SIDN

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5°52'04.65" longitude

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Unique identifier management

Network environments use unique identifiers, such as an IP number. In day-to-day practice, however, Internet users prefer recognisable "labels" such as a .nl domain name. The core activity of SIDN is to ensure the functional availability of these "labels" by Internet users at any time. By virtue of this activity, SIDN forms an important link in the Internet chain: through unique identifier management, we make it possible to locate more than 2 million .nl domain names from anywhere in the world. In practical terms, this implies that SIDN facilitates three quarters of a billion queries every day. This figure is sure to increase in the coming years as a result of the rise in the number of domain name subscribers and increasingly intensive use of the Internet.

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"Client-oriented thinking has really taken off at SIDN during 2006."

>> CAROLIEN JONGERIUS
EMPLOYEE OF SIDN

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Report by the Supervisory Board

Report by the Supervisory Board for 2006.

The Supervisory Board, appointed on 25 May 2005, retained its seven-member structure in 2006.

The Supervisory Board is tasked with the supervision of Executive Board policy and of general progress within SIDN, as well as being available to provide recommendations to the Executive Board. The responsibilities of the Supervisory Board include the supervision and monitoring of:
- achievement of the aims of SIDN;
- strategy and risks associated with operational activities;
- design and operation of internal risk management and audit systems.

The Supervisory Board met on four occasions during 2006. Among the matters approved and/or adopted during these meetings were:
- Financial statements for 2005
- Annual Plan and Budget for 2006
- Articles of Association and incorporation of the ENUM Foundation
- appointment of the audit com mittee
- appointment of the selection/ appointment committee
- reappointment of Ms. J. Slager
- implementation of the project audit DRS4.0
- Corporate Governance

- introduction of new General Terms & Conditions
- legal structure of SIDN
- accountability framework ICANN - SIDN

The introduction of DRS4.0 largely set the tone for 2006. The necessary attention devoted to this meant that a number of objectives in the long-term plan were assigned a lower priority. This was also translated into the results of the customer satisfaction survey. In order to draw lessons from this experience for future planning, the Board has asked an independent research bureau to evaluate the introduction of DRS4.0.

There were also signs of a marked improvement towards the end of the year. For this reason, we can expect to see some acceleration in 2007 in those areas that were held back last year. Needless to say, the new registration system will have been properly implemented at the start of 2007 and we expect that this will signi-ficantly increase customer satisfaction. The agenda for 2007 also includes bringing ENUM registration into operation.

Eddy Schuyer
Chairman of the Supervisory Board

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"SIDN's idea of starting to benchmark customer satisfaction at an international level is impressing the registrars. This enables TLDs to interpret results more effectively and to translate best practices into their own working environments."

>> WIM DEGEZELLE
COMMUNICATIONS MANAGER CENTR

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"SIDN has a public function. It's good to see that during the domain name debate, they ask stakeholders for feedback in relation to important policy choices. I'm pleased that the same thing is going to happen with ENUM."

>> OLAF KOLKMAN
DIRECTOR, NLNETLABS

Corporate governance within SIDN

In 2006, SIDN adopted regulations defining the principles and best practices for the Supervisory Board of SIDN. These regulations, found at www.sidn.nl, are based on the Dutch Corporate Governance Code as set out by the 'Tabaksblat' Commission. During the 2006 financial year SIDN traded in accordance with these regulations. The supervisory board consists of independent and experienced experts as stated in the SIDN regulations.

An audit committee and a selection and appointment committee have been established, drawing from members of the Supervisory Board, and the remuneration committee will be formed in 2007. The Supervisory Board's report comprises of an account of the evaluation of the operation of the Executive Board, the SIDN strategy, and the risks associated with the "business" of SIDN. One compulsory element of these regulations allows whistleblowers to report any suspected unlawful activities to the Chairman of the Supervisory Board without jeopardising their own legal position. SIDN's external auditor was present at the Supervisory Board meeting that dealt with the examination and approval of the annual accounts.
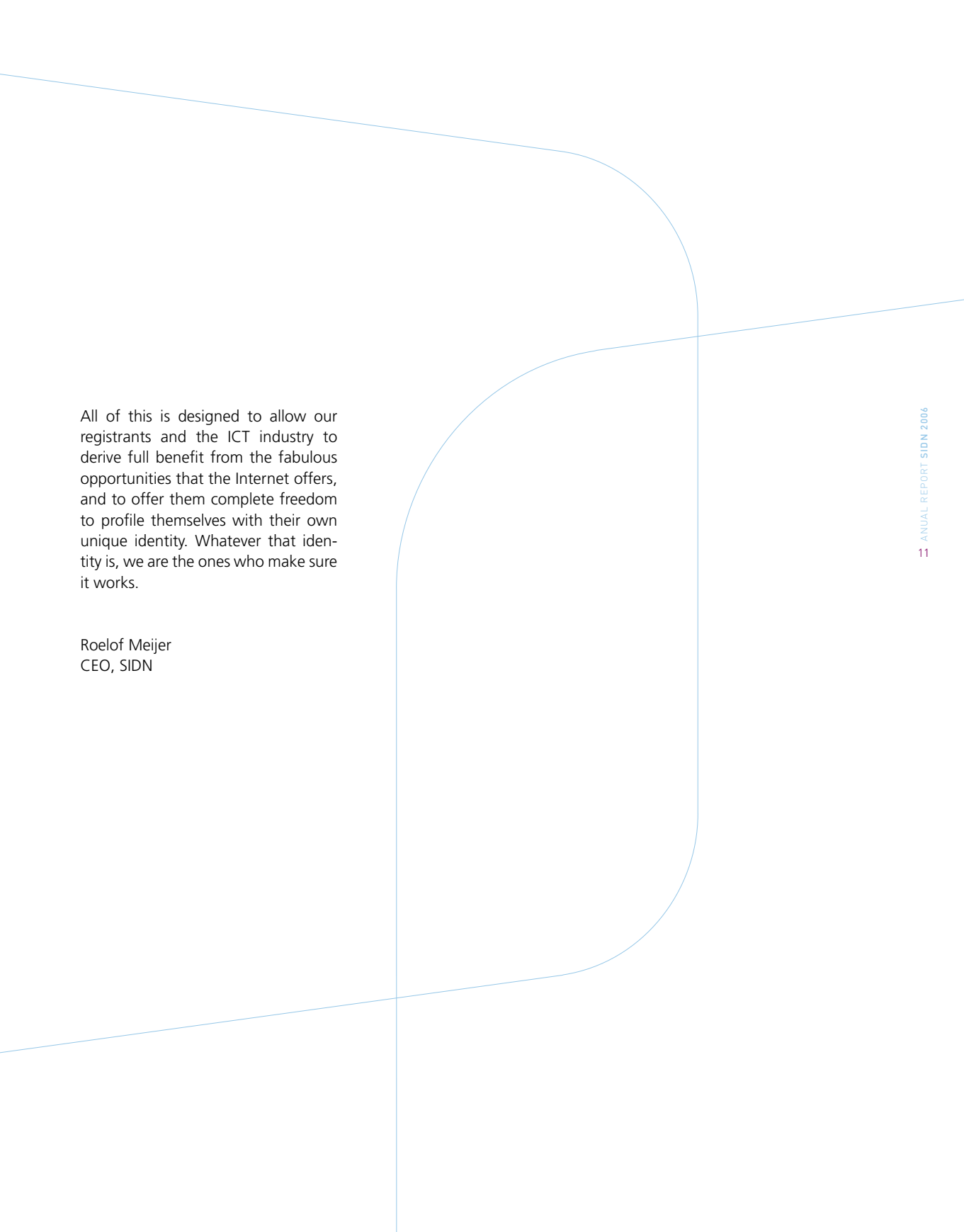
Introduction

The American weekly Time Magazine named the "web user" the most important individual of 2006. The magazine justified this decision by highlighting the new forms of community spirit and collaboration displayed by the "web user" in ways and on a scale never seen before. The range of knowledge assembled within Wikipedia, the unprecedented success of the mass medium YouTube, and the online metropolis Second Life are just a few examples of what Time Magazine considers to be "initiatives that are not only changing the world, but also the way in which the way the world is changing." The user is no longer just a consumer, but is also now a major producer of content.

The Internet's impact on social life is impressively sizable. The medium provides its users with unparalleled opportunities for information and communication, both for recreational and commercial use, and the appearance each year of new applications causes an increase in the mutual interdependence of media. It is striking, for example, how what were previously separate entities, such as television, telephone and the Internet, are quickly starting to converge. In the Netherlands, VoIP (IP Telephony) rose from 8% to 25% in 2006, while IP Television increased from 6% to 18%. The result of this convergence is an increasing dependence on a properly functioning Internet - and therefore also on an effectively operating .nl domain, because the .nl domain, which saw its 20th anniversary in 2006, has become an inseparable part of Dutch society.

One sign of its success is the allocation of the two-millionth .nl domain name last summer. This milestone symbolizes the enormous growth achieved by the Internet in recent years, as .nl has become "the domain" for Dutch people both young and old, a fact which is highlighted by the major explosion in Internet usage by people over the age of 50. In other words, .nl has become part of the Dutch identity, often quite

literally; as a result of the increasing individualisation of websites, domains are increasingly coming to reflect the registrant's identity, both in the case of companies and private individuals. SIDN feels responsible for the problem-free and safe usage of the .nl domain, and its aim is to set out the parameters for this in a dynamic market. After all, a properly functioning Internet is a huge benefit that has an enormous social significance. It is that social significance that has been the driving force behind our efforts to further improve our service provision over the past year. To a large extent, the activities of SIDN and its customers in 2006 were focused on the development and introduction of the new domain name registration system, DRS4.0. This system will also enable us to guarantee a stable and effective registration process in the future. Great effort was also put into establishing clear and effective international arrangements, and in communicating actively with our registrars.

SIDN will continue to improve its service quality and expand its range of services in 2007. It will also take and support initiatives to promote the quality and security of the Internet, to stimulate its application and usage, and to discourage improper usage.

All of this is designed to allow our registrants and the ICT industry to derive full benefit from the fabulous opportunities that the Internet offers, and to offer them complete freedom to profile themselves with their own unique identity. Whatever that identity is, we are the ones who make sure it works.

Roelof Meijer
CEO, SIDN

IP no: 213.201.204.206

>> MICHEL ROOLVINK (ICT CONSULTANT)

Developments within the market and society

The enormous impact of the Internet.
Examples of the growing influence of the Internet, and the part it plays, can be seen everywhere in our country. For example, in the most recent parliamentary elections, Dutch citizens overwhelmingly based their voting behaviour on the results published on www.stemwijzer.nl (a Dutch website designed to assist voters in their selection of political candidates). We purchase more and more of our consumer goods on the Internet and (a great) many payments are made via telebanking. Even when shopping the traditional way, we still compare prices on the web before doing so. People get rid of their unwanted possessions via www.marktplaats. nl and the information available online about illnesses enables us to be more articulate when we go to see the doctor. Anyone who wants to tell the world their story keeps a weblog and the Internet is also widely used to book trips, buy or sell houses, and to make all sorts of other transactions.

The convergence of Internet and telephone
In addition to these trusted applications, new technologies are coming thick and fast, allowing us new ways to use the Internet. More and more households, for example, are using IP Telephony services, via VoIP (Voice over Internet Protocol); we are also more frequently watching television programmes via the Internet at our own convenience, rather than at the broadcasters' scheduled times.These developments are partly a consequence of the Internet-based communication services that have increasingly become part of the bundled service packages offered by cable companies, telephone companies and ISPs since 2005, that include television, telephone services and Internet access. This development in turn offers a fertile breeding ground for innovations such as the ENUM technology, which facilitates a further convergence of telephony and the Internet. In 2006, SIDN consulted major market players with regard to Public User ENUM. From these consultations, it became apparent that ENUM offers innovative opportunities to the Netherlands, and that the time has come to move forward with it.

National Internet governance
The new applications we have outlined demand a great deal of network capacity. The Netherlands has a very high broadband density, but even that capacity is finite. The robustness of the underlying systems and processes will have to be fortified as a result of significant increases in data

SIDN leading the way with the introduction of ENUM
Unique identifiers are linked with each other (and sometimes with other information) via the domain name system, allowing for the convergence of the Internet and other electronic services such as telephony and television. ENUM, for example, can link a telephone number to an e-mail address, URL or even GPRS coordinates. Thanks to its expertise as a 'unique identifier manager' for the .nl domain, SIDN has a leading role to play in the introduction of ENUM on the Dutch market. SIDN will also be researching other innovative opportunities and applications in the years to come, which will allow it to offer added value on the basis of its own expertise.

traffic, and we should expect the same robustness regarding regulations and arrangements on securing continuity. A properly functioning .nl domain and transparent arrangements are crucially important to contemporary Dutch society.

Even though the Internet has developed thus far through self-control and self-regulation, the Dutch government is very interested. One of its findings is that the .nl domain is well organized, and that SIDN is a good protector of the various interests involved and is well regarded as a valid expert partner. One example of this is the way in which SIDN consulted the Dutch Internet Community during the Domain Name Debate, organised in 2006 on the initiative of SIDN. Thanks to this careful approach, the .nl domain has developed into a pre-eminent domain on the Internet. The Dutch government is standing firmly by its hands-off policy.

International developments
A range of forums involved in the structuring of the Internet throughout the world are active on an international level. The principal player in this regard is ICANN (the Internet Corporation for Assigned Names and Numbers), in which SIDN plays a very active role. 2006 opened and closed with major contract reviews and extensions: in February, ICANN and VeriSign reached a much–discussed settlement in relation to .com, while in December the ICANN board decided to continue the contracts for .biz, .info and .org. Throughout the course of the year, ICANN also formalised relationships with a number of ccTLD registries (including .de, .uk and .no).

Consulting the Internet community during the Domain Name Debate 2006
During the Domain Name Debate 2006, SIDN consulted the Dutch Internet community on a number of current issues in relation to .nl domain names. These consultations covered a number of specific topics, including personal domain names, numerical domain names, internationalised domain names (IDN: Internet domain names potentially including non-ASCII characters), and an evaluation of the arbitration scheme. Third level (personal) domain names were introduced so that individuals could register a .nl domain name. As registration of a .nl domain name has been available to private persons for many years, the urge to maintain these personal domain names has waned, and they have not been widely successful. If these third level domain names are phased out, space for purely numerical domain names (such as 123.nl) will become available. The existing arbitration scheme will remain, but will become considerably more accommodating. Finally, it was established that IDN would not be introduced into the .nl domain at this point, because of potential user risks and a lack of market demand.

Updating the country codes within the DNS has become necessary with of the influx of new countries. These updates have now been initiated, and, in the course of 2007, will probably result in the introduction of a range of new ccTLDs (for example ax, .ru, .by, .ua, .cz, .sk, .rs, .me) and either the replacement or complete withdrawal of some others. In the ICANN context, work also continued on the development of IDN at the top level and on the implementation of IDN at the second level, so that punctuation marks and non-ASCII characters could also be used in domain names. With input from SIDN,

an improvement was introduced into the ICANN Articles of Incorporation by the country code Naming Support Organisation (ccNSO), thereby strengthening the position of ccTLD members within the ICANN framework. There was also extensive debate on the privacy policy and WHOIS for the generic name space (.com, .net, .org domains and so on). In striking a good balance between privacy protection and observance of the law and (state) security, a guideline policy proposal was eventually formulated by the ICANN WHOIS Task Force, based on the model and experiences of .nl. This will be explored further in 2007 and may well lead to a world-wide policy for all generic TLDs.

Competitive market

There is a competitive market throughout the world: new top-level domains such as .eu mean a further increase in competition for .nl. SIDN carried out market research in 2006 into the development of .nl domain names. Relatively speaking, the .nl domain share fell as a result of these new domains, but, in absolute terms, interest in the .nl domain actually grew. In fact, domain names are increasingly being registered by private individuals

SIDN main sponsor of the eNederland Congress

SIDN collaborated closely with the Platform for eNederland, ECP.NL, for the Domain Name Debate 2006. SIDN and ECP maintained their good relationship during the annual eNederland Congress. SIDN was the principal sponsor of this leading Dutch marketplace for developments in the field of electronic data exchange. This reinforced the role played by SIDN as an expert partner and facilitator between the sphere of action of the government and the ICT industry.

SIDN takes the benchmarking initiative within CENTR

A total of 64 registries, most of which are European, are represented on the Council for European Top-level Registries (CENTR). This umbrella organisation operates as a platform for the exchange of knowledge between the various ccTLDs. Over the past year, SIDN has taken the initiative within this framework to start benchmarking overall performance in the area of customer satisfaction. This means that members can profit from the experience of the best-performing ccTLDs by putting these "best practices" into operation within their own countries. The concept was well received within CENTR and will be elaborated upon in future.

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"SIDN is one of the building blocks for a dynamic and effectively operating Internet. It brought its important work to wider attention through sponsorship of the eNederland Congress."

>> ARIE VAN BELLEN
ECP.NL – INITIATOR OF
THE ENEDERLAND CONGRESS

www.schultheis.nl

>> MARLIES SCHULTHEIS (HAIRDRESSER)

The Dutch registry operates in a dynamic market in which domain names are being offered competitively. European registrars can offer customers across the entire globe a .nl domain with its associated services, and 2007 will see the arrival of registrars established outside of the European Union. All of these market players benefit from a stable and transparently set up .nl domain, so that private individuals and companies can flourish safely and without concern.
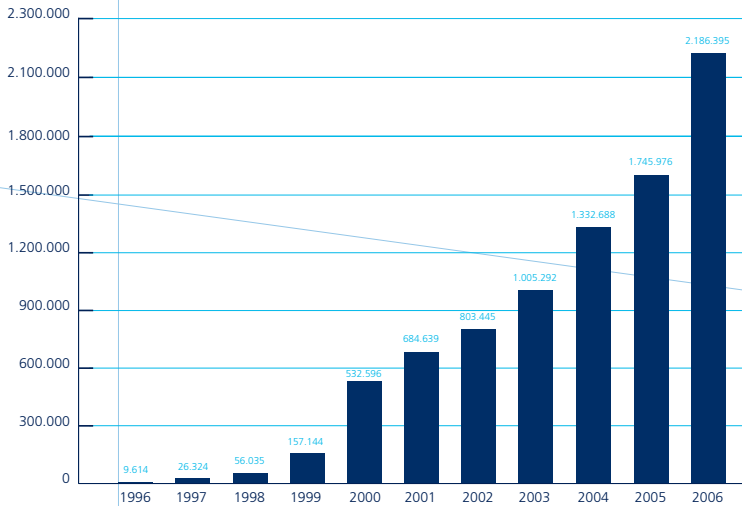
Developments in the number of registrars in 2006

The number of Category I registrars rose in 2006 from 1946 to 2066, which constitutes a gradual but steady increase of about 6%.
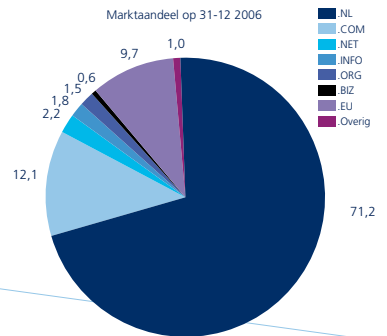
SIDN strongly involved in worldwide DNS developments

In 2006, SIDN was heavily involved in the setup, management and development of the worldwide domain name system (DNS). It made its knowledge and experience available at every meeting of ICANN and CENTR. During 2006 SIDN was also consulted by the United States government in relation to the role and responsibilities of ICANN. In addition, SIDN contributed to the preparations for and took part in the first Internet Governance Forum, held in Athens in October 2006 under the auspices of the United Nations. SIDN also applied its expertise on a global level: within ICANN, SIDN lent its expertise to the management of the ccNSO, the ICANN Budget Advisory Group and the ICANN GAC Liaison Working Group. SIDN's relationship with ICANN is likely to be formalised in the coming year, having held negotiations on this matter during 2006. In addition, SIDN also contributed its expertise at a range of technical forums including IETF, RIPE and CENTR Tech. With a view to exchanging operational knowledge, SIDN representatives also paid visits to ccTLD's as NOMINET (Great Britain), DNS.be (Belgium) en CNNIC (People's Republic of China).

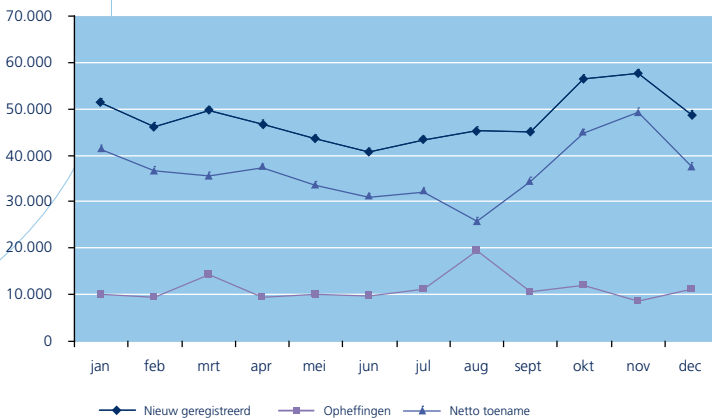## Development in the number of dot-NL domain names registered (over several years)

2.300.000
2.100.000
1.800.000
1.500.000
1.200.000
900.000
600.000
300.000
0

Year	Value
1996	9.614
1997	26.324
1998	56.035
1999	157.144
2000	532.596
2001	684.639
2002	803.445
2003	1.005.292
2004	1.332.688
2005	1.745.976
2006	2.186.395

Share of the Dutch market

Marktaandeel op 31-12 2006

- .NL
- .COM
- .NET
- .INFO
- .ORG
- .BIZ
- .EU
- .Overig

1,0
9,7
0,6
1,5
1,8
2,2
12,1
71,2

Source: Webhosting.info, EURID.eu

Development in domain names in 2006

Januari 2006 t/m december 2006

70.000
60.000
50.000
40.000
30.000
20.000
10.000
0

jan feb mrt apr mei jun jul aug sept okt nov dec

— Nieuw geregistreerd   — Opheffingen   — Netto toename

Note: On 1 January 2007, the zone file contained 2,186,395 domain names, compared with 1,745,976 on 1 January 2006. This equates to growth of 25.2%

Developments within SIDN

SIDN feels responsible for ensuring that it provides an effective domain name registration system that meets the present and future requirements of its customers. The domain name registration system DRS2 was replaced by DRS4.0 on 26 September. In this way, SIDN is able to respond to the rapidly growing demand for .nl domain names and the calls this makes on the system. A second customer satisfaction survey was carried out in 2006, and the customer was the focus of attention for SIDN staff.

DRS4.0

DRS4.0 took a few years of preparation before it went live. It was eagerly anticipated, both internally and externally. After all, the previous system, DRS2, was having difficulty coping with the increasing demand and it formed an obstacle to new functions. In order to allow registrars to familiarise themselves with DRS4.0 in good time, SIDN published the manual for DRS 4.0 on its website and provided an online course with exercises and a virtual explanatory session, highlighting the differences between DRS2 and DRS4.0. A test environment was also available and SIDN organised explanatory sessions at various locations throughout the country. Quite soon after implementation of the new system, a fair number of problem areas became apparent, leading to disruptions in the service provision. SIDN set about dealing with these straight away: a great number of improvements were carried out in the first two months, thereby restoring the service provision.

The improvements involved in DRS4.0 were plain to see in the final quarter of 2006; for example, a new and safer procedure for relocating .nl domain names due to an improved WHOIS function. The transition to the new system was also seized as an opportunity to clean up the database, resulting in the removal of a large number of duplications.

Professional staff

The theme of 2006 for SIDN staff was customer awareness. This enabled SIDN to continue to meet the growing demand for its services, which in turn went hand-in-hand with higher demands from Internet users.

DRS4.0 will also open the door to new functions that will simplify the registration process. At the end of 2006, for example, SIDN was able to offer a new service that simplified the application and registration procedure for .nl domain names. Previously, registrants had to sign a hard copy registration contract; the new service made an electronic version available as of 1 December. This change is the first step on the path to a fully electronic registration process, which is eagerly awaited by registrars.

Requirements in terms of speed, SIDN service provision, reliability, capacity, knowledge and vision
Because of market dynamics and competition, SIDN attaches a great deal of importance to a client-oriented and high-quality service provision, which in turn places high demands on our employees. For this reason, major investments were made throughout 2006 to build up knowledge in the form of training and education, partly in relation to the new registration system.

ENUM
In October, the Dutch government allocated SIDN the responsibility for ENUM in the Netherlands. A separate organisation was set up for ENUM, the 'Stichting ENUM Nederland' (ENUM NL). The intended structure for ENUM in the Netherlands can be compared to that of the .nl domain: namely a national registry and registrars through whom registrants buy their services. ENUM NL will manage and maintain the National ENUM database, which will contain the registered ENUM telephone numbers, and SIDN is responsible for the expertise and infrastructure. Registrars will maintain the final subscription and accessibility data. A great deal of interest has already been generated for ENUM through publications, interviews and congresses etc.

Promotion of a safe.nl domain
Within the framework of a high-quality, secure .nl domain, SIDN also provided active support for the case law portal www.DomJur.nl in 2006. SIDN also issued a public warning at the end of September regarding parties trying to sell domain names with extensions other than .nl to .nl registrants for large amounts of money. In order to do so, SIDN took part in television programmes, such as TROS Opgelicht, and placed warnings on its own website.

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"The introduction of DRS4 in 2006 was a considerable inconvenience to us as the largest registrar. We have now seen the first improvements and are confident that the foundations have been laid for a better system in the future."

HENRI DEJONG
META REGISTRAR - MIJNDOMEIN.NL

Customer satisfaction

For high-quality service provision, SIDN has been singled out for its good collaboration with registrars. To get a feeling for the experiences, needs and wishes of registrars, SIDN regularly organises meetings and consultations. The follow-up to the introduction of DRS4.0, for example, was based on consultation with these registrars. Initial experience with the new system was debated during the explanatory meetings for DRS4.0 that were held with our contacts in December. The day concentrated on transparent communication regarding the causes of the bottlenecks that the introduction of this new domain name registration system entailed, and also how they were being addressed. The second extensive Registrar Satisfaction Monitor (DTM) was carried out in September 2006. Points for improvement that emerged from this will be dealt with in 2007.

Improved accessibility and response times

During 2006, SIDN achieved a number of improvements in the area of customer satisfaction, which had been highlighted by the first Registrar Satisfaction Monitor (dating from 2005). For example, accessibility to the SIDN customer service department was significantly improved, and opening times on working days were extended by two hours. Response times for registrations and changes were shortened, and backlogs were cleared. In addition, electronic newsletters were regularly sent to the registrars in 2006, in order to ensure that they were effectively supplied with current information.

www.blauwgeel55.nl

>> HENK KIEZENBERG (TRAINER)

Preview 2007

High-value service provision
Over the years, SIDN has grown into a professional, reliable and high-value provider of DNS services. In this highly-specialised field, SIDN measures up with the best in the world. SIDN is keen to share the knowledge, expertise and experience it has built up in this area with stakeholders and other naming authorities, within the context of general social interest. In concrete terms, this means that SIDN is developing activities and services that will contribute to a properly functioning and secure usage of the Internet. The Netherlands stands at the forefront of Internet usage throughout the world, and SIDN wants to enhance this position in 2007 on the basis of the core values of independence, client-orientation, reliability and innovation, by means of a high level of service and an extended package of innovative services.

New releases of DRS4
DRS4.0 forms a strong platform from which this can be achieved. Every day, registrars are noticing the improvements that have been achieved with DRS4.0. New releases are scheduled during the course of 2007 that will not only improve stability but will also expand functionality. The first steps were taken at the end of 2006 towards a completely electronic facility

for registering new .nl domain names; in 2007, this will be expanded to include changes to registrations. Early in 2007, the frequency of the zone file updates will also be increased from once to twice per day, so that a newly registered domain name will be technically available on the Internet more quickly. The ultimate aim is to increase the frequency of zone file updates still further. SIDN is also planning to equip the new registration system with an XML interface, so that registrars will be able to introduce further computerisation and standardisation of applications for and changes to domain names. Registrars, and by extension, their registrants, will benefit directly from these upgrades.

ENUM goes live in the field of registrations
ENUM NL will sign an agreement with the government in 2007, after which ENUM will become operational. In concrete terms, this will involve setting up the infrastructure and the database in which (potential) registrants can register their telephone numbers via registrars. ENUM NL, along with ECP.NL and ISOC Nederland will also continue setting up the Innovation Platform, which will be a forum for stakeholders, suppliers, users and interested market parties. The Innovation Platform will coor-

dinate the introduction of ENUM in the Netherlands and will promote the development and use of applications based on ENUM. The aim is to have ENUM technically and organisationally operational in the Netherlands by the end of 2007.

New General Conditions
Another innovation relates to the new General Conditions, which will first see the light of day in 2007. These incorporate a number of improvements resulting from more accessible wording, along with a much simpler system. For registrants, the new General Conditions set out the parameters for a qualitatively high-value provision of service.

Personal domain names and numerical domain names
In line with the results of the Domain Name Debate in 2006, SIDN will be phasing out personal domain names over the course of 2007. It will also be introducing the facility to register purely numerical domain names. These numerical domain names will be introduced in a phased registration often referred to as "Sunrise" (a pre-subscription process).

Further elaboration of our service provision

The final quarter of 2006 displayed strong growth, which may well be an indicator of further healthy growth in the number of .nl domain names in 2007. SIDN is receiving more and more signs from the market that point to an increasing number of private registrants, including a reasonable chance that the barrier of 3 million domain names will be broken during the course of 2007. One of SIDN's important targets for 2007 is to make a contribution towards better quality for the registrant by implementing further improvements to registrar support. The SIDN initiative for benchmarking on an international level can also be viewed in this context. In addition, the agenda for 2007 includes the continued introduction of still more gTLD's (generic top level domains), with an anticipated increase in competition for SIDN. At international forums, such as ICANN and CENTR, SIDN will do everything within its power, taking into account this growth in competition, to fortify the position of the .nl domain. Where possible, it will contribute towards collaborative links that will benefit the national and international Internet community.

Financial summary

Total turnover in 2006 amounted to € 8,706,225, compared to € 7,162,568 in 2005. The net results after tax amounted to a loss of € 215,757 (2005: € 500,762). This loss was in line with expectations. The results of 2006 have been charged to the general reserve. This charge left the final equity position for 2006 at € 8,717,809. The equity capital serves as a financial buffer to ensure the organisation's continuity.

Turnover increased by € 1,544,000 (22%) in relation to 2005. This increase in turnover can be explained by an increase in the number of registered .nl domain names. No changes in tariffs were implemented between 2005 and 2006. A number of changes were not accounted for, however, in the final period of 2006, including a contribution made for the restriction of service provision after DRS4.0 went live. In addition, there was a temporary free of charge window for registrant changes, to allow our registrars time to bring their records up-to-date.

Costs increased by € 2,575,000 (+39%) over 2005. Personnel costs rose by € 865,000. One particular underlying cause was an increase of € 577,000 to pay for temporary staff. These extra employees were hired for the DRS4.0 project and as a temporary solution for vacancies. The average number of employees also increased, from 33 in 2005 to 41 employees in 2006. The number of employees at the end of 2006 (42) was in fact the same as the figure at the end of 2005.

Costs for obtaining advice rose by € 602,000 as a result of the increased service provision for the development and implementation of DRS4.0. The extra system and connection costs (€ 408,000) resulted from an increase in licences and maintenance contracts. There was also a further investment in making the production environment more robust. Information costs rose by € 55,000 because of higher branding costs. Insurance costs rose by € 51,000 as a result of the higher number of employees and increased commercial activities. Other costs rose by € 76,000.

Institutional costs fell by € 67,000. This was the result of a single payment of extra costs in 2005 for the CENTR GA organised in Amsterdam that year. Management costs fell by € 41,000, as a result of the single extra payment for structural changes and back-payment of administrative charges for previous years.

Depreciation rose by € 626,000 as a result of investments in the production environment. 2006 was marked by investment of € 926,000 in the construction of the new registration system DRS4.0 and replacement of the technical infrastructure. Total investment in the new registration system and replacement of the technical infrastructure accordingly worked out at € 2.7 million spread across 2004, 2005 and 2006. This covered the expenses for design, hardware and software, and the construction of the system. The project costs in 2005 and 2006, including project management, testing and acceptance, and implementation of the infrastructure added up to € 2.2 million. The total expenses on DRS4.0 accordingly worked out to € 4.9 million.

Arnhem, 20 March 2007

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"On a world scale, we are blessed in having as proactive an organisation as SIDN. You can see this, for example, in their robust solutions for a good, secure Internet."

>> MARK FREQUIN
DG ENERGY AND TELECOM,
MINISTRY OF ECONOMIC AFFAIRS

Financial summary

Assets as at 31 December 2006
(before appropriation of profit)

	2006		2005	
	€	€	€	€
FIXED ASSETS				
Tangible fixed assets				
Machinery and equipment	2.120.427		874	
Other fixed business assets	725.160		781.121	
Tangible fixed assets in production	10.200		1.661.731	
		2.855.787		2.443.726
Financial fixed assets		35.450		0
CURRENT ASSETS				
Receivables				
Debtors	543.213		871	
Taxes and social security contributions	122.134		234.916	
Other receivables	688.153		557.331	
		1.353.500		793.118
Liquid assets		6.299.137		7.173.585
		10.543.874		10.410.429

	2006		2005	
	€	€	€	€
Equity capital				
General reserve	8.933.566		8.432.804	
Annual result	(215.757)		500.762	
		8.717.809		8.933.566
Provisions		27.000		0
Short-term liabilities				
Liabilities to suppliers	1.019.427		681.454	
Taxes and social security contributions	317.538		203.673	
Other liabilities	462.100		591.736	
		1.799.065		1.476.863
		10.543.874		10.410.429

The financial summary is based on the Annual Accounts for 2006.
The full annotated accounts are published on SIDN's public website.

>>

"SIDN did everything within its power, via the Domain Name Debate 2006, to secure a wide-ranging debate. I am confident that they have set about dealing with the results of the debate energetically."

>> PROF. DR HANS FRANKEN
SENIOR LECTURER IN INFORMATION LAW,
CHAIRMAN OF THE DOMAIN NAME DEBATE 2006

Profit-and-loss account for 2006

	2006		2005	
	€	€	€	€
Net turnover		8.706.225		7.162.568
Expenditure				
Wages and salaries	3.704.545		2.911.279	
Pension charges	276.909		293.799	
Other social costs	222.798		134.052	
Depreciation of tangible fixed assets	955.471		329.829	
Other operating expenses	4.047.899		2.963.563	
		9.207.622		6.632.522
Operating result		(501.397)		530.046
Financial income and expenditure		173.902		199.503
Result from ordinary operations before taxation		(327.495)		729.549
Taxes		111.738		(228.787)
Net result		(215.757)		500.762

Cash-flow statement for 2006

	2006		2005	
	€	€	€	€
Cash flow from operating activities				
Operating result		(501.397)		530.046
Adjustments for				
Depreciation of tangible fixed assets	955.471		329.829	
Movement in provisions	27.000		0	
		982.471		329.829
Movement in working capital				
Receivables	(560.382)		(104.813)	
Short-term liabilities	322.202		871.499	
		(238.180)		766.686
Operating cash flow		242.894		1.626.561
Interest received	173.902		199.503	
Corporation tax (paid) / received	111.738		(228.787)	
		285.640		(29.284)
Cash flow from operating activities (to carry forward)		528.534		1.597.277

Cash-flow statement for 2006

	2006		2005	
	€	€	€	€
Cash flow from operating activities (carried forward)		528.534		1.597.277
Cash flow from investment activities				
Investments in tangible fixed assets	(1.367.532)		(1.994.607)	
Long-term lending	(35.450)		(0)	
Cash flow from investment activities		(1.402.982)		(1.994.607)
Increase / (decrease) in funds		(874.448)		(397.330)
Movement in funds				
Funds as at 1 January		7.173.585		7.570.915
Increase / (decrease) in funds		(874.448)		(397.330)
Funds as at 31 December		6.299.137		7.173.585

To the Executive and Supervisory Boards of the Foundation
for Internet Domain Registration in the Netherlands

Auditor's report

Instructions

In accordance with your instructions we have audited the Financial Overview of Stichting Internet Domeinregistratie Nederland, Arnhem, for the year 2006 as set out on pages 30 to 37 of this annual report. The Financial Overview is drawn from the 2006 financial statements of Stichting Internet Domeinregistratie Nederland, which we have audited. We approved these annual financial statements in terms of an accountant's certificate issued on 14 March 2007. The Financial Overview has been prepared under the responsibility of the Executive Board of the foundation. Our responsibility is to express an opinion on the Financial Overview based on our audit.

Scope

We have carried out our audit in accordance with the laws of the Netherlands. This means that our audit must be planned and carried out in such a way as to obtain a reasonable degree of certainty that the Financial Overview is accurately drawn from the annual financial statements. We are of the view that the audit information we obtained is adequate and appropriate as a basis for our opinion.

Opinion

We are of the opinion that the Financial Overview is accurately drawn from the annual financial statements.

For the understanding required to form a responsible opinion on the Foundation's financial position and financial results, and for an adequate understanding of the scope of our audit, the Financial Overview must be read in conjunction with the complete annual financial statements from which it is derived, as well as the positive accountant's certificate issued by us in relation to those statements on 14 March 2007.

Arnhem, 20 March 2007
PricewaterhouseCoopers
Accountants N.V.

A. Groenenboom RA

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"SIDN is becoming a professional, client-oriented organisation. The best comparison may be with a caterpillar: as soon as it spreads its wings, it turns into a beautiful butterfly."

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>> JOS KORS (MILLER)

Personnel

Personnel at
31 December 2006

Director
Roelof Meijer

Supervisory Board
Eddy Schuyer, Chair
Fred Eisner
Erik Huizer
Rob Matthijssen
Hanneke Slager
Christiaan van der Valk
Michiel Westermann

Complaints and Appeals Committee
Anja Oskamp, Chair
Huib Gardeniers, Secretary
Ronald Eissens
Alfred Meijboom
Hans van Oers

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