



Through the 2009-2010 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.

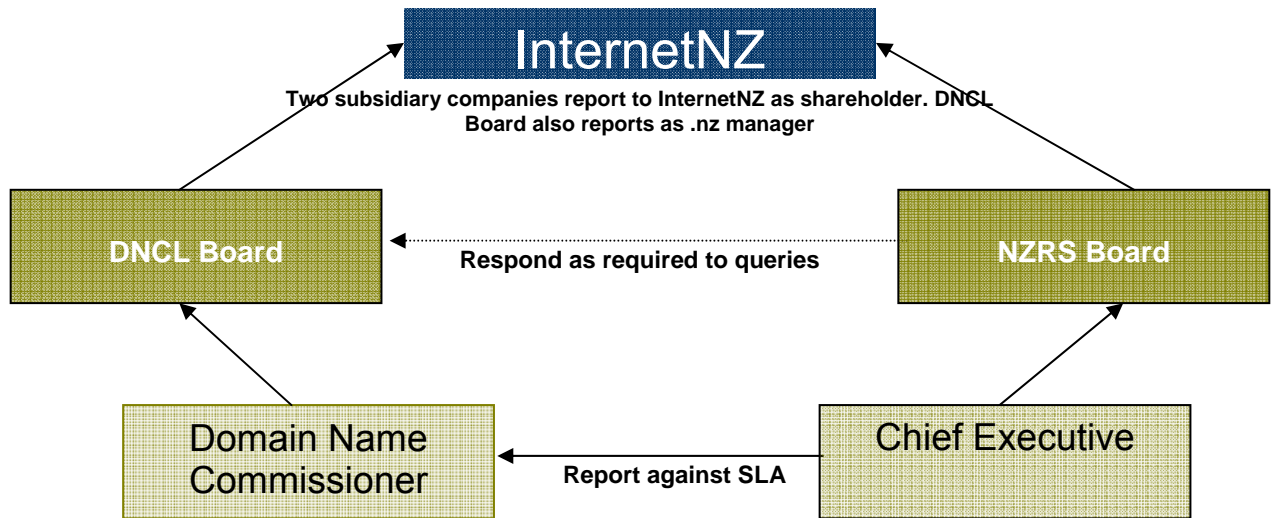
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.nz Domain Name Space – An Overview

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 carry out the management and day to day operations, leaving the InternetNZ Council to maintain a governance overview.



Key Parties

DNCL - Domain Name Commission Limited

Domain Name Commission Ltd 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 carries out this oversight role 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.

Funding for DNCL, including the costs of the Board, is by way of a management fee charged to NZRS. Therefore, the governance of .nz is effectively funded by the registrants, whose interests it is designed to promote and protect.

Chair's Report

This report marks the end of the second year of operations for Domain Name Commission Limited (DNCL). This year has seen us continue our work of protecting the interests of the people and organisations who are the Registrants of .nz domain names. As part of that, we continued our .nz policy work undertaking reviews of a number of current policies and doing the consultation and development work around the introduction of Internationalised Domain Names (IDN) into .nz - the macronised vowels from the Māori language: ā, ē, ī, ō and ū. As I write this, we're in the middle of the IDN Sunrise period which allows existing .nz Registrants to make an application for an equivalent domain name to their own which includes macrons over any or all of the vowels in the name.

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. As a way of improving awareness of DNCL, and hopefully getting more comments for our reviews, we launched an "awareness of .nz" campaign using a number of New Zealanders to talk about why they use the .nz domain name they do. This campaign will be continued over the next year with more work being done on educating people about domain names and their benefits.

We've also had positive feedback about the awareness campaign from other country code managers. Their views are important to us as we seek to retain our high international reputation. Involvement in various international organisations such as ICANN and the ccNSO, APTLD and CENTR is an important part of our business and we ensure we make valuable contributions to global policy.

DNCL is an InternetNZ (Internet New Zealand Inc) subsidiary. Its Board of Directors, with myself as Chair, includes Richard Currey, Andy Linton, Michael Foley (appointed as the representative of the InternetNZ Council) and David Russell. During the year, the role of Chair was passed to me from Richard Currey when he took on the role of Acting Chief Executive for InternetNZ. Richard remained on the Board, and I took up the reins as Board Chair. I'd like to thank Richard for the work he's done as Chair, and thank all the Board for their contributions to the governance of the Domain Name Commission.

In the future, we hope to be able to expand our services even further to assist Registrants. We look forward to continuing to work effectively with the technical community and our colleagues at NZRS to contribute to the stability and security of the Internet in New Zealand.

Finally I would 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.

Joy Liddicoat
Chair, Domain Name Commission Ltd

DNC Report

2010 has been a positive year for Domain Name Commission Limited, with progress on many fronts. Along with the rest of the InternetNZ group, our office relocated from Willeston St to new premises in Willis St, and we're now happily settled there together on one floor .

This year, we've embarked on an awareness campaign for .nz. We've been aiming to raise the profile of .nz, and to emphasise its suitability for domain names for New Zealand registrants. We launched our campaign, including our new look website, with videos showing the benefits of a .nz domain name in July 2009. Our promotion has received positive feedback from many quarters.

As in previous years, we have undertaken various reviews as part of our ongoing policy development process. During this year, reviews on two policies were completed and three were in progress as the year ended. We also consulted on a proposed new service, and continued our consultations on the introduction of Internationalised Domain Names (IDNs) into .nz.

The Working Group set up to consider the introduction of Internationalised Domain Names featuring the Māori macrons completed its consultation phases and, as a consequence, published the Sunrise Registration Period policy, which will allow current registrants of .nz domain names to apply for variants of their domain names early in the new financial year. The Sunrise Period will be open from 6 April until 6 July, and following its conclusion, the IDN space for .nz will open to all registrants on 26 July, a date that coincides with the launch of Māori Language Week for 2010.

Growth in the .nz domain name space recovered somewhat during the year. As was mentioned in the 2008-09 report, growth in domain names had slowed significantly. This year however results have been more promising, and by the close of the year around 3000 new domain names per month were being registered. Five new applications from organisations seeking to become authorised registrars were received this year. There are now 72 registrars connected to the production environment and able to provide services, and a further 3 organisations authorised but not yet connected. Three registrars have chosen to de-authorise during the year. Further growth in the number of registrars is again expected in the coming year.

The Dispute Resolution Service remains well used with complaints continuing to be lodged at a rate of approximately 5 new valid complaints every month. We continue to receive almost as many invalid complaints as valid ones, which is disappointing as a lot of work has gone into the online forms to try and improve the quality of complaints received. Full statistics for the operation of the service over the year are provided later in the report. Membership of the Expert and Mediator panels remained unchanged.

ICANN and APTLD meetings continue to be an opportunity for DNCL and its management of the .nz space to make a valuable contribution internationally. It's also good to be joined by NZRS at these. I'd like to acknowledge the work of NZRS over the year. Jay Daley completed his first year as CEO of NZRS and DNCL continues to benefit from the work of Jay, Dave and the rest of the NZRS team. They have, as in previous years, provided great assistance to the DNC Office. A large number of requests have been made of them over the year and their work is very much appreciated.

As previously, our relationship with our Board has been an excellent and productive one over the year. Thank you to the Directors of DNCL for their hard work and guidance. Thanks particularly to the previous Chair Richard Currey who stepped down when he took the role of InternetNZ Acting Chief Executive, and to the new Chair, Joy Liddicoat, who quickly got to grips with the role and continued the tradition of good DNC leads. We've also had some staff changes – Stuart Anderson left us during the year and has since moved back to the UK, and we've welcomed Paul McKittrick to the team to take up a role as Manager, Compliance and Security. Josh Cookson, Adam Griffiths, and Alison McKenzie have continued their valuable and very much appreciated roles with the team. I'd like to give a special mention of thanks to Alison and Josh for their great work in administering the Dispute Resolution Service.

Debbie Monahan
Domain Name Commissioner

The Year in Review

Domain Name Growth for 2009-2010 Year

Domain name growth has recovered slightly during the year, with a total increase of 40,064 names. This growth rate, higher than in the previous financial year, is still slightly below that experience in the leadup to the 2009 recession. The pattern of new registrations has remained similar to that of previous years, with the lowest rates of growth occurring in those months with several public holidays, and the highest rates in March, August and September. The numbers of new domains registered per month was on average almost 15% higher than during the 2008-09 year. In comparison with last year, this year there were no months where the domain name space contracted. Growth has again stabilised at around 3,500 names per month (up from around 2,000 this time last year). Growth peaked during March 2009, during which the number of active .nz domain names increased from 388,557 to 393,494, a net increase of 4,937 names. The 2007-08 monthly growth record of 5,752 names was not reached.

Policy Reviews

Four existing policies were reviewed over the year. A review of the Privacy Policy was completed during the year. Just prior to the end of the financial year, reviews of the Process on De-authorisation of a Registrar policy, the Transfer to Another Registrar policy and the Roles and Responsibilities policy were 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

By the end of the financial year, the Working Group's consultations as part of the Policy Development Process for the Sunrise Registration Period for .nz domain names with macrons had been completed, and there were only days remaining until the policy went live. In this Sunrise Period, any current registrant of a .nz domain name is eligible to apply for the registration of the matching variants of that name which include any or all of the new characters introduced to the .nz space - ā, ē, ī, ō and ū.

The full launch of IDNs is on schedule for its targeted introduction during Māori Language Week in 2010, with first-come, first-served names predicted to become available on 26 July 2010.

Domain Names by 2LD – Monthly Count to 31 March 2010

2LD	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
.ac	1639	1651	1650	1676	1691	1703	1716	1718	1713	1721	1739	1746
.co	306376	308959	312424	315703	319397	322888	325743	328098	329928	332459	335799	340200
.cri	15	15	15	15	15	15	15	15	15	15	15	15
.geek	867	868	877	887	905	912	926	935	941	945	942	952
.gen	1202	1213	1216	1219	1236	1239	1242	1244	1247	1241	1249	1287
.govt	988	990	992	996	1000	1005	1014	1019	1021	1024	1033	1035
.health	0	0	3	4	4	45	74	87	97	97	100	105
.iwi	68	69	69	69	69	69	69	70	70	70	68	70
.maori	539	550	560	568	565	569	567	566	554	562	581	582
.mil	20	20	21	21	22	22	22	21	21	21	21	23
.net	20451	20499	20613	20774	20931	21127	21268	21414	21437	21639	21724	21936
.org	20746	20844	21017	21192	21321	21656	21738	21872	21959	22128	22309	22547
.parliament	6	6	6	7	7	7	7	7	7	7	7	7
.school	2862	2875	2886	2900	2921	2933	2940	2949	2954	2966	2970	2989
Total	355779	358559	362349	366031	370084	374099	377341	380015	381964	384895	388557	393494

.nz Market Share Statistics

Month	Top 4 Registrars (%)	Next 4 Registrars (%)	Remaining Registrars (%)	No. of Remaining Registrars
April 09	46.7	21.1	32.2	62
May 09	46.9	20.7	32.4	61
June 09	47.1	20.5	32.4	61
July 09	47.0	20.6	32.4	60
August 09	46.9	20.7	32.4	60
September 09	47.0	20.4	32.6	62
October 09	46.9	20.4	32.7	62
November 09	46.8	20.2	33.0	62
December 09	45.6	20.2	34.2	62
January 10	45.6	20.2	34.2	63
February 10	45.5	20.1	34.4	63
March 10	45.6	19.9	34.5	64

Dispute Resolution Service (DRS)

Statistics and process for the 2009-2010 year

Key process steps	Statistics
Complaint submitted	103 submitted, 56% valid
↓ ↓	↓
↓ Response received	34% of valid complaints were responded to by registrant
↓ ↓	↓
↓ Mediation	27% of disputes that went to mediation were resolved
↓ ↓	↓
Referred to Expert	24% of valid disputes were referred to an Expert
↓	↓
Outcomes	93% of determinations resulted in transfer 7% were dismissed

At any one time, around eight cases were progressing through the system.

Mediation

Mediation is required in all cases where a response to a complaint is received. This has proven to be a valuable step in resolving disputes at no cost to the parties. The response rate of 34% was similar to that of last year (36%) however the mediation resolution rate was significantly lower than in previous years - in 2008-09 the resolution rate was 39%, compared with this year's result of 27%. For the 79% of cases that did not resolve at mediation, almost half went on to be decided by an Expert, resulting in five decisions to transfer, and one dismissal.

Decisions

Expert determinations are published on our website at www.dnc.org.nz/drs-decisions, and are implemented if no appeal is received. No requests for an appeal were received during this financial year - since the inception of the system in 2006, only one determination has been appealed.

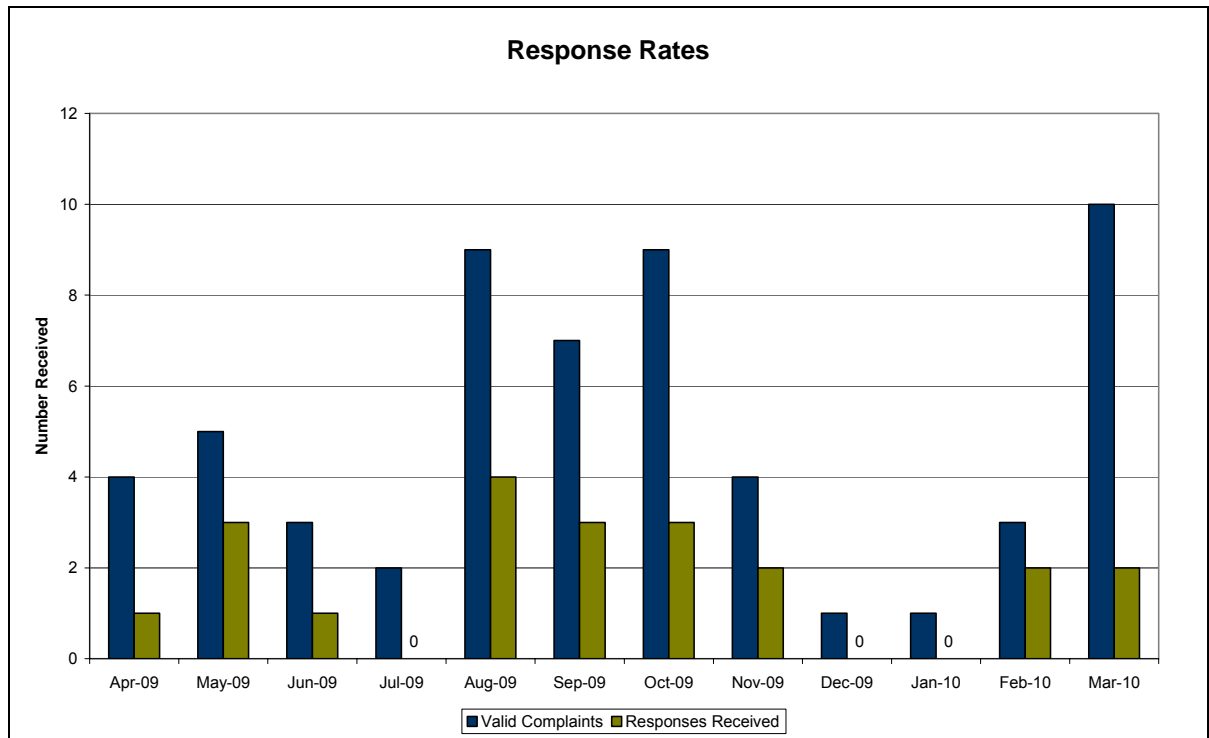
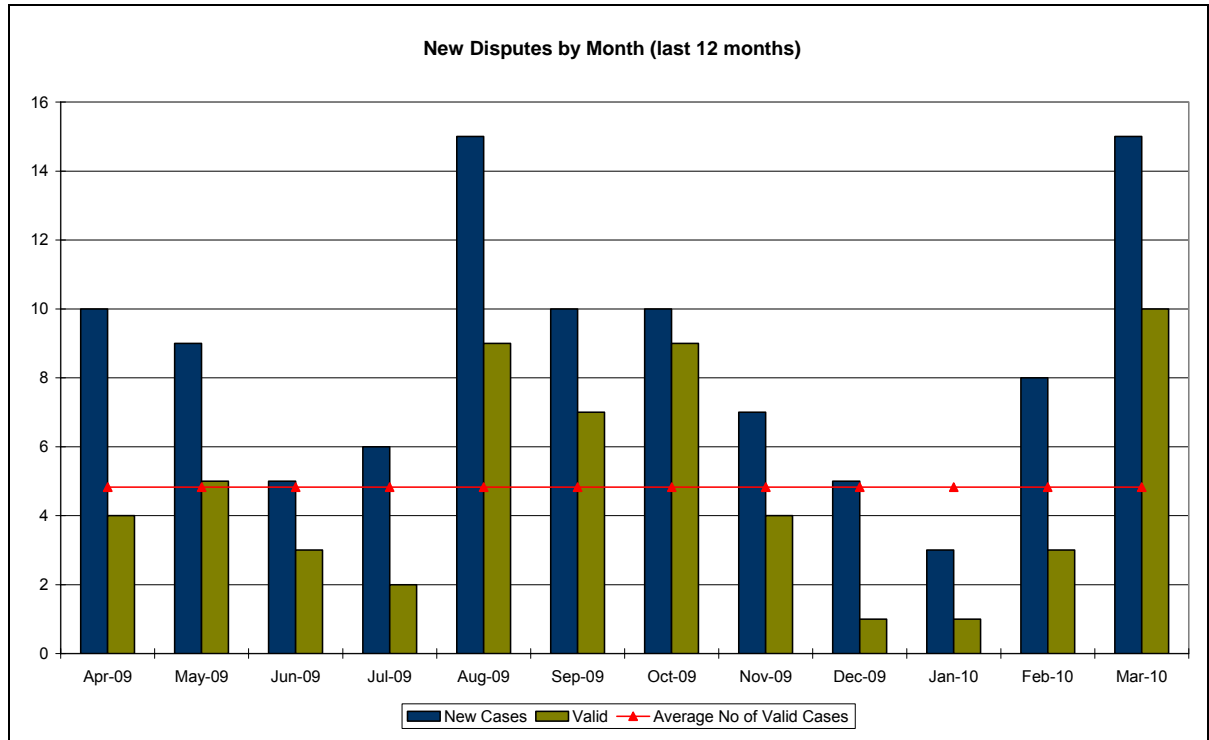
Seven of the 14 disputes that were referred to an expert had not had a response from the current registrant. All seven of these disputes resulted in a transfer. Overall, the transfer rate for defended cases was 85% compared with 100% for undefended cases.

Throughout the year, only one dispute was dismissed by an Expert. The dispute over the registration of ecocabs.co.nz involved two rival taxi companies, both of whom offer environmentally friendly vehicles in Christchurch. The Expert found that although the Complainant had rights in the name, the Respondent could not have known about those rights when the name was registered, as they came into effect after the registration had taken place. The Complainant therefore had to rely on the second arm of the policy - that the registration in the hands of the Respondent was unfair. Due to the descriptive nature of the domain name, the Expert concluded that the registration was an apt description of the Respondent's business, and the Respondent was making fair use of the name to genuinely offer goods and services.

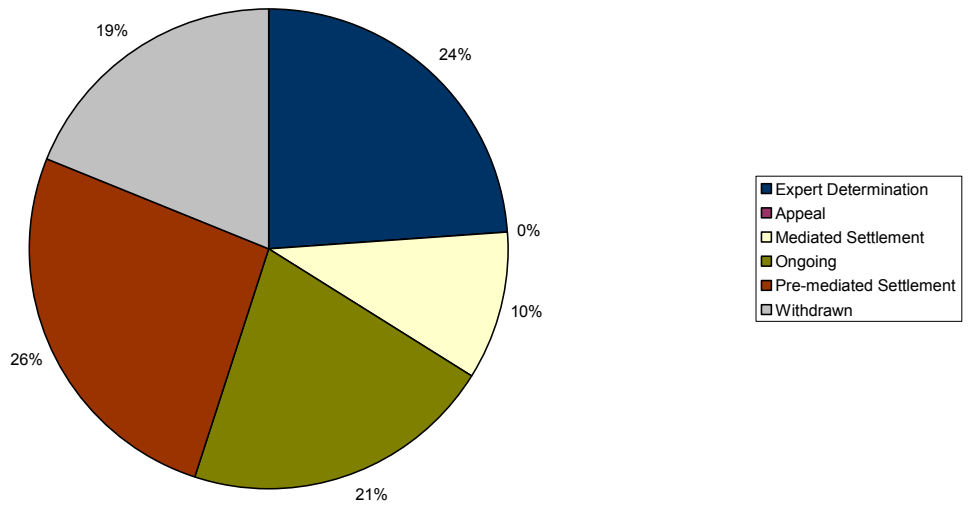
About the DRS

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.



Outcomes for Valid DRS Disputes



Registrars

Authorised Registrars Connected to the SRS

As at 31 March 2010, 74 organisations were authorised by the DNC as .nz registrars. Of those 74 organisations, three 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

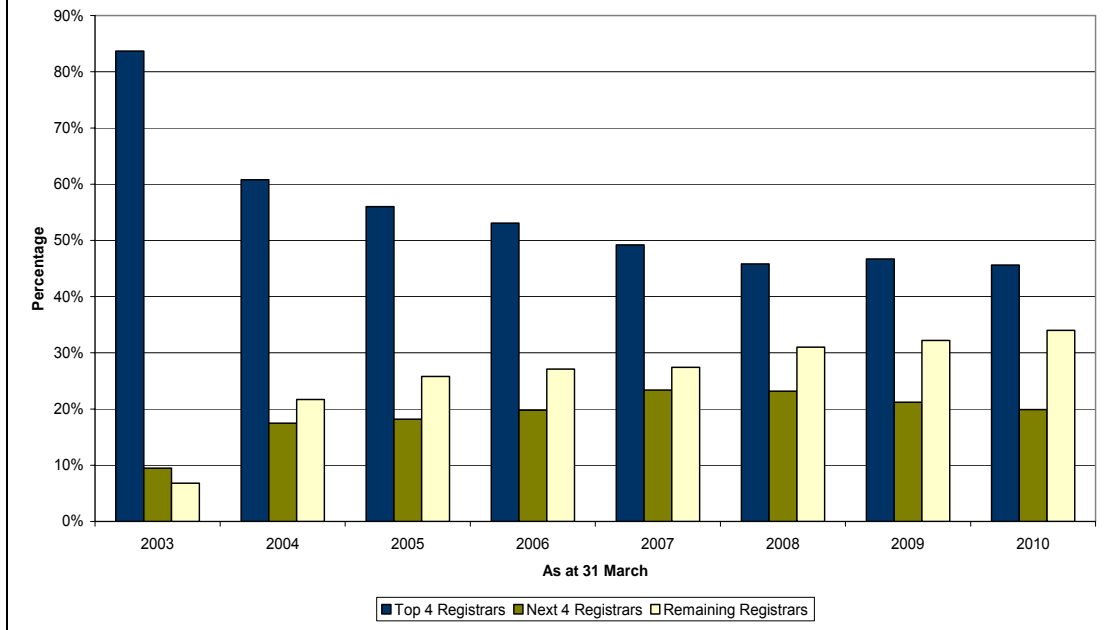
Registrars are an integral part of the .nz framework – they are the key public face of the SRS for registrants. To make sure the needs of registrars are accounted for in decision making, there is a Registrar Advisory Group (RAG), providing a direct input from registrars to the Domain Name Commission 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 (Swizzle), Andrew Scott (Domainz) and Brett Wright (Freeparking). Elections are due to be held in mid-2010 for three upcoming vacancies.

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.

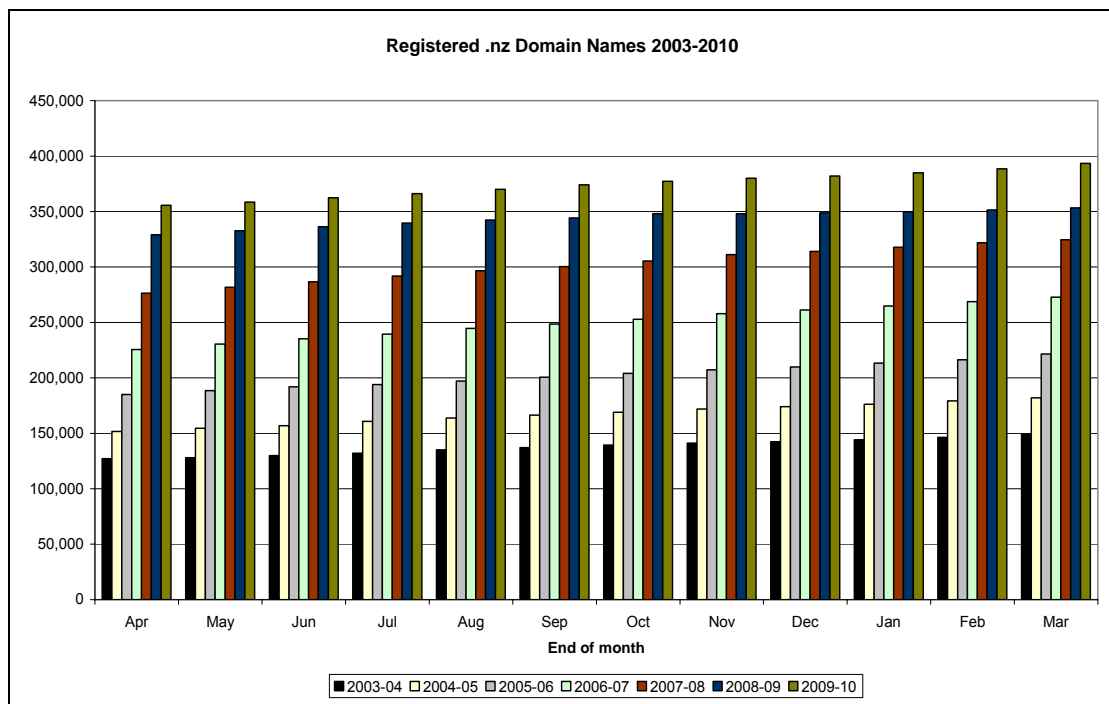
As the number of registrars connected to the SRS has increased over the past five years, changes have also occurred in the .nz registrar market share. Gradually the market share of the top four registrars has been decreasing, while the market share of the remaining registrars has been increasing. Variations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

.nz Market Share 2003-2010



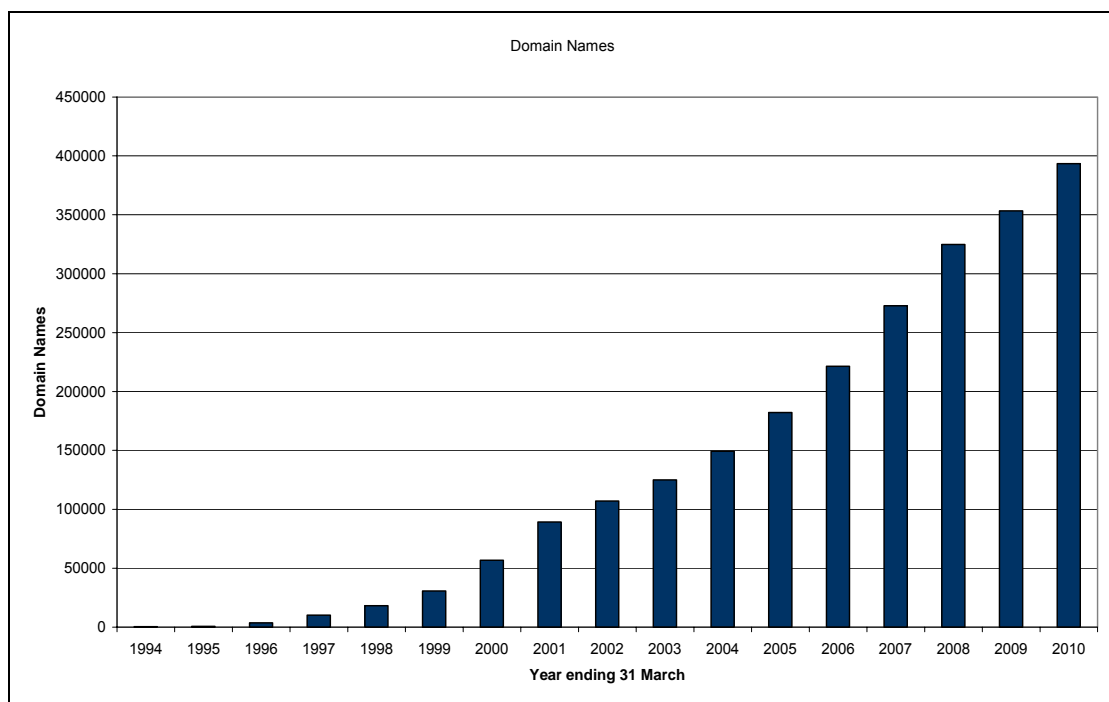
Registration Statistics

Registered .nz Domain Names 2003-2010

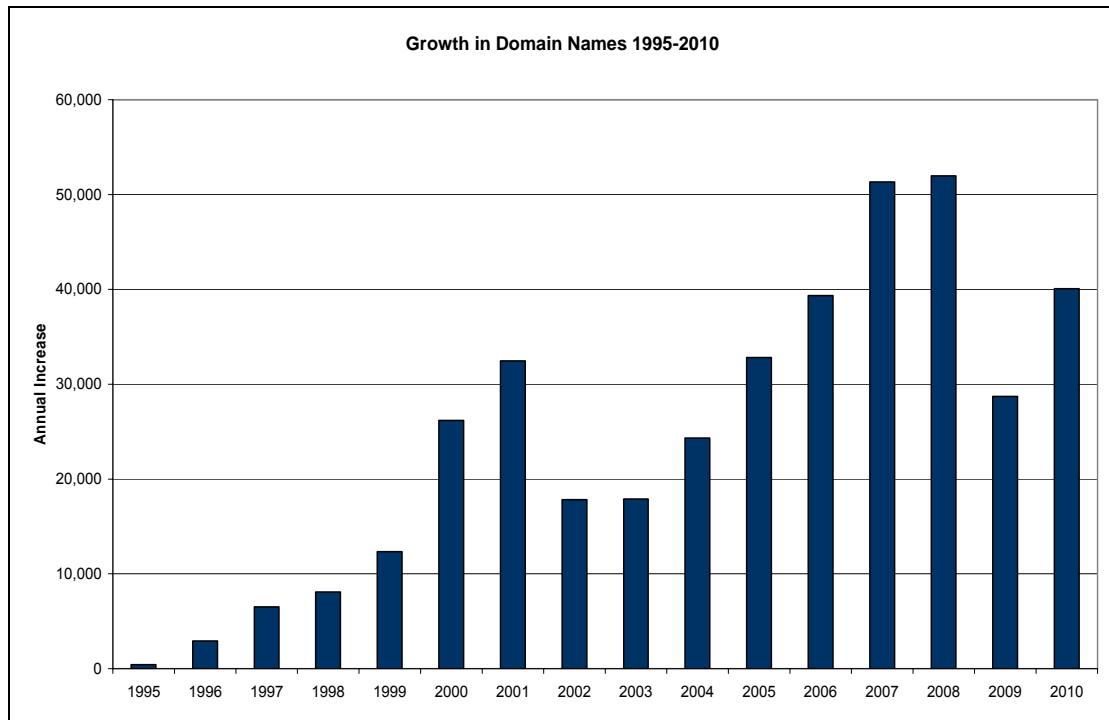


The total number of domain names has increased from 353,430 (at 31 March 2009) to 393,494 (at 31 March 2010) – a total growth of 40,064, or 11.3%. This year's growth rate is stronger than the previous year's rate of 8.8% and is higher than the average of 38,364 since the SRS was established in 2002.

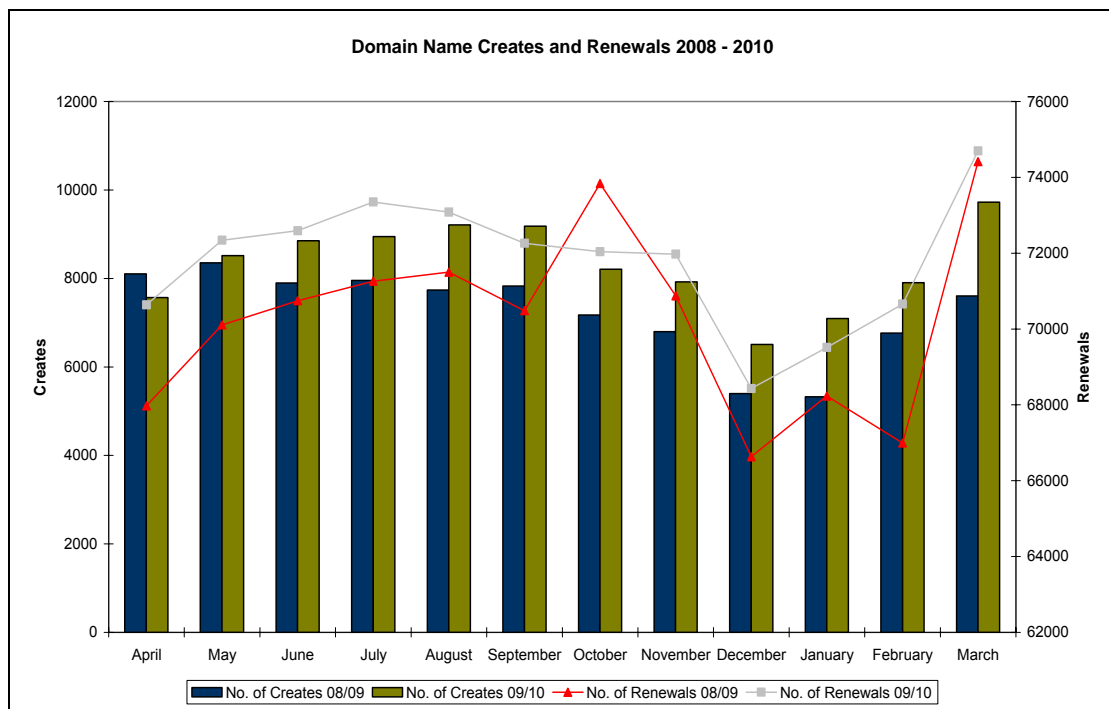
Overall size of .nz domain name space



Growth in Domain Names for .nz

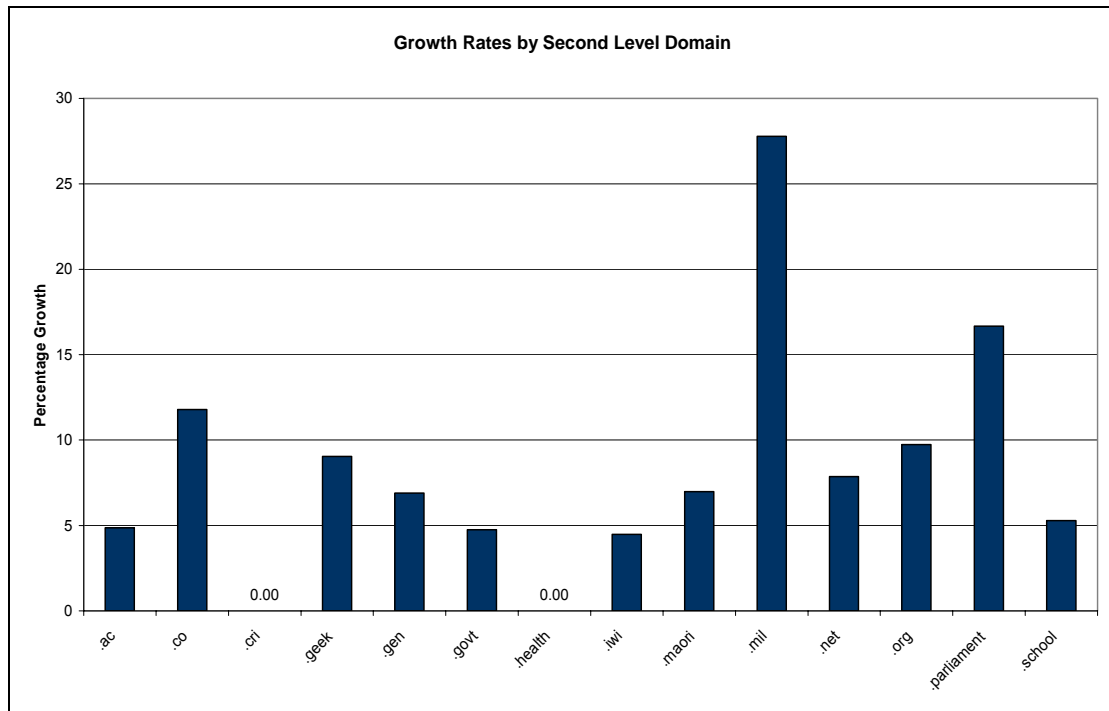


The rate of growth has begun to pick up over the most recent year. This year, 40,064 domain names were added, compared with the 28,708 added last year - 2009 growth was slow, but the market has recovered to slightly better than the level of growth shown in 2006.



The number of new names registered was greater than for the same period last year in every month but April. The number of names renewed was similarly higher in all months except October - last year, renewals in October were unusually high. This year, the renewals for that month matched the trend more closely. Domain name renewals were at their highest for the year at the end of March.

Growth Rate for 2LDs in .nz Domain Name Space 2009-2010



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

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 fully revised in the 2009-2010 financial year.

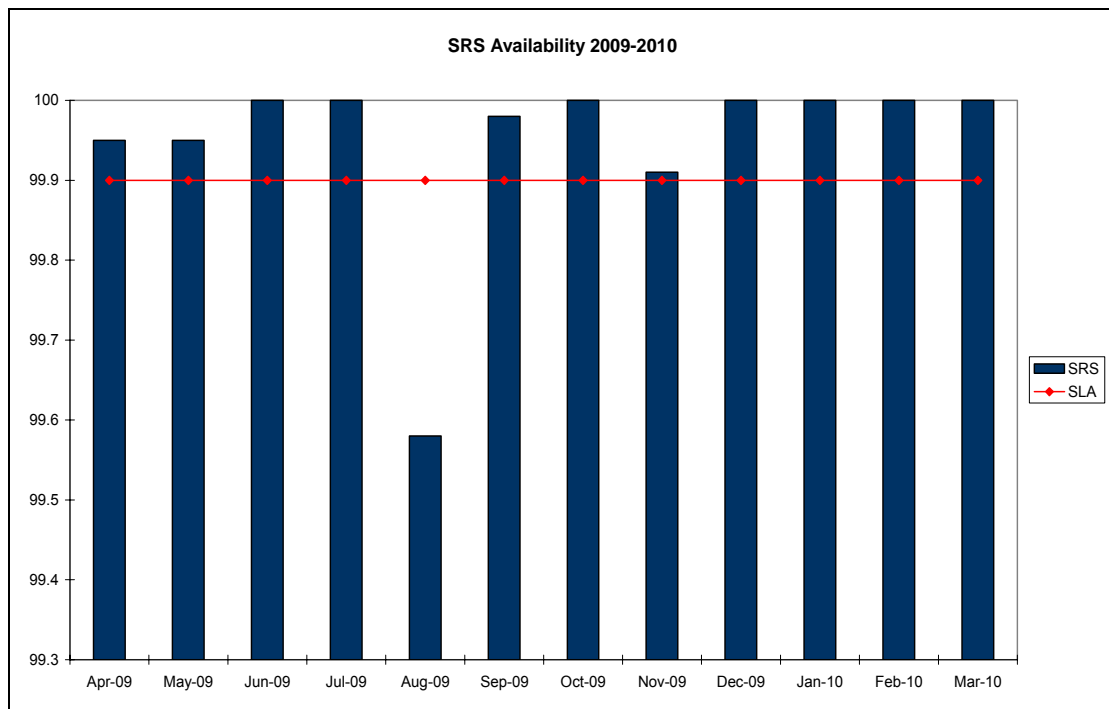
The SLA outlines the standard of service that is expected to be delivered by NZRS in managing the .nz register. It covers aspects including Register Performance, Register Management, and SRS/DNS reporting. The Service Level Standard targets specified in the SLA are measured and averaged over a calendar 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 [below/next page] for SRS response times April 2009-March 2010).

Over the last year:

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



SRS Response Times April 2009-March 2010

Average Response time (Seconds)	SLA	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Domain Details	<0.50	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.04
Domain Update	<0.80	0.38	0.31	0.31	0.33	0.37	0.33	0.33	0.28	0.22	0.26	0.24	0.36
Domain Create	<0.80	0.44	0.38	0.38	0.38	0.38	0.37	0.39	0.33	0.26	0.30	0.25	0.33
Get Messages	<0.50	0.03	0.03	0.04	0.05	0.04	0.05	0.05	0.05	0.03	0.05	0.04	0.06
Whois	<0.50	0.11	0.1	0.09	0.09	0.1	0.09	0.09	0.11	0.10	0.11	0.10	0.17
UDAI Valid Query	<0.50	0.13	0.12	0.12	0.12	0.14	0.12	0.12	0.13	0.12	0.12	0.11	0.23

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 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 Limited, 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 te reo 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 2010

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ

Annual Report
For the Year Ended 31st March 2010

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Directors' Report
For the Year Ended 31st March 2010

Financial Result

The Net Loss for the year, after taxation, was \$(123,100).

	2010	2009
Retained Earnings as at 1 April 2009	(2,544)	-
Net Profit (Loss) After Tax	(123,100)	(2,544)
Dividend Declared	-	-
Retained Earnings as at 31 March 2010	(\$125,644)	(\$2,544)

Dividend

No dividends were declared or paid for the year ended 31st March 2010.

Remuneration of Directors

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

	2010	2009
Directors' Fees		
Richard Currey	9,750	18,000
Michael Foley	9,000	9,000
Joy Liddicoat	17,250	9,000
Andrew Linton	9,000	9,000
David Russell	9,000	9,000
	\$54,000	\$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 2010

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

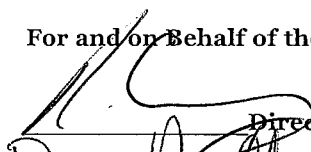
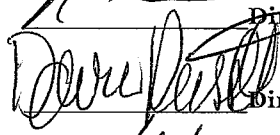
No shares were purchased, sold or held either directly or indirectly by the directors during the year.

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
1/6/10
Date

Statement of Comprehensive Income
For the Year Ended 31st March 2010

	Note	2010 \$	2009 \$
Income			
Authorisation Fees		15,000	9,985
DRS Complaint Fees		28,800	43,300
Management Fees		1,150,380	1,095,600
Sundry Income		59	-
		<hr/>	<hr/>
Total Fees Received		1,194,239	1,148,885
Less Expenses			
Audit Fees		5,451	6,000
Board Expenses		12,996	23,792
Communications		116,637	62,572
Depreciation	2	1,420	219
Directors Fees		54,000	54,000
Dispute Resolution Service		95,629	114,836
DNC Registrar Activities		20,871	9,067
International Memberships and Conferences		167,322	216,190
Office and Administration		294,377	144,976
Personnel and Staff	12	484,769	424,214
Professional Services		82,194	106,609
		<hr/>	<hr/>
Total Expenses		1,335,666	1,162,475
Surplus/(Deficit) from Operations		(141,427)	(13,590)
Plus Other Income/(Expenses)			
Interest Revenue		18,327	39,459
		<hr/>	<hr/>
Surplus/(Deficit) for the Year		(123,100)	25,869
Less: Provision for Tax	1	-	28,413
		<hr/>	<hr/>
Profit/(Loss) for the Year		(123,100)	(2,544)
Other Comprehensive Income			
		-	-
		<hr/>	<hr/>
Total Comprehensive Income for the Year		(\$123,100)	(\$2,544)
Attributable to:			
Minority Interest		-	-
Domain Name Commission Limited		(123,100)	(2,544)
		<hr/>	<hr/>
		(\$123,100)	(\$2,544)

The Notes form part of these Financial Statements and should be read in conjunction with them.



Statement of Changes in Equity
For the Year Ended 31st March 2010

	2010	2009
	\$	\$
Share Capital		
Opening Share Capital	580,000	-
Shares Issued	-	580,000
Share Capital as at 31 March	580,000	580,000
Retained Earnings		
Opening Retained Earnings	(2,544)	-
Total Comprehensive Income for the Year		
Net Income And Expenses Recognised		
Directly In Equity	-	-
Net Profit After Taxation	(123,100)	(2,544)
Other Comprehensive Income	-	-
	(125,644)	(2,544)
Retained Earnings as at 31st March	(125,644)	(2,544)
Equity as at 31st March	\$454,356	\$577,456

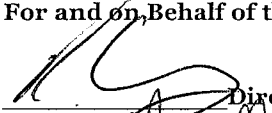
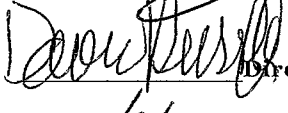
The Notes form part of these Financial Statements and should be read in conjunction with them.



Balance Sheet
As At 31st March 2010

	Note	2010 \$	2009 \$
Current Assets			
Cash and Cash Equivalents		300,656	742,358
Term Deposits		308,267	-
Trade and Other Receivables		25,592	-
Total Current Assets		634,515	742,358
Property, Plant & Equipment	2	2,854	433
Total Assets		637,369	742,791
Less Liabilities:			
Current Liabilities			
Trade and Other Payables	3	183,013	151,594
Provision for Tax	1		13,741
Total Current Liabilities		183,013	165,335
Total Liabilities		183,013	165,335
Net Assets		\$454,356	\$577,456
Represented by:			
Total Equity		\$454,356	\$577,456

For and on Behalf of the Board


 Director

 Director
1/6/10 Date

The Notes form part of these Financial Statements and should be read in conjunction with them.



Statement of Cashflows
For the Year Ended 31st March 2010

	2010	2009
	\$	\$
Cashflows From Operating Activities		
Cash was Provided From:		
Net Receipts from Customers	1,184,528	1,148,885
Net GST Received	1,638	16,173
Interest Received	18,061	39,459
	<hr/>	<hr/>
	1,204,227	1,204,517
Cash was Distributed To:		
Net Payments to Suppliers & Employees	1,315,834	1,026,836
Payment of Income Tax	17,987	14,671
	<hr/>	<hr/>
	1,333,821	1,041,507
Net Cashflows from Operating	<hr/>	<hr/>
	(129,594)	163,010
Cashflows from Financing Activities		
Cash was Provided From:		
Shares Subscribed		580,000
	<hr/>	<hr/>
Net Cashflows from Financing	-	580,000
Cashflows from Investing Activities		
Cash was Distributed To:		
Purchase of Property, Plant & Equipment	3,841	652
	<hr/>	<hr/>
Net Cashflows from Investing	(3,841)	(652)
Net Increase (Decrease) in Cash Held	<hr/>	<hr/>
Plus Opening Cash Balance	(133,435)	742,358
	742,358	-
	<hr/>	<hr/>
Closing Cash Carried Forward	\$608,923	\$742,358
	<hr/>	<hr/>
Closing Cash Comprises		
Cheque Account	84,834	115,333
Savings Account	80,430	624,787
US\$ Account	135,392	2,238
Term Deposit	308,267	-
	<hr/>	<hr/>
	\$608,923	\$742,358
	<hr/>	<hr/>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Statement of Cashflows (Continued)
For the Year Ended 31st March 2010

	2010	2009
	\$	\$
Cashflow Reconciliation		
Net Profit After Tax Per Statement of Financial Performance	(123,100)	(2,544)
Plus:		
Depreciation & Amortisation	1,420	219
Increase in GST Payable	2,626	7,570
Increase in Employee Entitlements	28	33,038
Increase in Accounts Payable	28,766	110,985
Increase in Provision for Taxation		28,413
	32,840	180,225
	(90,260)	177,681
Less:		
Increase in Accounts Receivable	10,925	-
Increase in Interest Receivable	266	-
Increase in Pre-payments	10,156	-
Income Tax Paid	17,987	14,671
	39,334	14,671
Net Cashflow from Operating Activities (as per Cashflow Statement)	(\$129,594)	\$163,010

The Notes form part of these Financial Statements and should be read in conjunction with them.



Accounting Policies
For the Year Ended 31st March 2010

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 2010.

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 assumptions 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.

The Notes form part of these Financial Statements and should be read in conjunction with them.



Accounting Policies
For the Year Ended 31st March 2010

Changes to Accounting Policies

The Company has adopted the following new interpretations, revisions and amendments to NZ IFRS which are relevant to and effective for the Company's financial statements for the annual period beginning 1 April 2009:

- NZ IAS 1 Presentation of Financial Statements

Adoption of NZ IAS 1 Presentation of Financial Statements (Revised 2007)

The Company has adopted NZ IAS 1 Presentation of Financial Statements (Revised) in its Financial Statements. This standard has been applied retrospectively. The adoption of the standard does not affect the financial position or profits of the Company, but gives rise to additional disclosures.

The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income.

NZ IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'.

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.

- Financial Assets

Financial assets consist of cash, deposits and receivables. Upon recognition financial assets are recognised at fair value. Subsequent to initial recognition financial assets are classified as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

- 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 Company 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 the Statement of Comprehensive Income.

The Notes form part of these Financial Statements and should be read in conjunction with them.



Accounting Policies
For the Year Ended 31st March 2010

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 Statement of Comprehensive Income. The principal rates used to calculate depreciation are -

Office Equipment	15.6%- 80.4%	SL
------------------	--------------	----

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.

- 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 Statement of Comprehensive Income.

- 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.

Accounting Policies
For the Year Ended 31st March 2010

- 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 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.

- 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

- 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 Statement of Comprehensive Income 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 2010

- Income Tax

The company was registered as a charity under the Charities Act 2005 with effect from 10 October 2008. Therefore the Company is exempt from income tax under section CW41 & CW42 of the Income Tax Act 2007 from the effective date onwards.

- 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.

Capital Management

The Company's capital is accumulated surpluses from trading. The Company manages its revenue, expenses, assets and liabilities prudently in order that the objectives of the ultimate charitable group are met. The Company has no external third party imposed capital management requirements.

Notes To The Financial Statements
For the Year Ended 31st March 2010

1. Income Tax (Comparative Information)

As the company was registered as a charity under the Charities Act 2005 with effect from 10 October 2008 it is therefore exempt from income tax from 10 October 2008. No income tax has been provided for this year.

	2010	2009
	\$	\$
Net Taxable Profit Before Tax	-	91,246
Plus Permanent Differences	-	3,463
Net Taxable Income	\$ -	\$94,709
Tax Expense at 30%	-	28,413
Income Tax Provision per Profit & Loss	\$ -	\$28,413
Tax Expense at 30% (as above)	-	28,413
Less 2009 refund owing	95	14,672
Income Tax Payable / (Receivable) per Balance Sheet	\$ 95	\$13,741

2. Property, Plant & Equipment

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

	<u>Cost or</u> <u>Valuation</u>	<u>Depreciation</u> <u>For Year</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u> <u>2010</u>
<u>This Year</u>				
Office Equipment	4,493	1,420	1,639	2,854
<u>Last Year</u>				
Office Equipment	652	219	219	433

3. Trade and Other Payables

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

	2010	2009
	\$	\$
Accounts Payable	127,453	110,986
Annual & Sick Leave Owing	33,066	33,038
GST Payable	10,196	7,570
Lease Incentives	12,298	-
	\$183,013	\$151,594

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements
For the Year Ended 31st March 2010

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 2010 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 2010 the company had no Imputation Credits available to carry forward.

	2010 \$	2009 \$
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
Balance at End of Year	<u>\$-</u>	<u>\$-</u>

7. Contingent Liabilities

The company had no contingent liabilities as at 31st March 2010. (2009 Nil)

8. Segmental Reporting

The company trades significantly within one geographic region being New Zealand with one predominant source of revenue. Management reporting decision making is based upon this single segment.

9. Commitments

As at balance date the company had no commitments. (2009 Nil)

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

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 paid rent of \$129,273 (2009 \$72,424) to Internet New Zealand Incorporated, parent company.

From 13 November 2009 the Company is a sub-tenant of the premises leased by Internet New Zealand Inc. The Company has recognised a rent expense of \$12,298 to INZ in the current year. Rent includes incentives that are recognised on a straight line basis over the term of the lease. The Company also paid \$75,000 to INZ as a contribution to the office fit-out cost.

Domain Name Commission Limited received management fees of \$1,150,380 (2009 \$1,095,600) from New Zealand Domain Name Registry Limited a company 100% owned by Internet New Zealand Incorporated.

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

	2010	2009
	\$	\$
Salaries and Wages	460,062	376,575
Employer Contributions to Contribution Plans	27	2,248
Increase/(decrease) in Employee Entitlements	24,680	33,038
Total Employee Remuneration	<u>\$484,769</u>	<u>\$411,861</u>

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 published but are not yet effective at balance sheet date and have not been early adopted.

The company has assessed the relevance of new standards, interpretations and amendments and has determined that the following may be relevant to its operations.

NZ IFRS 9 - *Financial Instruments: Classification and Measurement* was issued on the 12th of November 2009 and companies that do not wish to adopt early are required to apply from 1 January 2013.

NZ IFRS 9 requires an entity to classify financial assets at either amortised costs or fair value. Currently the Company is required to classify its financial assets into one of four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity.

Given at present all financial assets are classified as loans and receivables and will continue to be measured at amortised cost when NZ IFRS 9 is adopted, no impact is expected from the implementation of this standard.

The Notes form part of these Financial Statements and should be read in conjunction with them.



Audit Report

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Wellington 6143
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F +64 (0)4 474 8509
www.granthornton.co.nz

The Members of the Board of Domain Name Commission Ltd

We have audited the financial statements on pages 3 to 15. The financial statements provide information about the past financial performance and cash flows of the company for the year ended 31 March 2010 and the financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 8 to 12.

Directors' Responsibilities

The company's Directors are responsible for the preparation and presentation of the financial statements that give a true and fair view of the financial position of the company as at 31 March 2010 and of the financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the company's circumstances, consistently applied and adequately disclosed.



Grant Thornton

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors, we have no relationship with or interests in the company.

Unqualified Opinion

We have obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 3 to 15 :
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of the company as at 31 March 2010 and the financial performance and cash flows for the year ended on that date.

Our audit was completed on 1 June 2010 and our unqualified opinion is expressed as at that date.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
4 June 2010

Company Directory
As At 31st March 2010

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 Limited
Legal Advisors	Izard Weston
Registered Office	Level 13, 89 The Terrace, Wellington
Company Number	2072182