

.NZ IS OUR HOME



Through the 2008 - 2009 financial year, day-to-day management of the .nz domain name space was the responsibility of Domain Name Commission Limited, under the governance of its Board of Directors. This report highlights some of the work done during the financial year.

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InternetNZ (Internet New Zealand Inc) holds the delegation for the .nz domain name space. InternetNZ has established two subsidiary companies, Domain Name Commission Ltd (DNCL) and NZ Domain Name Registry Ltd (NZRS) to manage .nz, leaving the InternetNZ Council to maintain a governance overview.

Key Parties

DNCL – Domain Name Commission Ltd

Domain Name Commission Ltd (DNCL) is a company wholly-owned by InternetNZ and, in common with the rest of the InternetNZ group, has charitable status. DNCL is headed by the Domain Name Commissioner, and is responsible for the day-to-day oversight of the .nz domain name registration and management system, including:

- Effectively managing the .nz domain name space
- Developing policies and procedures for .nz
- Governing operational elements of the management of the .nz country code top level domain (ccTLD).

DNCL accomplishes these goals by:

- Authorising Registrars
- Developing policies under the direction of the DNCL Board, whose members are appointed by the InternetNZ Council
- Monitoring Registrar activities and their compliance with the .nz policies
- Handling complaints that arise in the operation of the .nz market
- Protecting the rights and relationships of all parties in the .nz market (Registrars, Registrants and Registry).

NZRS – .nz Registry Services

NZRS is responsible for the Register of domain names and the operation of the Domain Name System (DNS) in the .nz domain name space, including:

- Managing the .nz Register
- Ensuring the system is available to Registrars to effect domain name registrations and management of those names
- Managing the .nz DNS, by ensuring the .nz zone file is populated to various name servers, and that they operate to enable .nz domain names to be resolved at all times
- Monitoring performance and reporting to the DNC against standards specified in the Service Level Agreement
- Supporting DNCL by providing such information as is required to enable investigations or other actions to be completed, and to update details on the Register if directed by the DNC.

Chair's Report

It is important to us that the policies reflect the communities' requirements.



This is the first annual report as Domain Name Commission Ltd (DNCL). On 1 April 2008, the DNCL Board formally commenced operations, replacing the previous .nz Oversight Committee. Though significant, the change was one in structure only, as the work of the Domain Name Commission was essentially unchanged. As such, most Registrants of .nz domain names – those people and organisations whose interests we are here to protect – will not have noticed a difference in the way the .nz domain name space is managed.

DNCL is a company wholly-owned by InternetNZ (Internet New Zealand Inc). Its Board of Directors, with myself as Chair, includes Joy Liddicoat, Andy Linton, Michael Foley (appointed as the representative of the InternetNZ Council) and David Russell. With the exception of Michael Foley, the Directors previously served on the .nz Oversight Committee and so the transition to DNCL operations has been smooth. I'd like to thank the Board for the work they've done over the year, both in embedding the new structure and in their committed and valuable approach to the governance of the Domain Name Commission.

During the year we have continued our ongoing review of .nz policies, with three policy reviews being completed and another commenced. A key aspect of the policy reviews is the feedback we get from Registrars and the public. We would like to encourage more submissions on reviews as it is important to us that the policies reflect the communities' requirements.

A good example of how effective public submissions can be in our work was seen during the consultation on the creation of a new second level domain (2LD) .health.nz. The creation of this 2LD was recommended by the Board following improvements to the

moderation policy. These improvements resulted from comments received in the first consultation process.

Looking forward, we hope the Domain Name Commission will be able to offer even more services to assist Registrants in the future. We aim to continue to serve our community of interest to the highest possible standards. We will continue to work actively with NZRS and the technical community to contribute to the stability and security of the Internet in New Zealand.

Finally I would once again like to thank Debbie Monahan, the Domain Name Commissioner, and her staff for their work in support of the Domain Name Commission, and for ensuring that the .nz domain name space operates so effectively.

A handwritten signature in black ink, appearing to be 'Richard Currey'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard Currey
Chair

DNC Report

Our work ensures the .nz domain name space operates fairly and effectively.



This year has seen us operating under a new legal structure, with Domain Name Commission Ltd starting officially on 1 April 2008. Operationally little has changed – our work in ensuring the .nz domain name space operates fairly and effectively continues as previously.

With DNCL being a company wholly-owned by InternetNZ, rather than an operational office, an Operating Agreement was signed by the two parties. This sets out the requirements on DNCL in respect of overseeing .nz and is available online at: www.dnc.org.nz/content/Operating_Agreement.pdf

As in previous years, we have undertaken various reviews as part of our ongoing policy development process. Reviews on three policies were completed and one was in progress as the year ended.

We also consulted on an application for a new second level domain – .health.nz, which was approved and will be moderated by the Ministry of Health. It is intended to create a clearly identifiable Internet presence for the

health sector. Although approved, this second level domain is yet to be implemented by the Ministry.

The Working Group set up to consider the introduction of Internationalised Domain Names featuring the Māori macrons also published a second consultation paper. This project is ongoing and it is expected that the policies and processes around this implementation will be finalised in the 2009 - 2010 year so that the targeted implementation date of Māori Language Week 2010 can be met.

Interest in the .nz domain name space continued throughout the period. However, as noted elsewhere in this report, the growth rate was lower than in recent years. Four new applications from organisations seeking to become authorised Registrars were received. There are now 70 Registrars connected to the production environment and able to provide services. A further four organisations were authorised but not yet connected and two Registrars chose to de-authorise. Further growth in the number of Registrars is expected in the coming year.

The Dispute Resolution Service remains well used, with complaints continuing to be lodged at a rate of approximately five new valid complaints per month. For the first time, an appeal against an Expert Determination was lodged. The decision of the appeal panel was that the original determination be overturned. Full statistics for the operation of the service over the year are provided later in the report.

Membership of the Expert and Mediator panels was reviewed during the year. One new Mediator was appointed, replacing a Mediator who had resigned from our panel. Membership terms have been staggered to provide continuity on the panels into the future.

Presentations to organisations interested in how our Dispute Resolution Service works have been made at the Asia Pacific Top Level Domain Association (APTLD) meetings, and to conferences in South Africa, where I spoke about the system and policy we apply here. The Internet Corporation for Assigned Names and Numbers (ICANN) and APTLD meetings continue to be an opportunity for DNCL to make a contribution internationally, through the example of its management of the .nz space.

I'd like to acknowledge the work of the NZRS team over the year. They have reported successful progression of their DNS Roadmap project, resulting in improved performance of the Domain Name System in the .nz space. The NZRS team has also, as in previous years, provided great assistance to DNCL. A large number of requests have been made of them over the year and their work is very much appreciated. Nick Griffin, the General Manager for NZRS, resigned during the year, having been with the company since its inception in 2002. We are looking forward to working with the new registry manager, NZRS Chief Executive Jay Daley.

Our relationship with our Board has been an excellent and productive one. Thank you to the Directors of DNCL for their hard work and guidance. My heartfelt thanks and appreciation also go out to my small but very effective and efficient team for their hard work – Stuart Anderson, Josh Cookson, Adam Griffiths and Alison McKenzie.

Debbie Monahan
Domain Name Commissioner

The Year in Review

Domain Name Growth for 2008 - 2009 Year

Domain name growth has been slower than in the past, with an increase of 28,708 names over the year.

Despite this, the pattern of new registrations has remained similar to that of previous years. The number of new domains registered per month was on average only 9% fewer than during the 2007 - 2008 year. In November 2008, the domain name space suffered its only contraction since the introduction of the Shared Registry System (SRS) in 2002. Since then, however, growth has again stabilised at around 2,000 names per month.

Growth peaked during April 2008, during which the number of active .nz domain names increased from 324,722 to 328,951, a net increase of 4,229 names. Last year's monthly growth record of 5,752 names was not reached.

350,000 Domain Names Reached

The number of active .nz domain name registrations reached 350,000 on 3 February 2009.

Policy Review

Reviews of four policies were initiated over the year. Reviews of the Disputes and Complaints Policy, the Investigations and Inquiries Process, and the Authorisation of Registrars Policy have been completed during the year. Just prior to the end of the financial year, a consultation on the Privacy Policy was begun.

As with all our consultations, each review involves actively seeking feedback on the policy from the community of interest. All submissions received are published on our website.

Internationalised Domain Names

A working group has been considering the introduction of Internationalised Domain Names (IDNs) in the .nz space. The members of the working group are Sam Vilain, Karaitiana Taiuru, Wareka Te Angina, Nick Wallingford, Dave Moskovitz and Richard Currey (Chair). IDNs in .nz will involve only the five macron characters used in the writing of the Māori language.

Early policy work for implementation has begun, with a call for comment on the proposal made during November and December of 2008. Feedback was sought on the issues associated with implementing IDNs, and the likely impact of those issues. Comments were received from Registrars, the Māori Language Commission, the New Zealand Bankers' Association and individuals.

As a result of the responses to the consultation, further work on the project is continuing, with IDNs targeted for introduction during Māori Language Week in 2010. Additional rounds of consultation will be carried out in the coming financial year, to develop and refine the sunrise policy for the introduction of the names.

New Second Level Domain

The DNCL Board recommended that an application for a new second level domain .health.nz be approved by the InternetNZ Council, following two rounds of consultation.

The .health.nz namespace will be moderated to preserve the authority of health and disability sector websites and email addresses, and to enable easy identification of the sector on the Internet.

The applicant, the Ministry of Health, is responsible for implementing .health.nz and we expect it to be in place over the coming year.

Domain Names by 2LD – Monthly Count to 31 March 2009

2LD	APR 08	MAY 08	JUN 08	JUL 08	AUG 08	SEP 08	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09
.ac	1,544	1,589	1,582	1,602	1,603	1,614	1,646	1,654	1,662	1,656	1,680	1,665
.co	282,531	285,876	288,994	292,048	294,557	296,142	299,555	299,318	299,986	300,919	302,527	304,330
.cri	16	16	16	16	16	16	16	15	15	15	15	15
.geek	848	850	853	861	848	848	861	860	865	875	870	873
.gen	1,189	1,193	1,178	1,200	1,200	1,191	1,201	1,205	1,211	1,211	1,206	1,204
.govt	951	951	958	961	965	972	977	978	979	982	985	988
.iwi	57	60	60	63	62	63	64	65	64	65	65	67
.maori	504	506	507	516	512	513	523	520	534	531	535	544
.mil	18	18	18	18	18	17	17	17	16	16	18	18
.net	19,537	19,709	19,894	19,932	20,015	20,162	20,330	20,286	20,299	20,300	20,266	20,336
.org	19,012	19,267	19,480	19,612	19,755	19,949	20,180	20,225	20,309	20,407	20,454	20,545
.parliament	5	5	5	5	5	5	5	5	5	5	5	6
.school	2,739	2,754	2,760	2,775	2,789	2,801	2,811	2,821	2,824	2,820	2,838	2,839
TOTAL	328,951	332,794	336,305	339,612	342,345	344,293	348,186	347,969	348,769	349,802	351,464	353,430

.nz Market Share Statistics

MONTH	TOP 4 REGISTRARS (%)	NEXT 4 REGISTRARS (%)	REMAINING REGISTRARS (%)	NO. OF REMAINING REGISTRARS
April 08	45.9	23.0	31.1	59
May 08	46.5	22.5	31.0	59
June 08	46.6	22.4	31.0	58
July 08	46.7	22.3	31.0	58
August 08	46.7	22.1	31.2	58
September 08	46.4	22.0	31.6	58
October 08	46.4	21.9	31.7	58
November 08	46.6	21.5	31.9	58
December 08	46.7	21.3	31.9	58
January 09	46.8	21.2	32.0	58
February 09	46.8	21.2	32.0	60
March 09	46.7	21.2	32.2	62

Dispute Resolution Service (DRS)

Mediation

Mediation is forced in all cases where a response is received, and has proven to be a valuable step in resolving disputes at no cost to the parties. The response rate of 36% was lower than expected and the mediation resolution rate is lower than in previous years. However, for the 61% of cases that did not resolve at mediation, fully two-thirds went on to be decided by an Expert, resulting in six decisions to transfer, and three dismissals.

Decisions

Expert determinations are published on our website at: www.dnc.org.nz/drs-decisions, and are implemented if no appeal is received. To date, one case has been appealed, and the original determination to transfer was overturned, meaning that the domain name should remain with the original Registrant.

Seven of the 16 disputes that were referred to an Expert had not had a response from the current Registrant. Of those seven disputes, six resulted in a transfer. The remaining case was dismissed. Overall, the transfer rate for defended cases was 66% compared with 85% for undefended cases.

Submission Quality

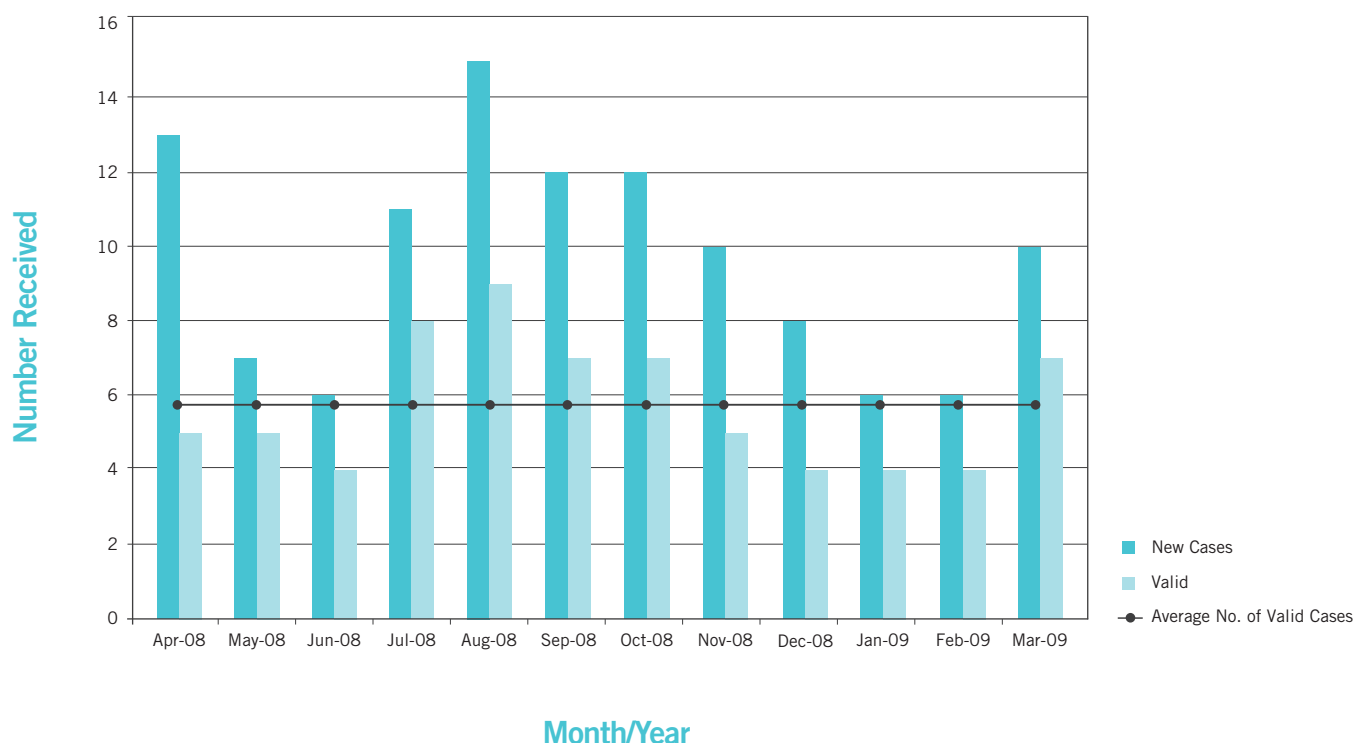
During the year, our electronic forms were revised, with a view to improving the quality of submissions received. Despite multiple warning messages, complaints containing insufficient information continue to be submitted. In general, complainants who use a representative give a more detailed picture of their rights in the name, and of the reasons why the current registration is unfair. We continue to stress the importance of presenting a full and complete complaint or response in our information materials, and the provision of evidence of trademarks where a complaint relies on these is now mandatory.

About the DRS

The Dispute Resolution Service (DRS) provides an alternative to the Courts in situations where two parties are in dispute over who the Registrant of a .nz domain name should be. Administered by the Domain Name Commission, the independent service operates using online forms. Users submit information electronically, and back their submission with signed hard copies and annexes of supporting documentation. These annexes can include any type of supporting material – publications, photographs, formal documents, copies of invoices etc. Our role as the administrators of the service is to process the information in a timely manner, passing it between the parties as appropriate.

Statistics and information are published on our website, and a brochure, entitled *A service for resolving .nz disputes*, is available at: www.dnc.org.nz/brochures to provide an overview of the service.

New Disputes by Month (last 12 months)



Statistics and Process for 2008 - 2009

Key process steps

Complaint submitted



Response received



Mediation



Referred to Expert



Outcomes

Statistics

116 submitted, 59% valid



36% of valid complaints were responded to by Registrant



39% of disputes that went to mediation were resolved

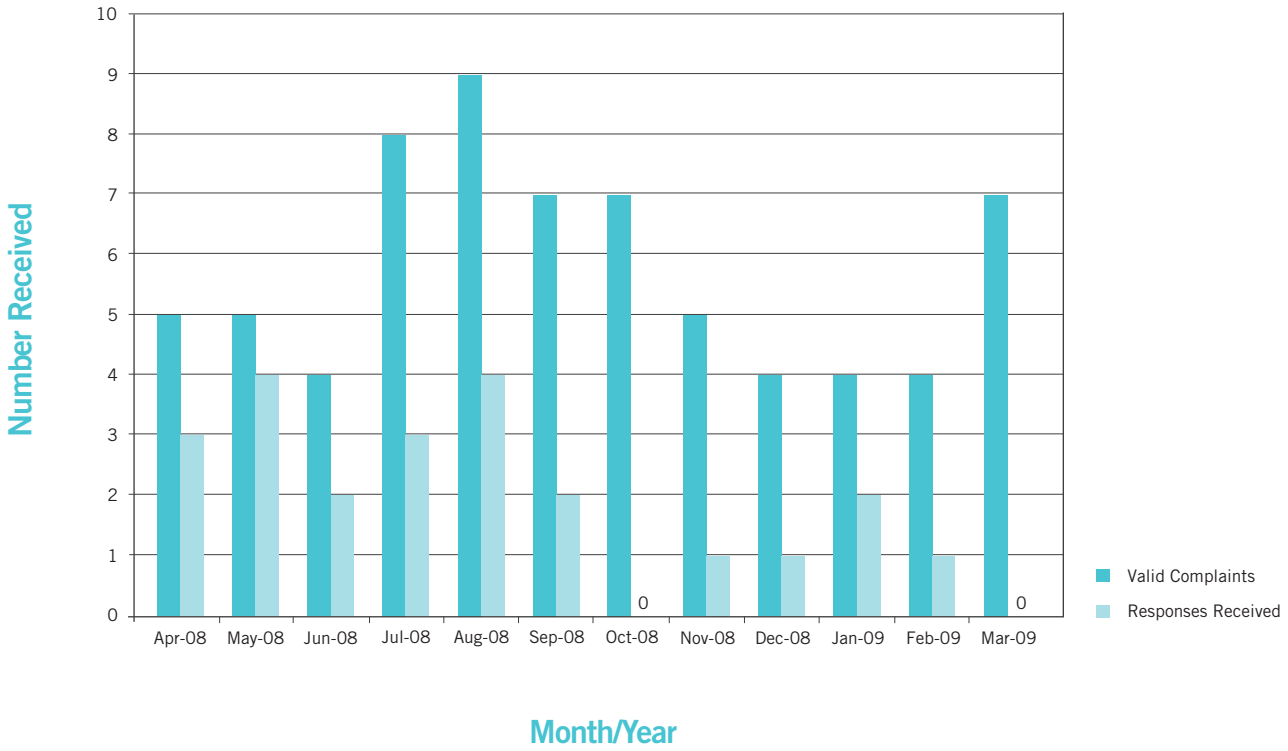


23% of valid disputes were referred to an Expert

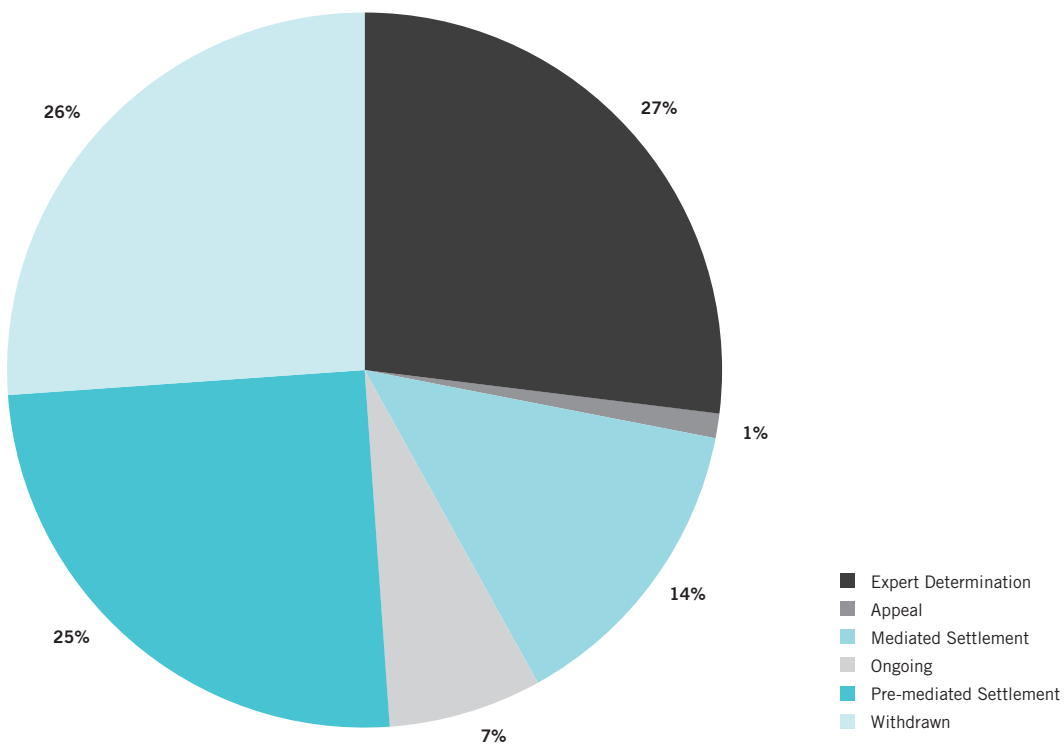


75% of determinations resulted in transfer and 25% were dismissed

DRS Response Rates



Outcomes for Valid DRS Disputes



Authorised Registrars

Authorised Registrars Connected to the SRS

As at 31 March 2009, 74 organisations were authorised by the DNC as .nz Registrars.

Of those 74 organisations, four had not yet connected to the Shared Registry System.



This logo can be used by authorised Registrars, enabling them to be clearly identified by potential Registrants as an organisation that has been authorised by the Domain Name Commissioner as a .nz Registrar. A full list of all authorised .nz Registrars can be seen at: www.dnc.org.nz/registrars

Most Registrars display this logo on their websites, with a link to the DNC website at: www.dnc.org.nz

Registrar Advisory Group

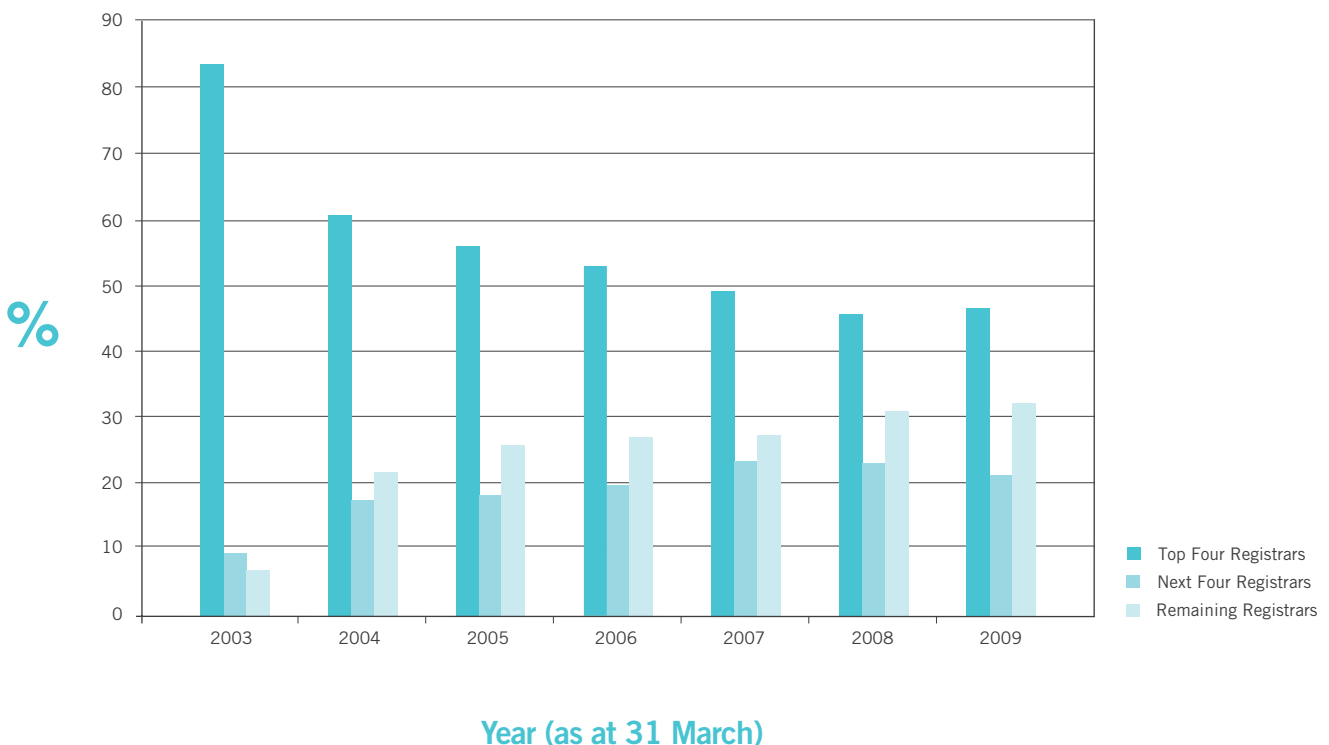
Registrars are an integral part of the .nz framework – they are the key public face of the SRS for Registrants. To make sure the needs of Registrars are accounted for in decision making, there is a Registrar Advisory Group (RAG), providing a direct input from Registrars to the Domain Name Commission and NZRS. The current RAG group was elected in February 2009, following a call for nominations, and now comprises Richard Clark (SimpleName), Glen Eustace (GodZone Internet Services), Lee Miller (RegisterDirect/1st Domains), Peter Mott (Swizzlestick), Andrew Scott (Domainz) and Brett Wright (Freeparking).

Market Share

Throughout the year, the DNC Office has continued to publish .nz market share statistics. The publication does not present the market share for each individual Registrar but rather the figures for the top four Registrars, the next four Registrars, and the remaining Registrars connected to the SRS.

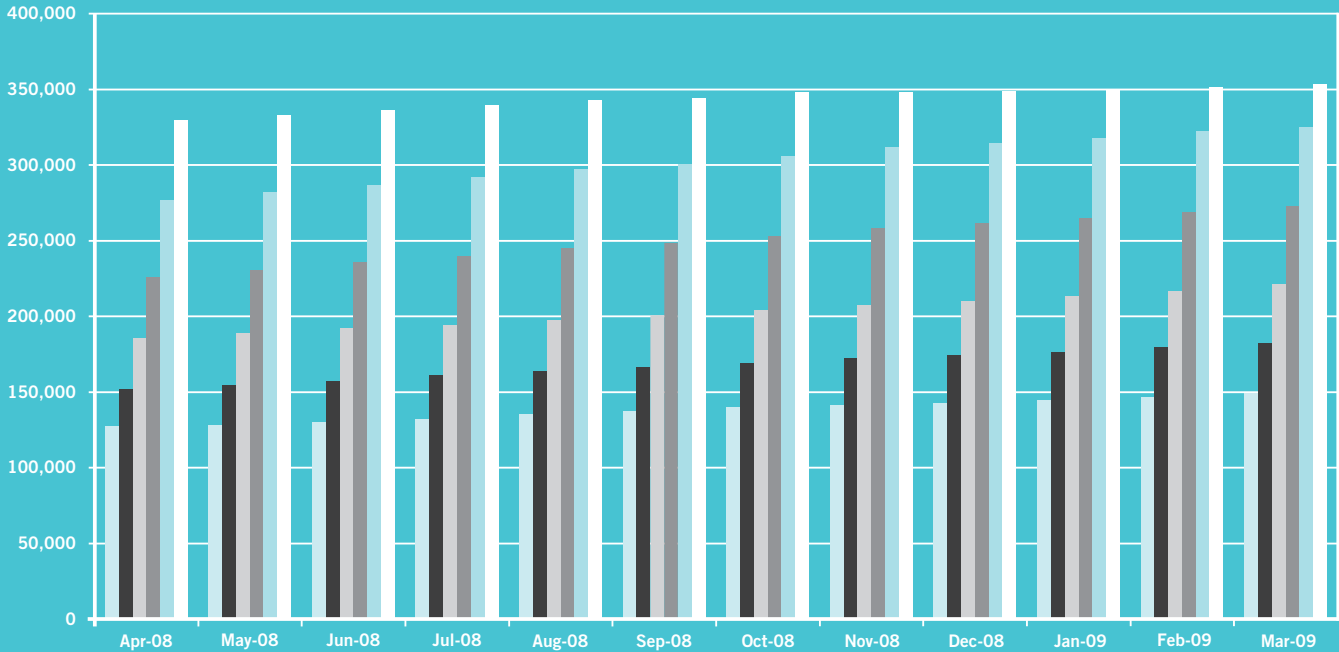
As the number of Registrars connected to the SRS has increased over the past four years, changes have also occurred in the .nz Registrar market share. Gradually the market share of the top four Registrars has been decreasing, while the market share of the remaining Registrars has been increasing. Variations in the membership of each group often shows as a slight change in the market share pattern. The graph below illustrates these changes.

.nz Market Share 2003 - 2009



Registration Statistics

Registered .nz Domain Names 2003 - 2009

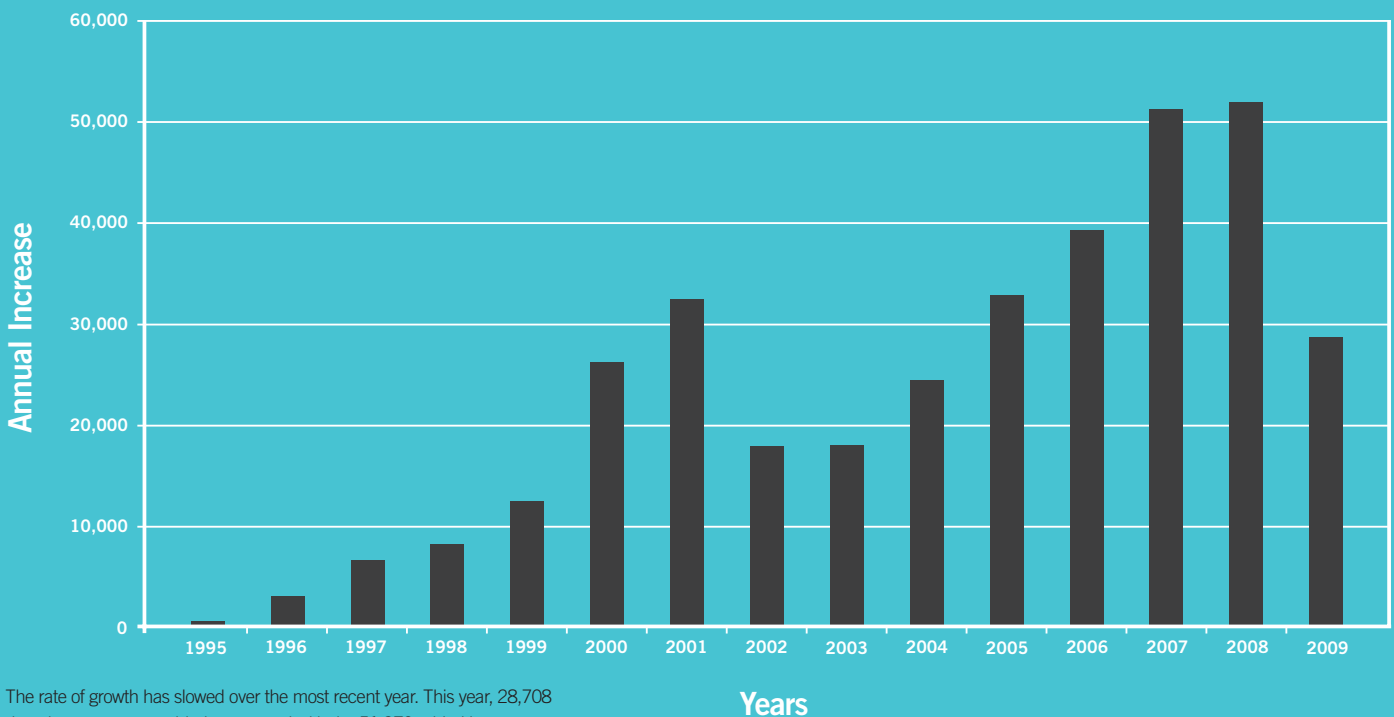


The total number of domain names has increased from 324,722 (at 31 March 2008) to 353,430 (at 31 March 2009) – a total growth of 28,708, or 8.8%. This year's growth rate is approximately half of the previous year's rate of 19% and is lower than any year since the SRS was established in 2002.

End of Month

2003-04 2004-05 2005-06
2006-07 2007-08 2008-09

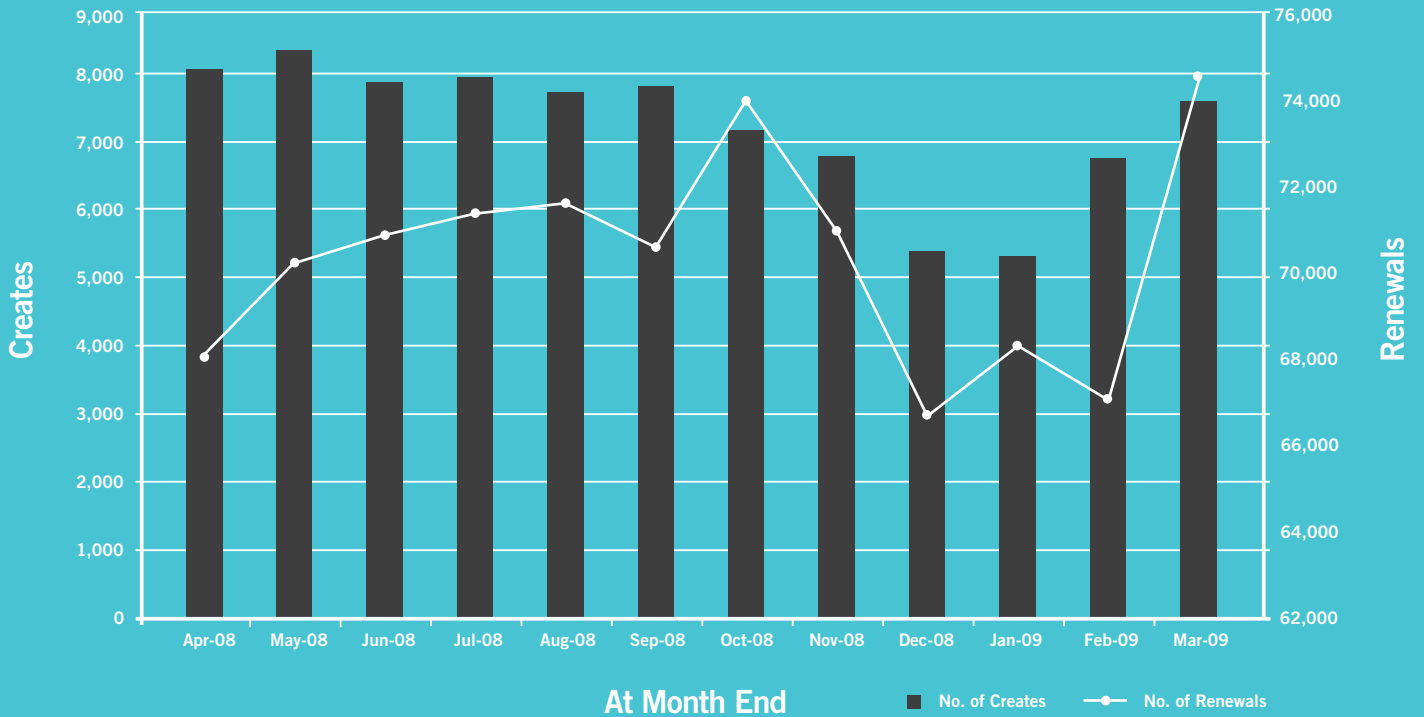
Growth in Domain Names 1995 - 2009



The rate of growth has slowed over the most recent year. This year, 28,708 domain names were added, compared with the 51,970 added last year – a marked difference from the patterns shown in the past seven years.

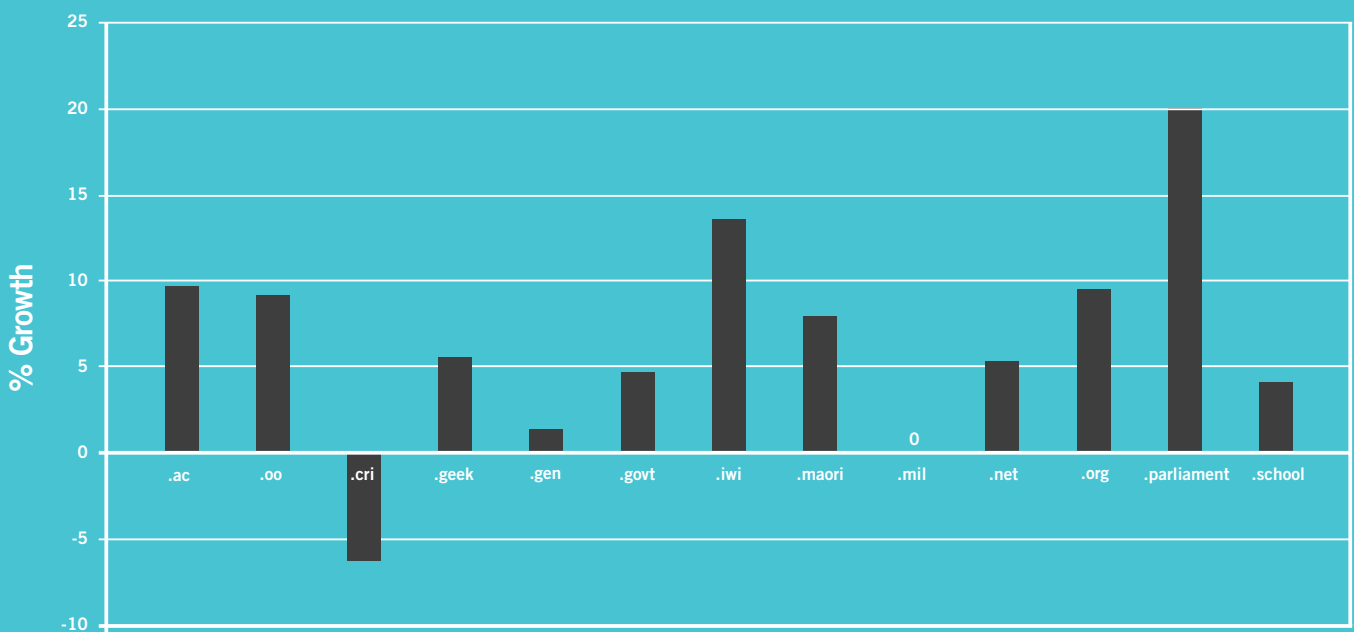
Years

.nz Creates and Renewals 2008 - 2009



Looking at the number of new names registered, it appears that some of the decrease in growth could be attributed to a change in the pattern of renewals. Registrants may be looking to ensure that their domain names are managed more effectively. The graph above demonstrates that the number of domain names created per month dipped over the December/January period but has since recovered. Domain name renewals were at their highest for the year at the end of March.

Growth Rate for 2LDs in .nz Domain Name Space 2008 - 2009



Percentage increases for .iwi.nz and .parliament.nz names appear large, as the domain name spaces are small.

Domain Names

The Service Level Agreement

Performance of the registry company (.nz Registry Services – NZRS), in respect of its .nz services, is measured by way of a Service Level Agreement (SLA). The SLA was updated during 2008, with an interim version signed during October 2008. The SLA will be fully revised in the new financial year.

The SLA outlines the standard of service that is expected to be delivered by NZRS in managing the .nz Register. It covers aspects including Register Performance, Register Management, and SRS/DNS reporting. The Service Level Standard targets specified in the SLA are measured and averaged over a calendar month.

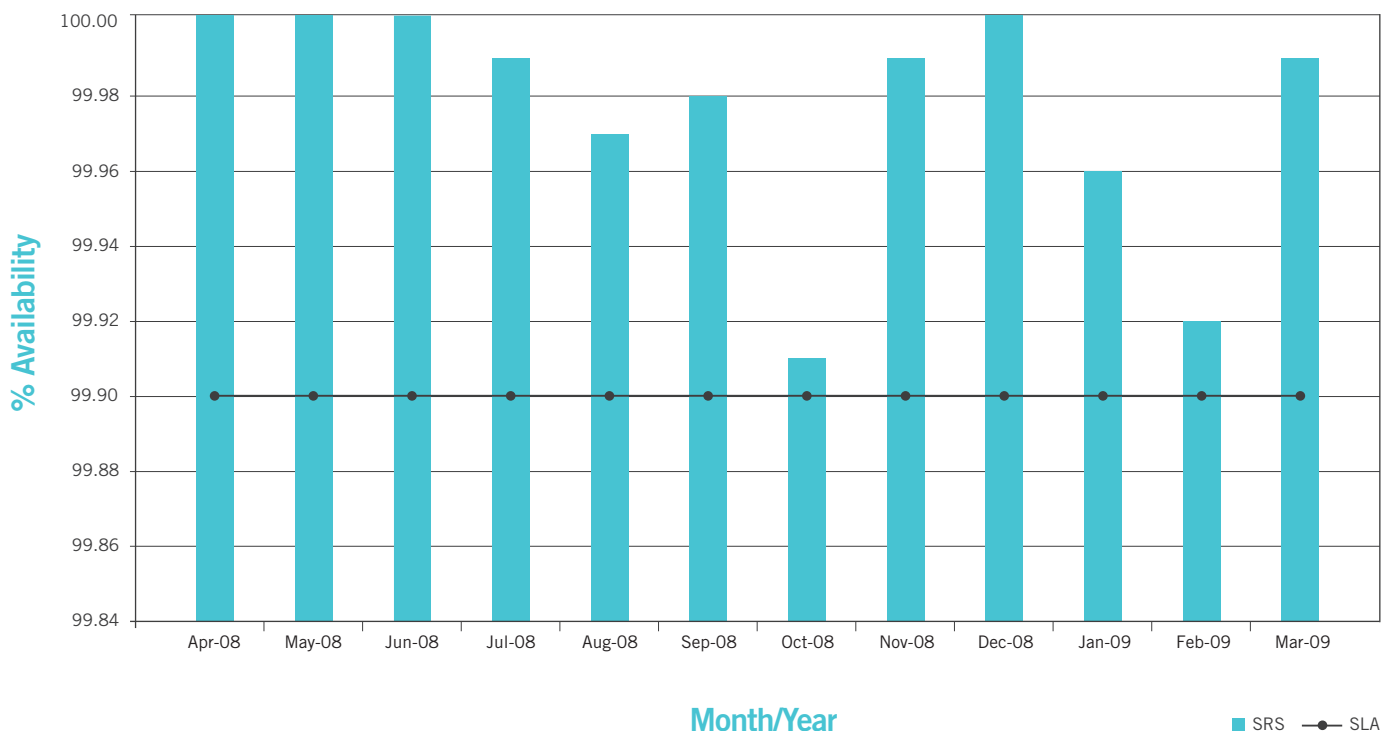
Key targets outlined in the SLA include:

- 99.9% system availability of SRS
- 99.9% availability of WHOIS
- 100% availability of DNS servers – the DNS service should not be affected by any DNS server planned outage
- Specified average response times for key SRS transactions (see next page for SRS response times April 2008 - March 2009).

Over the last year:

- SRS availability of 99.9+% was achieved for all months of the year. 100% availability was achieved during four months of the year
- DNS availability of 100% was achieved for all 12 months.

SRS Availability 2008 - 2009



SRS Response Times April 2008 - March 2009

AVERAGE RESPONSE TIME (IN SECONDS)	SLA	APR 08	MAY 08	JUN 08	JUL 08	AUG 08	SEP 08	OCT 08	NOV 08	DEC 08	JAN 09	FEB 09	MAR 09
Domain Details Query	<1.50	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04	0.04
Domain Update	<0.80	0.41	0.41	0.49	0.46	0.43	0.42	0.41	0.42	0.39	0.39	0.39	0.36
Domain Create	<0.80	0.45	0.48	0.57	0.51	0.48	0.48	0.49	0.50	0.43	0.45	0.44	0.42
Get Message Performance	<0.80	0.04	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.05
WHOIS	<0.80	0.11	0.10	0.11	0.14	0.12	0.12	0.13	0.12	0.12	0.12	0.12	0.12
WHOIS Queries at Back End incl Registrar Volume 000's	N/A	3,081	3,315	4,165	3,074	2,841	2,986	2,836	2,647	2,705	2,921	2,851	3,411
WHOIS Server Queries 000's	N/A	299	441	887	531	351	365	396	349	291	336	382	470
UDAI Valid Query	<0.80	0.14	0.14	0.15	0.19	0.17	0.16	0.15	0.15	0.16	0.16	0.17	0.17

The table above shows the SRS response times recorded for the last 12 months. The response times are measured against the standard set in the SLA.

Terminology

APTLD

Asia Pacific Top Level Domain Association, an organisation for ccTLD (Country Code Top Level Domain) registries in the Asia Pacific region.

Board

The governance body for Domain Name Commission Ltd, consisting of five members appointed by InternetNZ. One Board member is an InternetNZ Councillor.

ccTLD

Country Code Top Level Domains. Examples include .nz, .uk, .au

DNC or DNCL

Domain Name Commission Ltd, a company wholly-owned by InternetNZ, responsible for the day-to-day oversight of the .nz domain name registration and management system.

DNS

Domain Name System.

DRS

Dispute Resolution Service. The .nz Dispute Resolution Service provides an alternative to Court action, giving parties another mechanism to resolve disputes that arise.

ICANN

Internet Corporation for Assigned Names and Numbers. A not-for-profit public-benefit corporation with participants from all over the world dedicated to keeping the Internet secure, stable and interoperable. It promotes competition and develops policy on the Internet's unique identifiers.

IDN

Internationalised Domain Name – names that utilise characters beyond the standard characters of the letters a-z, digits 0-9 and the hyphen.

InternetNZ

The organisation authorised to manage the .nz domain name space. InternetNZ (Internet New Zealand Inc) established the Domain Name Commission to oversee the management of the .nz domain name space.

Macron

The character used in Māori language to denote a long vowel, such as in the word Māori.

NZRS

New Zealand Domain Name Registry Limited, trading as .nz Registry Services, the organisation responsible for operating the .nz Register. NZRS is wholly-owned by InternetNZ.

RAG

Registrar Advisory Group, set up to represent the collective interests of the Registrar community. Members of the RAG are nominated and elected by their peers.

Register

The authoritative record of .nz domain names, managed and operated by the Registry.

Registrant

The person or entity who holds the right to use a domain name.

Registrar

An entity that has been authorised by the Domain Name Commission to register domain names on behalf of Registrants.

Registry

The entity that operates the .nz domain name Register, providing access to authorised Registrars.

Reseller

An agent providing registration services through a Registrar. Resellers have no official status in the .nz domain name space.

SLA

Service Level Agreement, an agreement between Domain Name Commission Limited and NZRS (the registry) that outlines the standard of service NZRS has to deliver in managing the Register.

SRS

Shared Registry System, a single database for registering and maintaining domain names that is able to be accessed by authorised .nz Registrars.

2LD

Second Level Domain, a name at the second level of the .nz domain name hierarchy, for example internetnz.net.nz. In this example .net is at the second level. The .nz domain name space has several 2LDs to choose from.

Domain Name Commission Limited
Annual Report
For the Year Ended 31st March 2009

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ

Annual Report
For the Year Ended 31st March 2009

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Directors' Report
For the Year Ended 31st March 2009

Financial Result

The Net Loss for the year, after taxation, was \$2,544.

	2009	2008
Retained Earnings as at 1 April 2008	-	-
Net Profit (Loss) After Tax	(2,544)	-
Dividend Declared	-	-
Retained Earnings as at 31 March 2009	(\$2,544)	\$-

Dividend

No dividends were declared or paid for the year ended 31st March 2009.

Remuneration of Directors

During the year the Board of Directors received the following remuneration:

	2009	2008
Directors' Fees		
Richard Currey	18,000	-
Michael Foley	9,000	-
Joy Liddicoat	9,000	-
Andrew Linton	9,000	-
David Russell	9,000	-
	\$54,000	\$-

Directors' Information

There were no notices from directors of the company requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Directors' Report (Continued)
For the Year Ended 31st March 2009

Interests Register

Entries have been made in the interests register during the year for the directors' remuneration disclosed in this report and directors and officers insurance paid by the company.

Share Dealings


No shares were purchased, sold or held either directly or indirectly by the directors during the year.

No changes have occurred since Balance Date.

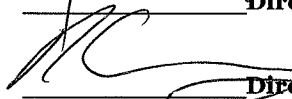
General

No changes have been made to the main activities of the company since trading commenced.

For and on Behalf of the Board



Director



Director

11/6/09

Date

Income Statement
For the Year Ended 31st March 2009

	Note	2009 \$	2008 \$
Income			
Authorisation Fees		9,985	-
DRS Complaint Fees		43,300	-
Management Fees		1,095,600	-
		<hr/>	<hr/>
Total Fees Received		1,148,885	-
Less Expenses			
Audit Fees		6,000	-
Board Expenses		23,792	-
Communications		62,572	-
Depreciation		219	-
Directors Fees		54,000	-
Dispute Resolution Service		114,836	-
DNC Registrar Activities		9,067	-
International Memberships and Conferences		216,190	-
Office and Administration		144,976	-
Personnel and Staff		424,214	-
Professional Services		106,609	-
		<hr/>	<hr/>
Total Expenses		1,162,475	-
Net Operating Profit		(13,590)	-
Plus:			
Interest Revenue		39,459	-
		<hr/>	<hr/>
Net Profit Before Taxation		25,869	-
Less: Provision for Tax	1	28,413	-
		<hr/>	<hr/>
Net Profit (Loss) After Taxation		(\$2,544)	-
		<hr/>	<hr/>

Statement of Changes in Equity
For the Year Ended 31st March 2009

	2009	2008
	\$	\$
Share Capital		
Opening Share Capital	-	-
Shares Issued	580,000	-
Share Capital as at 31st March 2009	<u>580,000</u>	<u>-</u>
Retained Earnings		
Opening Retained Earnings	-	-
Plus:		
Net Income And Expenses Recognised		
Directly In Equity	-	-
Net Profit After Taxation	(2,544)	-
	<u>(2,544)</u>	<u>-</u>
Retained Earnings as at 31st March 2009	<u>(2,544)</u>	<u>-</u>
Equity as at 31st March 2009	<u>\$577,456</u>	<u>-</u>

Balance Sheet
As At 31st March 2009

	Note	2009 \$	2008 \$
Current Assets			
Cash and Cash Equivalents		742,358	-
Total Current Assets		742,358	-
Property, Plant & Equipment	2	433	-
Total Assets		742,791	-
Less Liabilities:			
Current Liabilities			
Trade and Other Payables	3	151,594	-
Provision for Tax	1	13,741	-
Total Current Liabilities		165,335	-
Total Liabilities		165,335	-
Net Book Value of Assets		\$577,456	-
Represented by:			
Total Equity		\$577,456	-

For and on Behalf of the Board

Joy Ladduca

Director

[Signature]

Director

11/6/09

Date

Statement of Cashflows
For the Year Ended 31st March 2009

	2009	2008
	\$	\$
Cashflows From Operating Activities		
Cash was Provided From:		
Net Receipts from Customers	1,148,885	
Net GST Received	16,173	
Interest Received	39,459	
	1,204,517	-
Cash was Distributed To:		
Net Payments to Suppliers & Employees	1,026,836	-
Payment of Income Tax	14,671	-
	1,041,507	-
Net Cashflows from Operating	163,010	-
Cashflows from Financing Activities		
Cash was Provided From:		
Shares Subscribed	580,000	
	580,000	-
Net Cashflows from Financing	580,000	-
Cashflows from Investing Activities		
Cash was Distributed To:		
Purchase of Fixed Assets	652	-
	(652)	-
Net Cashflows from Investing	(652)	-
Net Increase (Decrease) in Cash Held	742,358	-
Plus Opening Cash Balance	-	-
	\$742,358	-
Closing Cash Carried Forward		
Closing Cash Comprises		
Cheque Account	115,333	-
Savings Account	624,787	-
US\$ Account	2,238	-
	\$742,358	-

Statement of Cashflows (Continued)
For the Year Ended 31st March 2009

	2009	2008
	\$	\$
Cashflow Reconciliation		
Net Profit After Tax Per Statement of Financial Performance	(2,544)	-
Plus:		
Depreciation & Amortisation	219	
Increase in GST Payable	7,570	-
Increase in Employee Entitlements	33,038	
Increase in Accounts Payable	110,985	
Increase in Provision for Taxation	28,413	
	180,225	-
	177,681	-
Less:		
Income Tax Paid	14,671	-
	14,671	-
Net Cashflow from Operating Activities (as per Cashflow Statement)	\$163,010	-

Accounting Policies
For the Year Ended 31st March 2009

Reporting entity

Domain Name Commission Limited is a company incorporated and domiciled in New Zealand under the Companies Act 1993.

The principal activity of the company is to manage the .nz domain name space and to protect the interests and rights of everyone involved in using it.

The Company is a Public Benefit Entity as the primary objective is to provide goods or services for the community rather than for a financial return.

The financial statements of the Company are for the year ended 31 March 2009.

Summary of accounting policies

- Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities that qualify for and apply differential reporting concessions. The Company is a Public Benefit Entity. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and the financial statements comply with that Act.

The Company qualifies for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Company has not taken advantage of any of the Differential Reporting Exemptions.

Basis of measurement

The financial statements have been prepared on a historical basis, except for the financial assets and liabilities that have been measured at fair value to meet NZ IFRS requirements. In the current and comparative financial period all financial assets and liabilities have been carried at historical cost.

Presentation Currency

The financial statements are presented in New Zealand dollars (\$). This is the functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Accounting Policies
For the Year Ended 31st March 2009

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

- Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

- Term Deposits

All term deposits are initially recognised at cost, being the fair value of the consideration given. The financial instruments are defined as "held to maturity".

After initial recognition, the term deposits classed as "held to maturity" are recognised at fair value less impairment. Any movement in the fair value or impairment is recognised in the Income Statement.

- Property, plant and equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Union and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in Income Statement.

Depreciation

Depreciation is charged on a straight line basis on all property, plant and equipment over the estimated useful life. Depreciation is charged to the Income Statement. The principal rates used to calculate depreciation are -

Office Equipment	80.4%	SL
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Leased assets

Leases when the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments as inception of the lease, less accumulated depreciation and impairment losses.

Accounting Policies
For the Year Ended 31st March 2009

- Receivables

Receivables are stated at their cost less impairment losses.

A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

- Financial Liabilities

The group and parent's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the Income Statement.

- Employee Entitlements

Employee entitlements that the Company expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, entitlements expected to be settled within 12 months, and sick leave.

The Company recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

- Provisions

The Company recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Accounting Policies
For the Year Ended 31st March 2009

- Impairment

The carrying amounts of Company assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. The recoverable amount is calculated as the present value of estimated future cash flows discounted at their original effective interest rate.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in the Income Statement.

Impairment losses are reversed when there is change in the estimates used to determine the recoverable amount.

- Foreign Currency Transactions

Transactions in foreign currencies that are settled in the accounting period translated at the settlement rate. Transactions in foreign currency that is not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

- Revenue

Rendering of services

Revenue from a contract to provide services is recognised when the services are provided.

Interest

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset using the effective interest rate method.

- Expenses

Operating lease payments

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Accounting Policies
For the Year Ended 31st March 2009

- Income Tax

The income tax expense recognised in the Income Statement is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

The company was registered as a charity under the Charities Act 2005 with effect from 10 October 2008. The income tax liability has therefore been calculated to 10 October 2008.

- GST

All amounts are shown exclusive of Goods and Service Tax (GST), except for receivables and payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

- Risk management objectives and policies

The company has a series of policies to manage the risk associated with financial instruments. The company is risk averse and seeks to minimise exposure from its treasury instruments. Policies have been established which do not allow any transactions that are speculative in nature to be entered into.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company receives services from suppliers located in the United States of America. The overseas entity issues invoices and is paid in United States Dollars. The Company therefore has a limited foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. The company has no short or long term borrowings.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the company, causing the company to incur a loss. The company does not require collateral or other security to support accounts receivable balances. The company has no significant concentrations of credit risk, as it has a large number of credit customers. Management does not believe the company is significantly exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

Notes To The Financial Statements
For the Year Ended 31st March 2009

1. Income Tax

Taxation has been provided for at the current rates applicable.

Taxation has been calculated as follows:

	2009	2008
	\$	\$
Net Profit Before Tax (to 10 October 2008)	91,246	-
Plus Permanent Differences	3,463	-
Net Taxable Income	<u>\$94,709</u>	<u>\$-</u>
Tax Expense at 30%	28,413	-
Less Timing Difference this year	-	-
Income Tax Provision per Profit & Loss	<u>\$28,413</u>	<u>\$-</u>
Tax Expense at 30% (as above)	28,413	-
Less Income Tax Paid in Period	<u>14,672</u>	<u>-</u>
Income Tax Payable / (Receivable) per Balance Sheet	<u>\$13,741</u>	<u>\$-</u>

2. Property, Plant & Equipment

The following gives details of the cost or valuation of assets and depreciation written off to date:

<u>This Year</u>	<u>Cost or</u>	<u>Depreciation</u>	<u>Accumulated</u>	<u>Book Value</u>
	<u>Valuation</u>	<u>For Year</u>	<u>Depreciation</u>	<u>2009</u>
Office Equipment	<u>652</u>	<u>219</u>	<u>219</u>	<u>433</u>

3. Trade and Other Payables

The balance of Trade and Other Payables comprises the following items:

	2009	2008
	\$	\$
Accounts Payable	110,986	-
Annual & Sick Leave Owing	33,038	-
GST Payable	7,570	-
	<u>\$151,594</u>	<u>-</u>

Notes To The Financial Statements
For the Year Ended 31st March 2009

4. Issued Shares

The company has 1,000 fully paid ordinary shares.

5. Financial Instruments

Financial Instruments which potentially subject the company to credit risk principally consist of bank balances and accounts receivable.

In the normal course of its business the company incurs credit risk from trade and other debtors. The company has a credit policy which is used to manage these exposures. The company does not require any collateral or security to support financial instruments.

The company is not exposed to any specific currency or interest rate risk other than normal interest rate and currency movements on a daily basis in the market.

As at 31 March 2009 the values stated in the Financial Statements and the estimated fair value of the company's financial assets and liabilities are not materially different.

6. Imputation Credit Account

At 31st March 2009 the company had no Imputation Credits available to carry forward.

	2009	2008
	\$	\$
Balance at Beginning of Year	-	-
Plus:		
Resident Withholding Tax Deducted	14,672	-
Income Tax Paid During the Year	-	-
Less:		
Imputation Credits Attached to Dividends Paid	-	-
Credits lost on charitable status	14,672	-
	<u> </u>	<u> </u>
Balance at End of Year	<u>\$-</u>	<u>\$-</u>

7. Contingent Liabilities

The company had no contingent liabilities as at 31st March 2009.

8. Segmental Reporting

The company trades significantly within one geographic region and trades only one product so Segmental Reporting is not required.

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2009

9. Commitments

As at balance date the company had no commitments.

10. Events Subsequent to Balance Date

No events occurred subsequent to balance date that would have had a material effect on the financial statements.

11. Related Party Transactions

Domain Name Commission Limited received management fees of \$1,095,600 from New Zealand Domain Name Registry Limited a related party.

Domain Name Commission Limited paid rent of \$72,424 to Internet New Zealand Incorporated, a related party.

Key Management Personnel - The Company has a related party relationship with its directors and executive officers.

Except as stated above there are no other related party transactions.

12. Employee Remuneration

	2009	2008
	\$	\$
Salaries and Wages	376,575	-
Employer Contributions to Contribution Plans	2,248	-
Increase/(decrease) in Employee Entitlements	33,038	-
	<hr/>	<hr/>
Total Employee Remuneration	\$411,861	\$-
	<hr/>	<hr/>

During the year one employee received remuneration greater than \$100,000.

13. Standards & Interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date and have not been early adopted. The organisation has assessed the relevance of all such new standards, interpretations and amendments has determined that the following may be relevant to its operations.

NZIAS1 Presentation of Financial Statements. Revised standard introduces as a new primary financial statement the "Statement of Comprehensive Income." This may result in additional disclosures arising but does not change the recognition, measurement or disclosures of transactions required by other NZIFRS.

Standards & interpretations and amendments to published standards that are not yet effective and not relevant are NZ IAS23 Borrowing costs, NZIFRIC12 Service Concession Agreements, NZIFRS 8 Operating Segments, NZIFRIC13 Customer Loyalty Programmes, NZIFRIC14 Limit on Defined Benefit Assets, IFRS2 Amendments to Share Based Payment, IFRIC15 Construction Real Estate, IFRIC16 Hedges of Net Investment Foreign Operations, IFRIC17 Distributions of Non Cash Assets.

Company Directory
As At 31st March 2009

Directors	Richard Currey Michael Foley Joy Liddicoat Andrew Linton David Russell	
Ordinary Shares Issued		<u>1,000</u>
Held By	Internet New Zealand Incorporated	1,000
Accountants	Curtis McLean Limited	
Auditors	Grant Thornton	
Bankers	The National Bank of New Zealand	
Legal Advisors	Izard Weston	
Registered Office	Level 13, 89 The Terrace, Wellington	
Company Number	2072182	