up, consensus driven, consultative approach to matters of policy impacting on the .ie namespace. The 10-step Policy Development Process (PDP) was formalised in 2011 and provides for the active participation and involvement of a Policy Advisory Committee (PAC) – see <https://www.iedr.ie/p30/policy-development/>. The terms of reference of the PAC have been drafted and agreed and the committee will shortly commence its activities. Its mandate is to advise the Board of IEDR on matters of policy and its implementation.

The legislative framework in Ireland is well developed. The Communications Regulation (Amendment) Act, 2007 came into force in 2007. This 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 inter alia, 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.

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

Our mission

is to provide unique
identifiably Irish domain
names, and registry and
related services, to the
local and international
Internet community.

Corporate Social Responsibility (CSR)

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

IEDR recognises the importance of engagement through active communication and feedback from the Company's internal and external stakeholders. One core value of the Company is fairness, equity and transparency in all our dealings with our stakeholders, including our customers (Registrars), domain holders (registrants), employees of the Company and the local Internet community.

Registrars, registrants and the local Internet community

Through its membership and sponsorship of industry awards and events, the Company provides a modest level of financial support to the local Internet community. In 2013, the Company sponsored the Digital Media Awards and was again this year the headline sponsor of the Irish Internet Association (IIA) dot.ie Net Visionary Awards. The Company was delighted to acknowledge the excellent work undertaken by students and was a sponsor of the BT Young Scientist and Technology Exhibition for the third year.

In 2011 the Company established the IEDR e-Commerce Website Development Fund (OPTIMISE), aimed at micro, small and medium indigenous enterprises. The financial support to these stakeholders was offered again in 2013 to a further twenty .ie website owners who benefited from practical consultation and subsequent implementation of e-commerce enabled facilities to their websites.

In 2012 the Company established a Co-Funded Marketing initiative aimed at providing financial assistance to our customers (Registrars) in their efforts to promote the .ie namespace. The fund provides financial assistance from IEDR of up to 50% of the marketing costs incurred by the Registrars in this respect. The financial support to Registrars was offered again in 2013.

In relation to Irish Charities, IEDR has provided free .ie domain name registrations to 4,818 registered charities, in co-operation with a number of our accredited Registrars (see: <https://www.iedr.ie/p30/charity-policy>). Domain names are provided free of charge to those organisations which are registered as charities holding a valid CHY number with the Revenue Commissioners.

Employees

The Company endeavours to be a good employer in all respects. The Company's Staff Handbook sets out the HR policies and procedures, with each employee being provided with a copy as part of their induction when they join the Company. The Staff Handbook also includes whistle-blower provisions providing direct lines of communication to Board members. The Company operates a pension scheme for the benefit of all full-time employees. The Company also has a Safety Statement in accordance with the relevant legislation.

Environmental awareness

IEDR strives to reduce its carbon footprint by adopting some of the principles of Green IT. This is apparent from the high availability initiatives in our data centre whereby we have 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. In addition, as part of IEDR's continuous acknowledgment of the need to sustain natural resources, employees implement the Company's recycling policy in the appropriate manner.

In 2013, with the advent of the new Core Registry System (CRS), IEDR now sends electronic copies of all invoices to customers, with hardcopies being available on request.

Internal Operations Team



Confidence
Through
Traceability

IRELAND'S DOMAIN
REGISTRY



Back row, l to r: Robin Spiteri, Billy Glynn, Indresh Yadav, Mario Kral, Brian Taite, Mick Geraghty, Paul Duffy, Andrew Connolly, Alan Finneran, Donal O Nuallain. **Front Row, l to r:** Angela Butler, Paul Shortt, Elena Koustova, Emmanuelle Balme, Mick Begley, David Curtin, Ellen Brickley, Roisin King, Sandra Santo. Not pictured: Ciara Conlon, Veronica Ruddy, Marcelo Altmann.

Internal Operations

Based in Dun Laoghaire, Co Dublin, IEDR has a total of 22 staff members; this includes the CEO: David Curtin who is supported by a management team of two: Business Operations Manager, Angela Butler and Technical Services Manager, Mick Begley.

Business Operations

Accounting and Finance

The Finance Team has three members (Brian Taite – Registrar Service Administrator, Emmanuelle Balme – Accounts Assistant and Veronica Ruddy – Assistant Accountant). The Finance Team provides accounting services and financial support to the company and its customers. (Note: Elena Koustova is currently covering Veronica Ruddy who is out on maternity leave).

Registration Services (RS)

The Registration Services Team has three members (Paul Shortt – RS Supervisor, Ellen Brickley – RS Administrator and Sandra Santo – RS Administrator) The RS Team 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.

Outreach and Promotion

Donal O Nuallain looks after the Company's outreach initiatives and working with our accredited Registrars to promote the .ie namespace.

Business Development

Andrew Connolly works with our existing accredited Registrars on business development and growth opportunities. Alan Finneran looks after future business development working on outreach and expanding the Registrar base.

Technical Services

Application, Support and Development (ASD)

ASD has four team members (Robin Spiteri – ASD, Marcelo Altmann – DB Administrator, Mario Kral – Quality Assurance and Ciara Conlon – Quality Assurance). ASD are responsible for the ongoing

support of numerous applications and tools and developing and implementing new or upgraded solutions. (Note, Indresh Yadav is currently covering Ciara Conlon who is out on maternity leave).

Network Operations Centre (NOC)

The NOC Team has three members (Paul Duffy, Roisin King and Mick Geraghty). NOC manage, control and monitor IEDR networks and infrastructure. The overall function is to maintain optimal network operations across a variety of platforms, mediums and communications channels.

Research

Billy Glynn works as the Company's Principal Researcher helping to create a comprehensive knowledge base of technical developments.

Registration Services Review

The Registration Services Team is responsible for authenticating new registrations, processing requests for transfers, authorising domain modifications and ensuring the efficiency of the automated self-service systems which enable customers to manage their .ie domain portfolios. The team handled over 32,000 new registration requests during 2013.

IEDR operates a managed registry model whereby new registrants are required to authenticate a claim to the domain name required by them. Authentication of claims ensures that only those who have a claim to a particular .ie domain name have the right to register it. It also ensures that the Registry knows the particulars of who is behind each website address registered on the .ie database. This is what gives the .ie namespace its integrity, and makes it identifiably Irish for all who use it. This contrasts somewhat with other gTLD registry models like .com or .eu which do not have the same restrictions or verification checks which underpin the managed registry model.

As a direct consequence of the verification checks carried out at the point of registration, the .ie namespace has fewer intellectual property disputes, less cybercrime or cybersquatting and minimal incidences of credit card fraud. There is also little evidence of illegal, explicit or immoral content appearing on .ie websites. IEDR co-operates fully with law enforcement agencies, regulatory bodies and the relevant authorities in this matter, in the public interest. The managed registry model operated in Ireland ensures that such interventions are minimal.

At the end of 2013 the total number of domains in the .ie database was 193,107. The database is 187,269 when suspended domains are excluded. Newly registered domain names in the year were 32,154. The continued additions of newly registered domains means that more Irish people now have a .ie web address. The estimated domain name market in Ireland indicates that the .ie namespace represents 47.9% of the Irish market and is a strong indicator of Ireland's growing online population and preference for a namespace which stands for Irish identity in a global online environment.

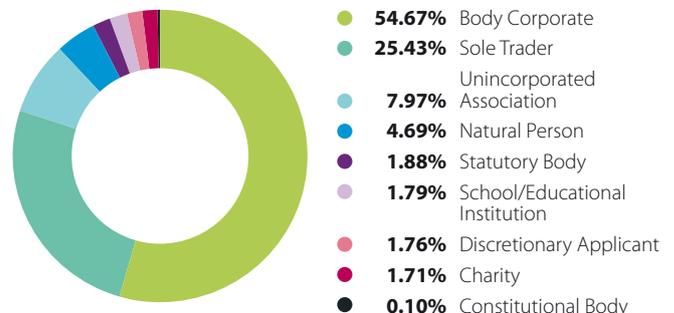
Class and category of domains registered in the .ie database

The .ie database records information on the different domain names being registered; this is represented by nine different classes of registrant and eleven

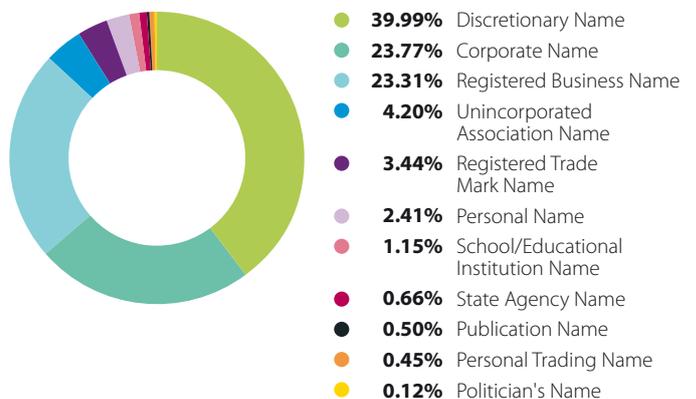
different categories of domain name registered. Chart 1 represents the class of registrant and the category of domain name being registered. Table 1 brings both sets of data together into a matrix format and affirms that the business sector continues to be the largest class of registrant with body corporates at 54.67% (2012 – 55.24%) and sole traders at 25.43% (2012 – 25.74%). Corporate and business names account for just under half of all categories of domains names registered.

Chart 1: Total .ie domains registered at 31 December 2013

By Class of registrant



By Category of .ie Domain Name Registered



Registration Services Review (continued)

**Table 1: All .ie domain names registered at 31 December 2013
Analysed by class of registrant and category of .ie domain name registered**

Category of .ie domain name	Class of registrant										As % of Total
	Body Corporate (LTD, PLC, Company)	Charity	Constitutional Body	Discretionary Applicant	Natural Person	School/Educational Institution	Sole Trader	Statutory Body	Unincorporated Association	Total	
Discretionary Name	43,058	2,162	70	3,401	4,089	1,218	17,081	2,283	3,864	77,226	39.99%
Corporate Name	45,657	232	–	–	1	–	–	–	–	45,890	23.77%
Registered Business Name	10,053	16	–	–	–	–	30,797	–	4,139	45,005	23.31%
Unincorporated Association Name	–	852	–	–	–	–	–	–	7,257	8,109	4.20%
Registered Trade Mark Name	6,232	2	4	–	86	14	220	18	73	6,649	3.44%
Personal Name	–	–	–	–	4,659	–	–	–	–	4,659	2.41%
School/Educational Institution Name	–	27	–	–	–	2,201	–	–	–	2,228	1.15%
State Agency Name	–	4	36	–	–	–	–	1,237	–	1,277	0.66%
Publication Name	567	5	80	–	–	26	145	87	53	963	0.50%
Personal Trading Name	–	–	–	–	–	–	875	–	–	875	0.45%
Politician's Name	–	–	–	–	226	–	–	–	–	226	0.12%
Grand Total	105,567	3,300	190	3,401	9,061	3,459	49,118	3,625	15,386	193,107	100.00%
As a % of Total	54.67%	1.71%	0.10%	1.76%	4.69%	1.79%	25.43%	1.88%	7.97%	100.00%	

Geographical analysis of the .ie database

The following series of charts (2, 3 and 4) represent the geographical breakdown by province, by county and by registration density per county of the .ie database at 31 December 2013. The analysis is based on registrants' postal addresses. Chart 2 represents the provincial analysis which shows that the highest concentration of domains registered, 63%, is in Leinster, followed by Munster at 17%. It is interesting to note that International registrants are 9% of the total. The fact that Ulster represents only 4% of the .ie database could be a consequence of the .co.uk extension being the dominant extension in this province.

Chart 2: Provincial profile of registrants

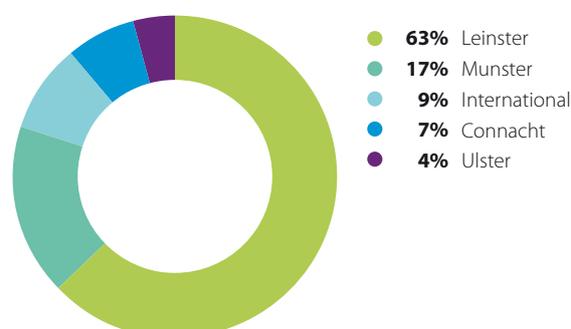


Chart 3: County profile of registrants

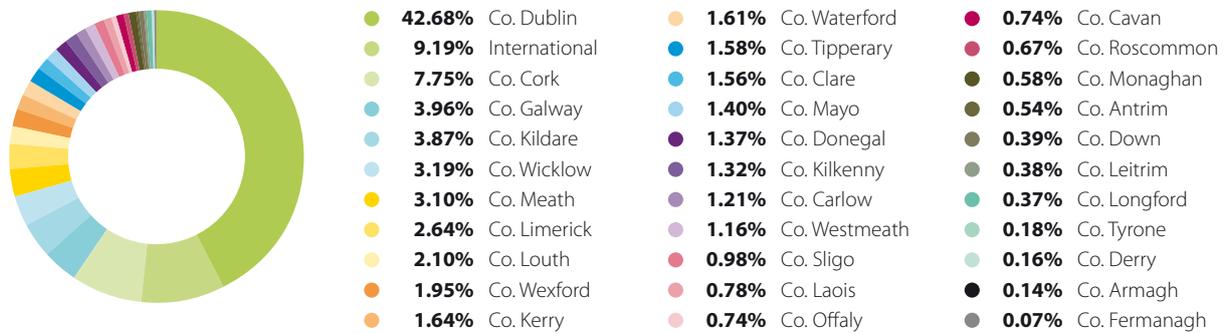


Chart 3 above analyses the .ie database on a county by county basis. The county with the largest number of domain names registered is Dublin at 82,433 followed by Cork at 14,974, representing 42.68% and 7.75% respectively of total domains in the .ie database. Galway, Kildare, Wicklow and Meath complete the top five counties and collectively account for 65% of all .ie

domains registered. .ie has a low penetration rate in the province of Ulster, where the 6 counties combined account for only 1.48% with Co. Fermanagh having the lowest uptake rate of any county at only 0.07%.

As part of IEDR's continued outreach and promotion programme, we intend to raise awareness of the .ie brand, and its benefits to Irish businesses countrywide.

Chart 4: Density of registrations by county

Profile of registrants by county for Dublin and Cork

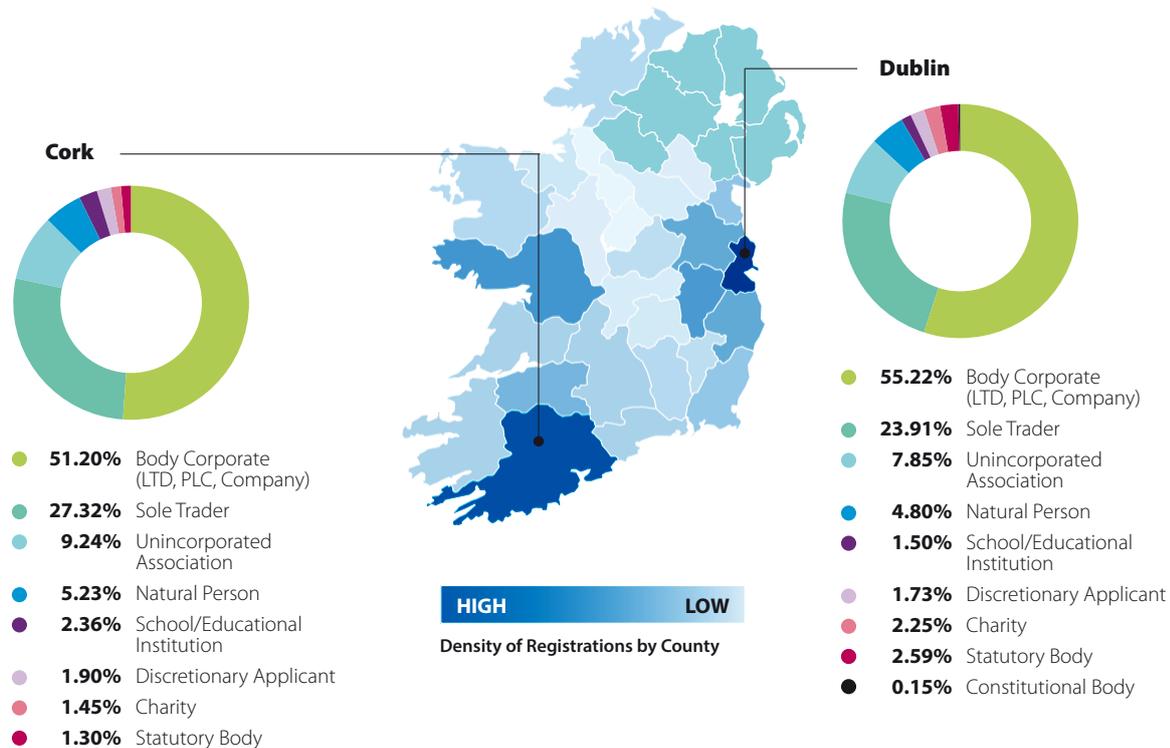


Chart 4 above represents the class of registrants for both Dublin and Cork. It shows that the majority of registrants in both counties are primarily Body Corporates and Sole Traders.

Registration Services Review (continued)

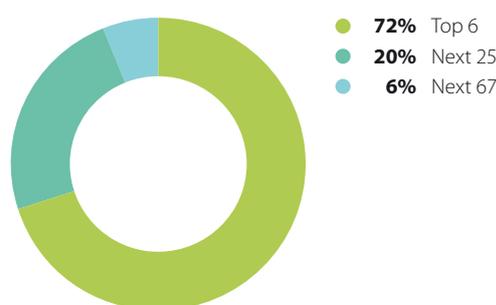
.ie accredited Registrar community

An accredited .ie Registrar is a company authorised to act as agent for registrants (customers) who require a .ie web address. They are usually hosting providers who 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 (hosting, email, storage etc.) usually for an ongoing monthly fee. Links to all .ie accredited Registrars' websites can be found on the IEDR website at www.iedr.ie/registrars.

At the end of 2013, IEDR had 98 accredited Registrars, who account for 98% of all domain names registered in the database. The top 6 accredited Registrars (i.e. those with more than 5,000 domains) and the top 31 (i.e. those with more than 500 domains) account for 72% and 92% respectively of the entire .ie database. Direct registrants (i.e. those customers who do not register via an accredited Registrar) account for only 2% of the database.

The total new registrations for 2013 was 32,154. The Registrar community generated over 99% of these registrations with the top 5 accounting for 26,671 (83%).

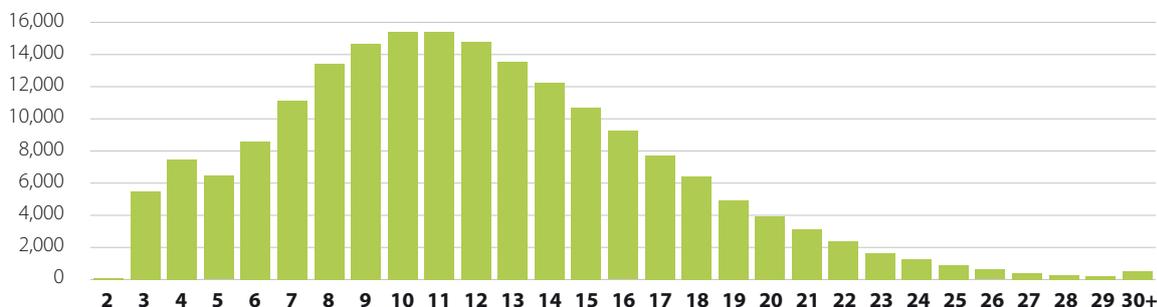
Chart 5: accredited Registrars – concentration of market share December 2013



Interesting .ie domain name fact

An analysis of .ie domain names by the length of their name shows that the majority of .ie domains are between 9 and 12 characters in length. Chart 6 below shows the distribution of .ie domain names by the number of characters at 31 December 2013. There were 117 domains which were two characters long and 15,408 domains with 10 characters. The longest registered .ie domain name, with 54 characters, is www.lithuanian-and-russian-translation-and-language-school.ie.

Chart 6: Analysis of .ie domain names at 31 December 2013 by number of characters



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
 Instra Corporation Pty Ltd
 Irish Domains
 iSeek
 Letshost.ie
 LGCSB
 Lucidity Technologies
 Magnet Business
 Melbourne IT Limited
 Myhost.ie
 Names Co Ireland/Register 365
 Safenames
 Silk Web Design
 Spiral Hosting
 Switchmedia
 UTV Internet
 Web World
 Webhost.ie
 Webtrade

Table B²

1 API
 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
 DomainNameShop
 Domain Services Rotterdam
 Electriclinks
 Equinix eBusiness Solutions
 eTailor
 FBI
 Fusio
 HEAnet
 IEG Design
 Insight Internet
 Interfusion Networks Limited
 InterNetX GmbH
 Interpoint Technology
 iPLANIT
 Irish Broadband
 Jenerate Ltd
 Just Perfect IT
 Kerna Communications
 Kildare Web Services
 Mister.ie
 Modata
 Netim
 Nuasoft Web Design
 OVH
 PeWeb.NL
 Progress Systems
 Red Rhino Web Design
 Register.it
 Reid Networks
 Rivertower
 SitesToGo
 Stormweb
 Strencom
 Techstore
 TecSupport Hosting
 The Design Pool
 The Net
 Tibus
 TSG
 VC Computers
 Web Cloud ICT
 Web solutions ApS
 Webfactory
 Weblink
 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.

Technical Services Review

The main focus for the Technical Services Team in 2013 was to implement the Company's Business Process Redesign project. The Company's objective was a fundamental rethink, and major redesign of its current business processes. The new improved Core Registry System (CRS) was released to our customers in November 2013.

High availability systems and services

The Technical Services Team manages and maintains the Company's high availability systems and infrastructure, spread across two data centres (Interxion and TelectyGroup), a business continuity recovery site and the Company's headquarters in Dublin. The Business Continuity/Disaster Recovery plans (BCP/DR) were redrafted in 2013 to align with the new business processes. An independent third party review of the updates, together with invocation and testing will be completed in 2014.

During the year the Technical Services Team also improved monitoring across all systems, implemented additional connections to the datacentre, enabling the introduction of IPV6 over Border Gateway Patrol (BGP). The team also applied a new backup solution to enhance the performance and stability of the database.

Registry services

IEDR carried out a detailed analysis of its current business processes, leading to a fundamental rethink, and major redesign of the Company's workflows and Core Registry System (CRS), the Java-based centralised and extensible registry system (originally launched in 2009). The new improved Core Registry System (CRS) was launched in November 2013, delivering, extensive automation to key batch processes that perform non-renewal process tasks and invoicing. Security was paramount in relation to the new business process redesign, as such 2 Factor Authentication (2FA), and IP whitelisting were implemented as part of the login requirements on the Console and API applications.

Continuous improvements

One of the key objectives for the Technical Services Team is to align the Company's systems, controls and procedures with ISO27001; this will ensure that the Company adopts best practice methodologies and provides an effective management system that will enhance stakeholder

confidence when assessing the Company's ability to adequately protect its information assets. During the year the team were familiarised with ISO27001 requirements and work began on incorporating these requirements into our current Information Security Management System (ISMS).

Improvements were made to the Company's change management procedures by integrating a change management interface to our existing issue and tracking software. This will provide a clear view of decision points and approvals within change.

DNS infrastructure

The IEDR Domain Name System (DNS) infrastructure consists of a network of 55 nameserver locations around the globe, illustrated in Diagram 1 opposite. The lookup or resolution service for .ie domain queries is performed at all 55 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 1) 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 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.

Diagram 1: Security and stability Nameserver network



In February 2013 IEDR removed the Banba.domainregistry.ie nameserver from UCD's datacentre, thereby removing the server dependency on UCD. The addition of an INEX nameserver added resiliency in that systems were decoupled from a higher-risk academic network and coupled with a national Internet Exchange Point (IXP) with multiple redundant peering arrangements over IPv4 and IPv6.

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, implementers 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.

Partners in Keeping Ireland Online

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

Founded in 1996, INEX is a neutral, industry-owned Association 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".

DNS-OARC

The DNS Operations, Analysis, and Research Center (DNS-OARC) brings together key operators, implementers, and researchers on a trusted platform so they can coordinate responses to attacks and other concerns, share information and learn together.

DNS-OARC has five key functions: information sharing, operational characterisation, holding workshops, analysis, and providing tools and DNS services.

DNS-OARC members include TLD operators, implementers such as ISC (BIND), NL NetLabs, researchers and security organisations.

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.

Our registration

requirements ensure that we can trace the owner of a .ie website. This gives confidence to Irish businesses and their consumers using a .ie website.

Outreach and Promotion Review

IEDR's Outreach and Promotion programme in 2013 continued to support its stakeholders and the Internet community in Ireland through a range of initiatives and sponsorships specifically designed to promote the benefits of the .ie namespace and encourage Internet usage more widely.

OPTIMISE – the IEDR e-Commerce Website Development Fund



OPTIMISE, IEDR's e-Commerce Website Development Fund, was set up in 2011 to provide Irish Small and Medium Enterprises (SMEs) and

Micro Enterprises with professional consultation, practical training and e-commerce development. The programme works to encourage and enable its winners to make greater use of existing web technologies and upgrade to an e-commerce enabled website. This initiative is designed to help drive Irish businesses' efforts online and, in 2013, it was awarded to 20 Irish SMEs and

Micro Enterprises, a total of 45 since its inception. The 20 successful recipients of this year's fund will receive e-tools and know-how to 'optimise' their existing website and grow their business via the Internet. Some of the key issues facing the businesses taking part in the Fund were a lack of resources and a deficiency of knowledge about utilising online methods to help grow their business. IEDR works closely with its selected partners (Elucidate, a leading online strategy development and implementation company and Software Design, a company dedicated to the provision of professional software design and development services) who deliver the service requirements of the OPTIMISE Fund on IEDR's behalf. (For more information on the OPTIMISE Fund please visit: <https://iedr.ie/optimize>).

OPTIMISE 2013 Closing Ceremony



Guest of honour, Pat Rabbitte T.D. addresses OPTIMISE winners and industry stakeholders gathered at the closing ceremony for OPTIMISE 2013.



Congratulating one of the 2013 OPTIMISE winners, Niall Hill of The Butler's Pantry are Minister Pat Rabbitte, T.D. and David Curtin, CEO of IEDR.



Communications Minister Pat Rabbitte, T.D., congratulates OPTIMISE winner Helen Meade (www.killowen.ie) together with Giovanni Ponzi (Blacknight) and Angela Butler, Business Operations Manager, IEDR.



Communications Minister Pat Rabbitte T.D., presents OPTIMISE winner Kaye Mulrooney (www.seavite.ie) with her certificate, together with Pádraig Conneely, Mayor of Galway and Angela Butler, Business Operations Manager, IEDR.

Co-Funded Marketing Programme



IEDR ran a Co-Funded Marketing Programme during 2013 as a way to partner with our accredited .ie Registrars in a combined effort to raise public awareness of the .ie namespace. The programme is

designed to subsidise marketing costs of accredited Registrars. The initiative strongly supports one of IEDR's key strategic objectives of raising public awareness of the .ie brand. It provides participating Registrars with financial rewards for generating new registrations and securing renewals. Additionally, other Registrars may also benefit from this increased exposure, leading to additional growth and retention rates in the .ie namespace.

This programme is designed to be flexible and it allows accredited Registrars to apply for funding based on their individual marketing requirements. The funding available allows those Registrars that actively participate in the development of the .ie namespace to share the costs of their .ie related marketing activity.

The programme runs for a twelve month period during which funds are accumulated based on the levels of participating Registrars' new registrations and renewals of .ie domains. Each new .ie registration and renewal during this period will have financial earning power and will be deposited into a marketing fund for participating Registrars. The funds will then be made available to reimburse up to 50% of the costs of approved marketing programmes.

Similar marketing initiatives have been provided by other European registries with positive results. The programme was welcomed by the Registrar community and proved to be very successful for Registrars who availed of the benefits offered to them.

Co-Funded TV Advertising Campaign



Recognising the cost-prohibitive nature of TV advertising for the Company and Registrars, IEDR continued to offer a cost sharing arrangement to Registrars in an effort to introduce TV campaigns that

would reach SMEs and Micro Enterprises who still do not have a web presence. One of the key objectives of these campaigns is to raise awareness that building basic websites is now easier than ever due to the availability of new software applications.

New SME customers generally require hosting, email, storage and a basic website. Historically, most Registrars have offered .ie domains as part of a bundle of these services. As a result, Registrars are better placed to advertise to SMEs via TV than IEDR itself.

The Registry provided a total capped fund to be distributed to participating Registrars, whereby IEDR reimbursed up to 50% of the cost of pre-approved TV campaigns. 2013 saw two successful TV campaigns run by Registrars. The first campaign was based around an easy-to-use website builder and provided a free .ie domain as part of the Registrar's product offering. A second campaign focused on the idea that SMEs are turning away potential customers if they do not have a .ie website.

Outreach and Promotion Review (continued)

Supporting the Internet community in Ireland

Throughout 2013 IEDR continued to support the Internet Community in Ireland through a range of initiatives and sponsorships designed to promote the .ie domain name and to encourage Internet usage.

IEDR was headline sponsor for the 2013 .ie Net Visionary Awards run by the Irish Internet Association (IIA). IEDR also contributed to other industry events including the BT Young Scientist and Technology Exhibition, and the Digital Media Awards.

BT Young Scientist and Technology Exhibition



David Curtin presents the IEDR Special Award to Anna Fitzpatrick, Paula Faulkner and Orla Dunne for their project titled: "I.C.E – Scan Me". from Scoil Chonglais at the BT Young Scientist Awards Ceremony 2013.

.ie Net Visionary Awards



Michele Neylon (Founder of Blacknight Solutions) Overall Net Visionary Winner for 2013 with David Curtin (CEO, IEDR) at the Annual .ie Net Visionary Awards.

Digital Media Awards



David Curtin presents the award for Best Website to Jimmy Walsh and Ruth Puidokaite from Dara Creative at the Digital Media Awards 2013.

Knowledge sharing

To support the Irish Internet Community in terms of knowledge-sharing and adoption of best international practices, the IEDR team attended and participated in many industry events throughout the year. IEDR remains a member of the Council of European National Top Level Domain Registrars (CENTR) and regularly attends General Assembly meetings as well as administrative, legal, marketing and technical workshops, where staff share experiences and benchmark services with other ccTLDs. IEDR sponsored and helped organise the DNS-OARC spring workshop (Dublin) in May 2013. IEDR's Chief Executive also attended meetings of the Internet Corporation for Assigned Names and Numbers (ICANN), to keep abreast of Internet developments, in particular the competitive impact on the Irish Internet community from the launch of a series of new gTLD extensions.

International Market Review

Irish market

The domain market in Ireland consisted of an estimated 391,000 domains at 31 December 2013. While relatively small, it is also very competitive and .ie performed well in 2013 compared to our lower priced competitors such as .com and .eu, which benefit from huge economies of scale with over 112 million and 3.7 million domains respectively.

The size of the domain market is influenced by many factors; however research shows that a key driver is the demand for websites. A healthy Internet ecosystem operates as a “virtuous circle” whereby great websites (such as myhome.ie, carzone.ie or daft.ie) bring users online. 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 48% of the Irish domain market at the end of December 2013 (compared to 46% 12 months ago), an increase of 2%. The overall market size declined by over 2% in 2013. The main movement in market share when compared to December 2012 is that .com has

decreased by 2.4%. This could be attributed to individuals not renewing their .com domains or switching to another domain name. Maintaining market share greater than our cnoi and .eu competitors is one of IEDR’s strategic objectives.

Table 2: Domain market analysis in Ireland

	December 2013	
	Registered Domains	Market Share
.ie	187,269	47.9%
.com*	119,506	30.6%
.net*	11,614	3.0%
.org*	22,435	5.7%
.info*	18,462	4.6%
.biz*	1,837	0.5%
cnobi gTLD	173,854	44.4%
.eu^	30,046	7.7%
Total ccTLD and gTLD	391,169	100.0%

* Data taken from Statistics produced by Directi (www.webhosting.info). The country of origin of the hosting company is used to determine the country of origin of the registrant.

^ The .eu data is taken from the Eurid registry website.

European market

Comparisons of Ireland with European ccTLDs reveal a low volume of domain registration in absolute terms, particularly when compared with Scandinavian countries. Diagram 2 shows the number of local domains and the per capita figures at the end 2012, excluding .com and .eu etc. It shows on a per capita basis, at 42 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.

The **.ie domain namespace**

is a national resource –
it's Ireland's official
Internet address.

International Market Review (continued)

Diagram 2: ccTLD registrations by country and domains per 1,000 of population

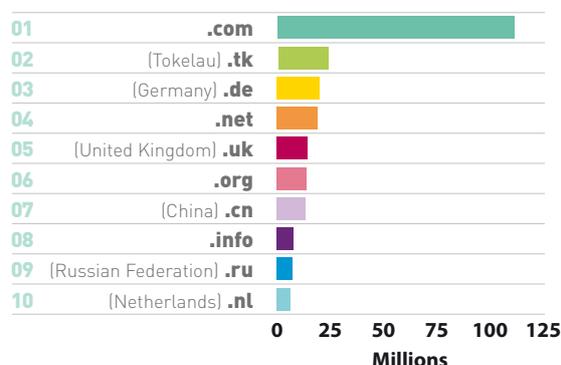


Source: CENTR and ccTLD websites.

International market

VeriSign reported in its Domain Name Industry Brief that at the end of 2013, there were 271 million TLD domain names registered globally. TLD registrations have grown by 18.5 million or 7.3% year on year. Of the TLDs the Country Code Top Level Domains (ccTLDs) accounted for 123.5 million names a 12.1% increase over 2012. The .com and .net TLDs experienced aggregate growth reaching a combined total of approximately 127 million names. As of 31 December 2013, the base of registered names in .com was 112 million names, while .net was 15.2 million. The order of the top TLDs in terms of zone size did not change in 2013 with all TLDs in the top 10 maintaining their rankings. The largest ccTLDs in order of zone size were .com, .tk (Tokelau), .de (Germany), .net, .uk (United Kingdom), .cn (China), .ru (Russian Federation) and .nl (Netherlands).

Chart 7: Top TLDs by Zone Size at end 2013



Source: Verisign Domain Name Industry Brief, December 2013.

Five Year Summary

Extract from the audited Financial Statements

Profit and Loss	Year to 31 Dec 2013 €	Year to 31 Dec 2012 €	Year to 31 Dec 2011 €	Year to 31 Dec 2010 €	Year to 31 Dec 2009 €
Registration revenue	2,587,526	2,603,799	2,661,821	2,564,755	2,336,937
Administration costs	(991,860)	(1,243,677)	(1,037,485)	(913,837)	(835,702)
Employment costs	(1,274,261)	(1,199,101)	(1,199,603)	(1,126,099)	(922,012)
Depreciation	(190,406)	(89,683)	(66,766)	(127,980)	(151,563)
Regulatory costs	-	-	-	185,800	(40,800)
Operating profit	130,999	71,338	357,967	582,639	386,860
Financial investment uplift/(impairment)	144,504	142,984	(33,933)	133,688	87,453
Interest income	59,674	106,384	96,793	63,018	45,034
Interest payable	-	-	-	-	-
Taxation	(36,000)	(38,000)	(71,824)	(87,973)	(70,155)
Profit after taxation	299,177	282,706	349,003	691,372	449,192
Balance Sheet	At 31 Dec 2013 €	At 31 Dec 2012 €	At 31 Dec 2011 €	At 31 Dec 2010 €	At 31 Dec 2009 €
Fixed Assets	199,451	148,043	93,490	49,395	150,589
Investments	1,940,089	1,795,585	1,652,601	1,686,504	1,552,816
Current Assets	4,077,512	3,689,614	3,355,304	2,983,379	2,322,975
Creditors < 1 year, excluding Deferred Income	(645,586)	(629,491)	(361,843)	(245,320)	(406,571)
Deferred Income	(1,661,160)	(1,392,622)	(1,411,129)	(1,494,538)	(1,331,761)
Members' Funds	3,910,306	3,611,129	3,328,423	2,979,420	2,288,048
Registration growth Number of domains	Year to 31 Dec 2013	Year to 31 Dec 2012	Year to 31 Dec 2011	Year to 31 Dec 2010	Year to 31 Dec 2009
At 1 January	182,284	173,145	153,419	135,903	115,836
New Registrations	32,154	33,484	39,398	36,587	37,055
Less: Deletions/Non-renewals	(27,169)	(24,345)	(19,672)	(19,071)	(16,988)
Net Additions	4,985	9,139	19,726	17,516	20,067
At 31 December	187,269	182,284	173,145	153,419	135,903
Net growth in year	2.7%	5.3%	12.9%	12.9%	17.3%
New registrations growth	17.6%	19.3%	25.7%	26.9%	32.0%
Non-renewal rate	(14.9%)	(14.1%)	(12.8%)	(14.0%)	(14.7%)

Financial Statements

for the year ended 31 December 2013

36	Company Information
36	Directors' Report
39	Independent Auditors' Report
40	Profit and Loss Account
41	Balance Sheet
42	Cash Flow Statement
43	Notes to the Financial Statements

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 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

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 €299,177 (2012 – €282,706).

Fair Review

From an operational perspective, 2013 was a satisfactory year of development and growth for the company. The company continued with 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, which identified a comparatively low level of e-commerce activity on SMEs' websites.

Turnover, representing the deferred income release in 2013, remained constant at €2.59 million (2012 – €2.6 million). While the invoiced value of registration fees increased, reflecting new growth in 2013, an increasing proportion is accounted for by multiyear registrations and renewals. Accordingly, the deferred revenue on the balance sheet increased by 19.3% in 2013, to €1.66 million (2012 – €1.39 million). Volume growth in domains was again strong in 2013, at 17.6%. When non-renewals are considered, the net growth in the .ie namespace was 2.7%, which is satisfactory, considering the severe recession which continued to affect small and medium-sized companies in 2013. 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 48%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses decreased by 3% from €2.53 million to €2.46 million. Employment costs increased by 6% in 2013 to €1.28 million reflecting staff turnover, maternity cover and new recruitment in the second half of the year. Depreciation increased to €0.2 million reflecting the company's investments in mission critical applications and services for customers. Promotion, sponsorship, and advertising costs decreased by 8% in 2013 as the company continued its sponsorship of industry events, continued its joint promotion with registrars of the .ie namespace and expanded the OPTIMISE Fund which assists SMEs and micro-businesses to develop and e-commerce enable their .ie websites.

The financial position of the company at 31 December 2013 is solid with adequate net cash funds of €3.89 million and Members' Funds of €3.91 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 decreased by €144,504 in 2013 (2012 – decreased by €142,984) to €110,011 at 31 December 2013. The financial investments recovery in the subsequent five-year period to 31 December 2013 is reflected in the market value of €2,033,881 although the carrying value in the financial statements is shown as €1,889,989 at year-end in accordance with the company's accounting policy.

Principal Risks and Uncertainties

In common with other small and medium-sized enterprises, the company's performance is impacted by the on-going 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 an EGM in 2012, the Board of Directors approved an amendment to the company's Articles of Association in respect of directors terms of service. Directors may serve a maximum of two Terms, whereby a Term is a three-year period. 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.

Directors' Report (continued)

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' 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 2013 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

BDO 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:

2 May 2014

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 2013 on pages 40 to 52, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities statement set out on page 38 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial

information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Teresa Morahan

For and on behalf of BDO

Dublin

Registered Auditors

A1223876

Date:

2 May 2014

Profit and Loss Account

for the year ended 31 December 2013

	Notes	Continuing Operations	
		2013 €	2012 €
Turnover		2,587,526	2,603,799
Administrative expenses		(2,456,527)	(2,532,461)
Operating profit	2	130,999	71,338
Decrease in provision for financial investment impairment	8	144,504	142,984
Interest income		59,674	106,384
Interest payable and similar charges	3	-	-
Profit on ordinary activities before taxation		335,177	320,706
Tax on profit on Ordinary activities	6	(36,000)	(38,000)
Profit retained for the year		299,177	282,706
Profit and loss account at beginning of year			
Accumulated profit brought forward		3,611,129	3,328,423
Accumulated profit carried forward		3,910,306	3,611,129
Statement of total recognised gains and losses			
Total recognised gains relating to the year		299,177	282,706
Total recognised gains since last annual report		299,177	282,706

The financial statements were approved by the Board on 2 May 2014 and signed on its behalf by:-

Director
Professor J. O. Scanlan

Director
Mr. Mark Dobbyn

Balance Sheet

as at 31 December 2013

	Notes	2013 €	2012 €
Fixed Assets			
Tangible assets	7	199,451	148,043
Financial assets	8	1,940,089	1,795,585
Current Assets			
Debtors	9	181,294	240,662
Cash at bank and in hand		3,896,218	3,448,952
		4,077,512	3,689,614
Creditors: amounts falling due within one year	10	(2,306,746)	(2,022,113)
Net Current Assets		1,770,766	1,667,501
Total Assets less Current Liabilities		3,910,306	3,611,129
Capital and Reserves			
Profit and loss account	11	3,910,306	3,611,129
Members' Funds	12	3,910,306	3,611,129

The financial statements were approved by the Board on 2 May 2014 and signed on its behalf by:-

Director
Professor J. O. Scanlan

Director
Mr. Mark Dobbyn

Cash Flow Statement

for the year ended 31 December 2013

	Notes	2013 €	2012 €
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		130,999	71,338
Depreciation		190,406	89,683
(Increase)/Decrease in debtors		100,336	(30,259)
Increase/(Decrease) in creditors		288,975	211,083
Net cash inflow from operating activities		710,716	341,845
Cash Flow Statement			
Net cash inflow from operating activities		710,716	341,845
Returns on investments and servicing of finance	15	26,791	106,384
Taxation		(48,427)	(10,527)
Capital expenditure	15	(241,814)	(144,236)
		447,266	293,466
Financing	15	-	-
Increase in cash in the year		447,266	293,466
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	16	447,266	293,466
Net funds at 1 January		3,448,952	3,155,486
Net funds at 31 December		3,896,218	3,448,952

Notes to the Financial Statements

for the year ended 31 December 2013

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 2013. 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 Financial Reporting Council.

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 2013. The company's policy of deferring revenue 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 2013.

All turnovers derive 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

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

The operating profit is arrived at after charging:

	2013 €	2012 €
Depreciation and write-off of tangible assets	190,406	89,683
Auditors' remuneration – Audit	12,770	12,770
– Tax advisory services	2,010	2,010
Directors' remuneration	75,000	75,000
Secretarial fees	39,000	39,000

3. Interest payable and similar charges

On bank loans, overdrafts and other loans wholly repayable within five years

	2013 €	2012 €
	–	–
	–	–

4. Employees

Number of employees

The average monthly numbers of employees during the year were:

	2013 Number	2012 Number
Administration	18	17

Employment costs

	2013 €	2012 €
Wages and salaries	1,134,001	1,061,866
Social security costs	109,500	103,556
Other pension costs	30,760	33,679
	1,274,261	1,199,101

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 €30,760 (2012 – €33,679).

6. Taxation

(a) Current year taxation

	2013 €	2012 €
Current year taxation		
Corporation tax on the profit for the year on Ordinary activities	31,772	35,011
Adjustment in respect of previous period	4,228	2,989
	36,000	38,000

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

6. Taxation (continued)

(b) Factors affecting tax charge for year

	2013 €	2012 €
Profit on ordinary activities before tax	335,177	320,706
Profit on ordinary activities multiplied by Standard rate of Corporation Tax in Ireland of 12.5%	41,897	40,088
Effects of:		
Expenses not allowable for tax purposes	479	150
Capital allowances for period (greater than)/less than depreciation	8,703	(1,840)
Deposit interest at higher rates of taxation	(762)	14,132
General provisions not allowed for tax purposes	(482)	354
Provision for financial investment impairment unrealised, so not chargeable for tax purposes	(18,063)	(17,873)
Current tax charge for year (Note 6(a))	31,772	35,011

7. Tangible assets

	Leasehold Improvements €	Computer Equipment €	Fixtures and Fittings €	Total €
Cost:				
At 1 January 2013	53,354	790,218	17,865	861,437
Additions	–	240,991	823	241,814
Write-out of retired assets	–	(65,140)	–	(65,140)
Disposals	–	–	–	–
At 31 December 2013	53,354	966,069	18,688	1,038,111
Depreciation:				
At 1 January 2013	21,342	683,091	8,961	713,394
Charge for the year	10,671	176,034	3,701	190,406
Write-out of retired assets	–	(65,140)	–	(65,140)
Disposals	–	–	–	–
At 31 December 2013	32,013	793,985	12,662	838,660
Net book values				
At 31 December 2013	21,341	172,084	6,026	199,451
At 31 December 2012	32,012	107,127	8,904	148,043

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 2013 (2012: Nil).

8. Financial assets

	Note	2013 €	2012 €
Other financial investments	(a)	1,889,989	1,745,485
Shares in subsidiary undertakings	(b)	50,100	50,100
		1,940,089	1,795,585

(a) Other financial investments

	Unlisted €	Total €
Cost:		
At 1 January 2013 and 31 December 2013	2,000,000	2,000,000
Amounts provided:		
At 1 January 2013	(254,515)	(254,515)
Arising during year	144,504	144,504
At 31 December 2013	(110,011)	(110,011)
Net Book Value:		
At 31 December 2013	1,889,989	1,889,989
At 31 December 2012	1,745,485	1,745,485

Other financial investments at cost represent the investment for the long term in conservative managed funds, diversified across three Irish investment managers. In accordance with the accounting policy for other financial investments outlined in Note 1.8, a provision for impairment amounting to €110,011 has been recorded at 31 December 2013, being a decrease of €144,504 from 2012. 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.

The market value of the financial investments at 31 December 2013 was €2,033,881 (2012 – €1,767,025). However, in accordance with the accounting policy for other financial investments outlined in Note 1.8 the value of other financial investments is shown at cost less provisions for impairment in value – €1,889,989 (2012 €1,745,485).

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

8. Financial assets (continued)

(b) Shares in subsidiary undertakings

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 2013 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 2013, except for IENUM Limited which is stated at cost.

9. Debtors: amounts falling due within one year

	2013 €	2012 €
Trade debtors	-	-
Corporation tax recoverable	8,085	-
Prepayments and accrued income	173,209	240,662
	181,294	240,662

10. Creditors: amounts falling due within one year

	2013 €	2012 €
Trade creditors	133,166	170,146
Other creditors	193,312	171,783
Corporation tax payable	-	4,342
Other taxes and social security costs	14,337	20,682
Accruals	304,771	262,538
Deferred income	1,661,160	1,392,622
	2,306,746	2,022,113

Other taxes and social security costs include:

	€	€
PAYE & PRSI	-	-
VAT	14,337	20,682
	14,337	20,682

[a] The accounting policy for deferred income is outlined in Note 1.3.

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

11. Reserves

	Profit and loss account €	Total €
At 31 December 2012	3,611,129	3,611,129
Profit for the year	299,177	299,177
At 31 December 2013	3,910,306	3,910,306

12. Reconciliation of movements in Members' Funds

	2013 €	2012 €
Profit for the year	299,177	282,706
At 1 January	3,611,129	3,328,423
At 31 December	3,910,306	3,611,129

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 €17,399 incurred during the year ended 31 December 2013 (2012 €16,132) 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 2013, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited, with effect from 30 December 2011.

14. Commitments

Operating lease commitments

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

	Premises 2013 €	Premises 2012 €
Expiring:		
Within one year	-	-
Between two and five years	83,645	83,645
More than five years	-	-
	83,645	83,645

Capital commitments

The company has no capital commitments at 31 December 2013 (2012 – €nil).

15. Gross cash flows

	2013 €	2012 €
Returns on investments and servicing of finance		
Interest received	26,791	106,384
Capital expenditure and financial investment		
Payments to acquire tangible assets	241,814	144,236
Payments to acquire shares in subsidiary undertakings	-	-
	241,814	144,236
Financing	-	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2013

16. Analysis of changes in net funds

	Opening balance €	Cash flow €	Closing balance €
Cash at bank and in hand	127,200	(55,603)	71,597
Deposit accounts	3,321,752	502,869	3,824,621
Net funds	3,448,952	447,266	3,896,218

17. Post balance sheet events

There are no material post balance sheet events.

18. Contingent liabilities

There are no contingent liabilities at 31 December 2013.

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. At 31 December 2013 the seven directors and the Company Secretary are the members.

21. Comparative figures

Certain comparative figures have been restated for consistent presentation with current year figures.

22. Approval of financial statements

The financial statements were approved by the Board on 2 May 2014 and signed on its behalf by:-

Director

Professor J. O. Scanlan

Director

Mr. Mark Dobbyn

Date:

2 May 2014

Glossary of Terms

.ie accredited Registrar

.ie accredited Registrars are companies, organisations or individuals who have proven knowledge and expertise in managing .ie domains on behalf of the registrant. .ie accredited Registrars include HSPs, ISPs and web development companies. The full list of .ie accredited Registrars can be found at <https://www.iedr.ie/register-a-domain/accredited-registrar-list>.

Anycast

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. One benefit is that a denial of service attack can be “localised” and therefore contained.

BCP/DR

IEDR’s Business Continuity process and plans for disaster recovery.

BPR

Business Process Redesign (BPR). Proposed changes to IEDR’s automation of its current billing policies, procedures and processes.

ccNSO

The Country Code Names Supporting Organisation (ccNSO) is a body within the ICANN structure created for and by ccTLD managers. Since its inception in 2003, the ccNSO has provided country code top-level domain name (ccTLD) managers 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. <http://ccnso.icann.org>.

ccTLD

National top-level domains, country code top-level domains (ccTLD), are based on the International Organisation for Standardisation’s country codes and used by countries. National top-level domains comprise two letters, for example .ie for Ireland or .de for Germany.

CENTR

CENTR (Council of European National Top-Level Registries). CENTR is a not-for-profit organisation dedicated to supporting the interests of country code TLD managers. The objectives of CENTR are to promote and participate in the development of high standards and best practices among ccTLD Registries. www.centri.org

Class and category

The .ie database records information on the class of registrant and the different categories of domain names being registered. This is represented by nine difference classes of registrant and eleven different categories of domain name being registered.

ComReg

The Commission for Communications Regulation (ComReg) (Irish: An Coimisiún um Rialáil Cumarsáide) is the general communications regulator for Ireland, with responsibility for mobile, fixed line and postal services.

CRS

IEDR’s automated Core Registry System, which deals with all registrations, transfers, modifications’, billing and non-renewal of .ie domain names.

DNS

The Domain Name System (DNS) is an international hierarchical distributed database used to translate domain names, such as iedr.ie to IP addresses (193.1.32.49) to locate information about resources on the Internet.

DNSSEC

DNSSEC (DNS Security Extension) is a supplementary service to domain names that makes it possible to check that the DNS information stems from the correct sender and has not been altered during its transmission. When DNSSEC is in use, the computer submitting a query (e.g. an Internet browser) is 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.

Glossary of Terms (continued)

Domain name

A domain name is a unique name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any Internet communication can occur. A registered domain name is a domain name held by a specific registrant following an application process.

GAC

ICANN receives input from governments through the Governmental Advisory Committee (GAC). The GAC's key role is to provide advice to ICANN on issues of public policy and especially where there may be an interaction between ICANN's activities or policies and national laws or international agreements.

gTLD

Generic top-level domains (gTLDs), such as .com, .net and .org are top-level domains that are not tied to a country or geographic territory.

ICANN

ICANN (Internet Corporation for Assigned Names and Numbers). An international not-for-profit, private sector organisation created to co-ordinate four key functions of the Internet: managing the domain names system, allocating IP addresses, assigning protocol parameters and managing the root server system.

IDN

Internationalised Domain Names (IDN). Until recently, the Root Zone was limited to a set of characters conforming to US-ASCII (American Standard Code for Information Interchange) or "Latin" alphabets. This changed with the introduction of Internationalised Domain Names (IDNs), which introduced top-level domains (TLDs) in different scripts and enabled Internet users to access domain names in their own language.

IGF

The Internet Governance Forum (IGF) was established in 2006 by the United Nations to create a forum for Internet governance policy issues. Stakeholders represent countries, commerce and society in general.

ISMS

Information Security Management System: is a set of policies concerned with information security management or IT related risks. The governing principle behind ISMS is that organisations should design, implement and maintain a coherent set of policies, processes and systems to manage risks to its information assets, thus ensuring acceptable levels of information security risk.

ISO27001

ISO 27001 Information Security Management Systems is the international best practice standard for information security. ISO 27001:2013, the current version of the standard, provides a set of standardised requirements for an information security management system (ISMS).

IPv4

Internet Protocol version 4 (IPv4) is the fourth version in the development of the Internet Protocol (IP) Internet, and routes most traffic on the Internet. However, a successor protocol, IPv6, has been defined and is in various stages of production deployment.

IPv6

Internet Protocol version 6 (IPv6) is the latest version of the Internet Protocol (IP), the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet.

Name server

Name servers are computers with software that stores and/or distributes domains (zones) and which accept and answer domain name questions. When a user, for example wishes to surf to www.iedr.ie the user's computer sends a question to a name sever on which information regarding iedr.ie is located.

PDP

The IEDR's 10 Step Policy Development Process (PDP) for the .ie namespace. A formal process which is consensus driven, transparent and allows for bottom-up proposals from the wider Internet community.

Registrant

The individual or legal entity registered with the right to use the .ie domain name.

Registry

A registry is the Company or organisation responsible for the administration and operation of a top-level domain. IEDR is the active registry operator responsible for administration and technical operation of the .ie domain and ensures that the .ie zone is accessible, that is, that all .ie domains are accessible via the Internet.

VMware

VMware is a provider of virtualisation software. It is a US based Company which is majority owned by EMC. VMware software provides a completely virtualised set of hardware. One large server can replace dozens of smaller specific-purpose servers.

Whois

The name of the search function to locate domain name information is Whois. The Whois for .ie domain names is located on the IEDR website <https://www.iedr.ie/register-a-domain/how-to-register-a-ie-domain>.

Zone and zone file

A zone is the delimitation of the administrative responsibility for a domain tree. A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative servers that are distributed throughout the Internet.





www.iedr.ie

IE Domain Registry Limited

2 Harbour Square, Dun Laoghaire, Co Dublin, Ireland

Tel 00 353 (0)1 236 5400

Fax 00 353 (0)1 230 0365

Email accounts@iedr.ie

Web www.iedr.ie



**Confidence
Through
Traceability**

IRELAND'S DOMAIN
REGISTRY



Clever Cat Design

