UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB/A

1st Amendment

[X] ANNUAL REPORT UNDER SECTION 13 0R 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2005**

[ ] TRANSITION REPORT UNDER SECTION 13 0R 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________

Commission file number **000-29929**

COMMUNICATE.COM INC.
(Name of Small Business Issuer in its charter)

Nevada	88-0346310
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 – 1100 Melville Street, Vancouver, British Columbia	V6E 4A6
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number (604) 697-0136

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Stock - $0.001 par value
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 12 months (or for such shorter period that the registrant was required to file such reports) **Yes [x] No [ ]**, and (2) has been subject to such filing requirements for the past 90 days. **Yes [x] No [ ]**

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. **[x]**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[ ] Yes **[X] No**

State issuer's revenues for its most recent fiscal year. **$5,768,063**

State the aggregate market value of the voting and non-voting common equity held by **non-affiliates** computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: **$20,444,528 as of March 23, 2006 {$1.25 x 16,355,623}**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at March 23, 2006
Common Stock - $0.001 par value	17,756,339

Documents incorporated by reference: **None**

Transitional Small Business Disclosure Format (Check one): **Yes [ ] No [x]**

COMMUNICATE.COM INC.

Form 10-KSB/A
1st Amendment

EXPLANATORY NOTE

This Form 10-KSB/A – 1st Amendment for the fiscal year ended December 31, 2005, which was originally filed on April 13, 2006 (the "**Report**"), is being filed to revise (1) Item 6 of Part II, (2) Item 7 of Part II, and (3) Item 13 of Part III to disclose and file the restated audited financial statements for the fiscal year ended December 31, 2005. The effect of the restatement is to decrease net income by $26,965 for the fiscal year ended December 31, 2005 and by $70,440 for the fiscal year ended December 31, 2004. Net earnings per share were unchanged.

The restated consolidated financial statement and related disclosure will reflect the following:

1. Modification of Value of Subsidiary's Shares Issued. In connection with the preparation of a SB-2 filing for the Company's subsidiary, FrequentTraveller.com Inc., we recalculated the value of shares issued to contractors, employees, officers and a director in exchange for cash and services during 2004 based on values established in arm's-length transactions with unrelated parties.

2. Accounting for Dilution Gains in Subsidiary. Whereas during 2004 and 2005, the Company had recorded dilution gains resulting from the sale of treasury shares by its subsidiary, FrequentTraveller.com Inc, pursuant to Staff Accounting Bulletin Topic 5(H) Question 2 Interpretive Response, these dilution gains in the Company's subsidiary, FreqentTraveller.com Inc., although calculated correctly, should not have been recorded in net income for the periods, but should have been recorded as charges to additional paid in capital.

This amendment to the Report does not alter any part of the content of the Report, except for the changes and additional information provided in this amendment, and this amendment continues to speak as of the date of the Report. Communicate.com Inc. has not updated the disclosures contained in this amendment to reflect any events that occurred at a date subsequent to the filing of the Report. The filing of this amendment is not a representation that any statements contained in the Report or this amendment are true or complete as of any date subsequent to the date of the Report. This amendment does not affect the information originally set forth in the Report, the remaining portions of which have not been amended. Accordingly, this Form 10-KSB/A should be read in conjunction with Communicate.com Inc.'s filings made with the SEC subsequent to the filing of the original Form 10-KSB on April 13, 2006 (SEC Accession No. 0001104540-06-000067).

PART II

Item 6. Management's Discussion and Analysis.

Communicate is in the business of developing and commercializing its portfolio of domain names, many of which generate meaningful amounts of Internet traffic, which Communicate attributes to, among other things, their generic descriptive nature of a product or services category.

Management believes that it can develop and sustain a business based on the lease, sale and other exploitation of domain names because, in part, of its ownership of a substantial number of generic, intuitive domain names which attract significant numbers of visitors to websites utilizing those names. Moreover, because there are a limited number of potential domain names, Communicate believes that the value of these names may be significant and may allow Communicate to achieve both strategic relationships with leading participants in key Internet businesses and businesses that desire to expand using the Internet, as well as independent operations.

Communicate acquired a number of .cn domain names through a lottery-allocation in 2003 to enhance its travel business (e.g. airfare.cn, hostels.cn and rooms.cn) and trade-directory business (e.g. naturalgas.cn, fertilizer.cn, minerals.cn and gemstones.cn) which are being planned and developed. In 2005, Communicate also acquired a portfolio of second and third tier .com domain names, such as shoppingbound.com, pharmacybound.com and vietnambound.com. Management believes the acquired domain names in addition to those already owned by Communicate will increase its overall Internet through-traffic, which would benefit both its retail business and advertising business.

Communicate, for the immediate future, does not anticipate independently developing technologies, processes, products or otherwise engaging in research, development or similar activities. Instead, such activities will be engaged in pursuant to arrangements with its strategic partners.

Selected Financial Data

The following selected financial data was derived from Communicate's audited financial statements. The information set forth below should be read in conjunction with the Company's financial statements and related notes included elsewhere in this report.

For the Years Ended	December 31, 2005	December 31, 2004
STATEMENTS OF OPERATIONS DATA		
Domain Name Advertising and Leasing	$ 975,011	$ 603,556
Domain Name Sales	--	950,000
eCommerce Sales	4,793,052	1,961,895
Total Revenues	$ 5,768,063	$ 3,515,451
Cost of Domain Name Sales	--	361,801
eCommerce Direct Costs	3,896,654	1,562,754
Total Cost of Revenues	$ 3,896,654	$ 1,924,555
Gross Profit	$ 1,871,409	$ 1,590,896
Marketing	($ 391,545)	($ 117,500)
General and Administrative	(338,675)	(391,194)
Management Fees and Salaries	(905,839)	(710,716)
Professional and Consulting Fees	(96,066)	(35,718)
Depreciation	(10,416)	(3,867)
Total Expenses	($ 1,742,541)	($ 1,258,995)
Operating Income (Loss)	$ 128,868	$ 331,901
Gain on Debt Settlement	149,519	12,010
Non-Controlling Interest Share of Loss	68,588	83,746
Net Income for the Year	$ 346,975	$ 427,657
Basic Earnings per Share	$ 0.02	$ 0.03
Weighted Average Number of Shares Outstanding	16,687,748	14,973,334

For the Years Ended	December 31, 2005	December 31, 2004
BALANCE SHEET DATA		
Current Assets	$ 1,952,172	$ 1,076,592
Restricted Cash	20,000	--
Property and Equipment	52,640	26,394
Intangible Assets	1,539,678	1,502,178
Total Assets	$ 3,564,490	$ 2,605,164
Accounts Payable and Accrued Liabilities	$ 934,734	$ 665,195
Total Liabilities	$ 934,734	$ 665,195
Common Stock	$ 8,766	$ 6,331
Additional Paid in Capital	3,543,156	3,202,779
Accumulated Deficit	(922,166)	(1,269,141)
Total Stockholders' Equity	$ 2,629,756	$ 1,939,969
Total Liabilities and Stockholders' Equity	$ 3,564,490	$ 2,605,164

Results of Operation

Communicate did not generate any significant revenues or expenses until the acquisition of a majority interest in DHI in November 2000. Prior to that date, Communicate was a development stage company that focused on identification of potential business acquisitions. Consequently, the results of operation discussed below describe the business activities after the acquisition of control of DHI on November 10, 2000 and of FT on October 1, 2003.

REVENUES

Domain Name Sales – During the year ended December 31, 2005, Communicate did not sell any domain names. While there were offers available for certain sports domain names, management believed the domain name market had shown signs of a sustained recovery during the year and a hold strategy would maximize the value of its domain name portfolio. More importantly, Communicate's financial position has improved steadily since 2002 and as a result, it has not been necessary to raise additional capital through divestiture. For 2006, other than being bound by a pre-existing agreement to sell Vancouver.com which occurred in March 2006, management does not have any foreseeable plan to sell or buy domain names, but, will continue to evaluate opportunities as they occur.

During the year ended December 31, 2004, Communicate received $600,000 for the three remaining domain names sold to Manhatten Assets Inc. in 2003 and received $350,000 in the fourth quarter for the sale of a sports domain name to Peninsula Investments. The domain names sold previously were identified as non-essential to the business of Communicate, and were sold to improve Communicate's liquidity.

Web Advertising and Leasing – During the year ended December 31, 2005, Communicate generated advertising and leasing revenue of $975,011 which represented an increase of $371,455 or 61.5% from 2004. The increase from 2004 has surpassed management's original projection of between 30% to 40% which was disclosed early in 2005. Of the advertising and leasing revenue, Overture accounted for 87% of the revenue. While management acknowledges the risk of concentration of revenue with one customer, management believes Overture, wholly owned by Yahoo Inc., is a suitable business partner for generating advertising revenue. However, if a change becomes necessary, management has identified other potential advertising partners. Management will continue to evaluate other opportunities for domain names and will act accordingly should better opportunities arise. While management is satisfied with 2005 results, management is also expecting that 2006 results will be significantly below 2005 because recent changes made by Internet search engines, where much of Communicate's traffic originates from, have negatively affected the volume of traffic directed to Communicate's network of advertising sites. As a result, management projects advertising and leasing revenue for 2006 to be significantly below the 2005 level and expects these revenues will likely return to 2003 level of around $300,000 for the year. This outlook includes consideration that both body.com and brazil.com are deployed during the first quarter of 2006 to generate online retail revenue.

eCommerce Sales – During the year ended December 31, 2005, Communciate generated eCommerce sales of $4,793,052 representing an increase of $2,831,157 or 144% over 2004 sales. Fragrance sales accounted for $3,929,824 or an increase of $137% from 2004. The sports product business had sales of $224,019 or an increase of 294% from 2004. Whereas Communicate began online fragrance sales during the middle of 2003, fiscal 2005 marked the second full annual sales results which could be compared with fiscal 2004. Management believes its fragrance sales have performed to expectation with good sales growth quarter over comparable quarter while maintaining gross margin at around 20%. The two year results also exhibited clear seasonality trend whereby the fourth quarters were the major revenue quarters. Indeed, the fourth quarter of 2005 contributed to almost 54% of 2005 eCommerce revenues. While this result may have coincided with planned significant marketing expenditure in the fourth quarter of 2005, management nonetheless believes the result would have been similar albeit not as dramatic had marketing expenditure not increased in the fourth quarter. With these valuable data management can plan better for the current and coming fiscal years to ensure adequate resources are in place to handle demand spikes during the busy periods. One unintended effect of the spike in fragrance product sales was that management decided to curtail the sports product sales during the fourth quarter of 2005 as insufficient staff was on hand to handle the increase in volume in business. Management intends to spend its advertising budget more evenly throughout the year to lessen the seasonality effect in 2006. As for the sports product business, although there is potential for growth in this sector, management has determined that further growth for Communicate will be highly dependent whether more dependable suppliers can be sourced. Management intends to monitor the sports product business while making minor improvements to the website during 2006.

In the first quarter of 2006, management soft launched body.com as a website to sell health, beauty, nutrition and fitness products. The scope of body.com's product offering will be broader than perfume.com. Management intends body.com to have more of a community portal characteristic where members can revisit to socialize and interact and, hopefully, make additional purchases. Management intends to evaluate the performance of body.com over the next six months; however, at this time, management cannot reasonably forecast the site's performance until a certain amount of time in operation has elapsed.

	2005		2004	
Type	$	Margin	$	Margin
Fragrances	3,942,324	19.5%	1,657,993	21.7%
Sports	224,019	20.9%	56,824	16.6%
Travel	626,709	11.4%	247,078	16.8%
Total	4,793,052		1,961,895	

Travel sales continue to be difficult to forecast as events both naturally occurring and man-made continue to arise in the Southeast Asia region encompassed by Communicate's subsidiary's travel websites – Vietnam.com, Malaysia.com and Indonesia.com. Management believes FT's travel sales results were under planned revenue of $150,000 per month or $450,000 per quarter primarily because of a reduction in travel to Southeast Asia as a result of the recent Tsunami and earthquake activity and secondarily because of a low lead to conversion ratio. During the year ended December 31, 2005, FT generated revenues of $626,709 and a net loss of $165,558, 2004 - $247,078 and $125,938 respectively. Although sales increased by 153% in 2005, profit margin declined from 16.8% in 2004 to 11.5% in 2005. The reduction in profit margin occurred primarily because the sales mix included more airfare sales which generate a much lower margin. The current rate of loss of roughly $15,000 a month is expected to continue into 2006. One of the main focuses of management is to assist FT in completing its SB-2 filing thereby enabling FT to raise capital independently to operate. In 2005 FT's management reorganized its operations and moved its sales office to Bellingham, Washington while maintaining a shared office in Malaysia to focus on two identifiable key markets of Malaysia/Singapore and North America. In order to improve FT's lead to conversion ratio, management has been working to develop a sales management system by adopting technology tools owned by Communicate. This system was not completed until early 2006. Although incremental improvements can be applied to the travel business, world events that are outside the control of management may continue to adversely affect its travel business in 2006 and beyond.

MARKETING EXPENSE. During the year ended December 31, 2005, Communicate spent $391,545 on marketing expenses, an increase of $274,045 or 233% from 2004. Management adhered to its guideline set in 2004 of spending not more than 10% of product sales on online advertising and marketing. As a percentage of eCommerce sales, marketing expense represented 8.2% of sales with the bulk of the spending, $272,177 or 70%, occurring in the final quarter of 2005. While management previously relied upon the potential of its generic domain names to become strong brands with minimal spending on advertising, management has recognized the increasing reliance of online shoppers on search engines and directory sites to find products. Even though Communicate's websites' search rankings performed adequately, management believes targeted keywords advertising at opportune times will bring additional traffic to its retail sites. While it is difficult to say whether the generic nature of the domain name or the effectiveness of marketing effort has contributed more to the success shown in the 144% increase in eCommerce sales, management believes that increased advertising has been a significant contributing factor in Communicate's increasing revenues.

GENERAL AND ADMINISTRATIVE EXPENSES. During the year ended December 31, 2005, Communicate's general and administrative expenses were $338,675, a decrease of 13.4% from 2004. While merchant account processing fees have increased with increased eCommerce sales volume, management has also been able to reduce travel and financing-related expenses and consolidate overhead costs in the travel business. Cost reductions have more than offset cost increases. Management has also been able to maintain general and administrative expenses significantly below its target of not more than 15% of revenue, however exchange rate fluctuations and other inflationary factors may make it difficult to continue to reduce these costs in 2006. However, for 2006, management will target general and administrative expenses at not more than 10% of total revenue, down from the 2005 target of not more than 15% of total revenue.

MANAGEMENT FEES AND SALARIES. During the year ended December 31, 2005, Communicate's management fees and salaries were $905,839, an increase of $195,123 or 27.5% from 2004. While executive compensation of $ 251,000 remained relatively unchanged from 2004, staff salaries for Communicate accounted for most of the increase as 1) the number of employees increased slightly from 2004; 2) increases in salaries were necessary to remain competitive with the job market; 3) staff salaries were denominated primarily in the Canadian dollar which continued to increase through 2005 by about 6.9%.

PROFESSIONAL FEES. During the year ended December 31, 2005, Communicate's professional fees, consisting of legal and accounting costs were $96,066, an increase of $60,348 or 169% from 2004. The increases are due to Communicate's business volume increase and to the SB-2 filings costs associated with its travel business. For 2006, management expects these expenses will be higher but cannot reasonably provide an estimate. Management will closely monitor these expenses.

GAIN ON DEBT SETTLEMENT. During the year ended December 31, 2005, Communicate recorded a gain of $149,519 as a result of writing off a number of pre-2001 accounts payable.

During the year ended December 31, 2004, all accrued lease obligations were written off resulting in a gain of $12,010.

NON-CONTROLLING INTEREST SHARE OF LOSS IN SUBSIDIARY. During the year ended December 31, 2005, Communicate recorded a non-controlling interest share of loss in FT of $68,588 (2004 - $83,746), a decrease of $15,158 or 18% over 2004. Management expects FT will continue to lose money in 2006 and is working to raise additional financing for the venture.

Liquidity and Capital Resources

At December 31, 2005, Communicate had working capital of $1,017,438, an increase of $606,041 or 147% from 2004. The improvement resulted from positive cash flows from operations and issuance of common stock. During the year ended December 31, 2005, Communicate generated net income of $346,975, a decrease of 80,682 or 18.9% from 2004. Cash from operating activities generated $626,626, and cash from financing activities generated $297,100. After the purchase of some computer equipment, overall cash increased by $670,959 resulting in a December 31, 2005 cash balance of $1,735,887. Since inception, Communicate has accumulated a deficit of $922,166 and has stockholders' equity of $2,629,756, an increase of $689,787 from 2004. While Management believes it has made significant progress in enhancing its liquidity, there is no certainty that the improvements can continue in view of changing market conditions, technological innovations and legal and regulatory requirements.

Communicate believes it has the necessary cash requirements for the next 12 months without having to raise additional funds. However, Communicate may seek to explore other business opportunities which may require additional cash beyond what is available. Communicate expects to seek any such additional funds by way of equity and/or debt financing, and through the sale of non-strategic domain name assets. However, Communicate may not be able enter into arrangements with its lenders or raise required funds from financings. If Communicate is unable to raise adequate funds for operations from the implementation of its business plan, or through debt or equity financing, Communicate will approach its current shareholders for loans to cover such outlays.

Communicate does not anticipate purchasing any plant or significant equipment in the immediate future.

Uncertainties Relating to Forward-Looking Statements

Management's discussion and analysis of Communicate's financial condition and the results of its operations and other sections of this report, contain forward looking statements, that are based upon the current beliefs and expectations of Communicates' management, as well as assumptions made by, and information currently available to, Communicates' management. Because these statements involve risks and uncertainties, actual actions and strategies and the timing and expected results may differ materially from those expressed or implied by the forward-looking statements. As well, Communicates' future results, performance or achievements could differ materially from those expressed in, or implied by, any forward-looking statements. Future events and actual results could differ materially from those set forth in or underlying the forward-looking statements.

Item 7. Financial Statements

See restated and audited financial statements for the period ended December 31, 2005 and 2004 attached as an Exhibit to this Form 10-KSB/A.

PART III

Item 13. Exhibits and Reports on Form 8-K.

(a) Index to and Description of Exhibits.

Exhibit	Description	Status
Exhibit A	Restated and Audited Financial Statements as of December 31, 2005 for the period October 10, 1995 (inception) to December 31, 2005.	Included
3.1	Articles of Incorporation filed as an exhibit to Communicate's Form 10-SB filed on June 5, 2000.	Filed
3.2	Bylaws filed as an exhibit to Communicate's Form 10-SB filed on June 5, 2000.	Filed
3.3	Certificate of Amendment to Articles of Incorporation filed as an exhibit to Communicate's Form 10-KSB filed on April 12, 2001	Filed
10.1	Purchase Agreement, dated November 8, 2000, between Communicate.com Inc. and Brian Liew filed as an exhibit to Communicate's Form 10-QSB filed on June 30, 2000.	Filed
10.2	Loan and Security Agreement between Pacific Capital Markets Inc. and Communicate.com Inc. filed as an exhibit to Communicate's Form 10-QSB filed on June 30, 2000.	Filed
10.3	Form of Share Exchange Agreement, dated November 29, 2000, between Communicate.com Inc. and certain shareholders of Domain Holdings Inc. (fka Communicate.com Inc.) filed as an exhibit to Communicate's Form 8-K filed on March 30, 2001.	Filed
10.4	Letter Agreement, dated January 26, 2001, between Domain Holdings Inc. (fka Communicate.com Inc.) and Sierra Systems Group Inc. filed as an exhibit to Communicate's Form 8-K filed on March 30, 2001.	Filed
10.5	Loan Agreement dated October 10, 2001, between Siden Investments Ltd. and Communicate.com Inc. and Domain Holdings Inc. (fka Communicate.com Inc.) filed as an exhibit to Communicate's Form 10-QSB filed on November 14, 2003.	Filed
10.6	Option Agreement dated October 10, 2001, between Siden Investments Ltd. and Communicate.com Inc. filed as an exhibit to Communicate's Form 10-QSB filed on November 14, 2003.	Filed
14	Code of Ethics filed as an exhibit (Exhibit 99.1) to Communicate's Form 10-KSB filed on March 31, 2003.	Filed
31	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed

Exhibit	Description	Status
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed
99.2	Audit Committee Charter filed as an exhibit to Communicate's Form 10-KSB filed on March 30, 2004.	Filed
99.3	Disclosure Committee Charter filed as an exhibit to Communicate's Form 10-KSB filed on March 30, 2004.	Filed

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities and Exchange Act of 1934, Communicate.com Inc. has caused this report to be signed on its behalf by the undersigned duly authorized person.

COMMUNICATE.COM INC.

/s/ David Jeffs
By:______________________________
Name: **David Jeffs**
Title**:** **Director and CEO**
Dated: **March 19, 2007**

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of Communicate.com Inc. and in the capacities and on the dates indicated have signed this report below.

Signature	Title	Date
/s/ David Jeffs	President, Principal Executive Officer, and sole member of the Board of Directors	March 19, 2007
/s/ Cameron Pan	Corporate Secretary, Treasurer and Chief Financial Officer	March 19, 2007

Exhibit A

COMMUNICATE.COM INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Communicate.com Inc.

We have audited the consolidated balance sheets of Communicate.com Inc. as at December 31, 2005 and 2004 and the consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows and the changes in stockholders' equity for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 12, subsequent to the issuance of the Company's 2005 consolidated financial statements and our initial report dated March 24, 2006, management discovered facts that existed at the date of our report, relating to certain equity transactions, which resulted in a restatement of certain information in the consolidated financial statements.

"DMCL"
DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
March 24, 2006 except for Notes 3, 5, 7, 9 and12 which are of March 13, 2007

COMMUNICATE.COM INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2005 (As restated in Note 12)	December 31, 2004 (As restated in Note 12)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,735,887	$ 1,064,928
Available for sale securities	214,558	-
Accounts receivable	1,727	9,373
Advances receivable	-	2,291
	1,952,172	1,076,592
RESTRICTED CASH	20,000	-
PROPERTY AND EQUIPMENT, net of accumulated depreciation	52,640	26,394
INTANGIBLE ASSETS (Note 2)	1,539,678	1,502,178
	$ 3,564,490	$ 2,605,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 934,734	$ 665,195
STOCKHOLDERS' EQUITY		
Capital stock (Note 4)		
Authorized:		
50,000,000 common shares, $0.001 par value		
Issued and outstanding:		
17,756,339 common shares (December 31, 2004 – 15,321,339)	8,766	6,331
Additional paid-in capital	3,543,156	3,202,779
Accumulated deficit	(922,166)	(1,269,141)
	2,629,756	1,939,969
	$ 3,564,490	$ 2,605,164

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNICATE.COM INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended Dec. 31, 2005 (As restated in Note 12)	Year ended Dec. 31, 2004 (As restated in Note 12)
SALES		
Domain name leasing and advertising	$ 975,011	$ 603,556
Domain names	-	950,000
eCommerce	4,793,052	1,961,895
Total sales	5,768,063	3,515,451
COST OF SALES		
Domain names	-	361,801
eCommerce	3,896,654	1,562,754
Total cost of sales	3,896,654	1,924,555
GROSS PROFIT	1,871,409	1,590,896
EXPENSES		
Marketing	391,545	117,500
General and administrative	338,675	391,194
Management fees and salaries	905,839	710,716
Professional fees	96,066	35,718
Depreciation	10,416	3,867
	1,742,541	1,258,995
INCOME BEFORE OTHER ITEMS	128,868	331,901
GAIN ON DEBT SETTLEMENT	149,519	12,010
NON-CONTROLLING INTEREST SHARE OF LOSS IN FREQUENT TRAVELER.COM (Note 3)	68,588	83,746
DILUTION GAIN IN FREQUENT TRAVELLER.COM (Note 3)	-	-
NET INCOME	$ 346,975	$ 427,657
BASIC AND DILUTED EARNINGS PER SHARE:	$ 0.02	$ 0.03
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:	16,687,748	14,973,334

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNICATE.COM INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Common shares					
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total
Balance, December 31, 2003	14,691,339	$ 5,701	$ 3,066,516	$ (1,696,798)	$ (18,281)	$ 1,357,138
Issuance of 50,000 common shares at $0.20 per share	50,000	50	9,950	-	-	10,000
Issuance of 580,000 common shares at $0.10 per share	580,000	580	57,420	-	-	58,000
Gain resulting from shares issued by subsidiary	-	-	68,893	-	-	68,893
Currency translation adjustment	-	-	-	-	18,281	18,281
Net income	-	-	-	427,657	-	427,657
Balance, December 31, 2004 (As restated in Note 12)	15,321,339	6,331	3,202,779	(1,269,141)	-	1,939,969
Issuance of 275,000 common shares at $0.50 per share for the acquisition of domain names	275,000	275	137,225	-	-	137,500
Issuance of 2,000,000 common shares at $0.05 per share for the exercise of warrants	2,000,000	2,000	98,000	-	-	100,000
Issuance of 160,000 common shares at $0.48 per share in lieu of accrued bonuses to employees	160,000	160	76,640	-	-	76,800
Gain resulting from shares issued by subsidiary	-	-	28,512	-	-	28,512
Net income	-	-	-	346,975	-	346,975
Balance, December 31, 2005 (As restated in Note 12)	17,756,339	$ 8,766	$ 3,543,156	$ (922,166)	$ -	$ 2,629,756

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNICATE.COM INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended Dec. 31, 2005 (As restated in Note 12)	Year ended Dec. 31, 2004 (As restated in Note 12)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 346,975	$ 427,657
Adjustments to reconcile net income to net cash provided by operating activities		
- non-controlling interest share of losses (Note 3)	(68,588)	(83,746)
- dilution gain in Frequent Traveller.com (Note 3)	-	-
- non-cash cost of domain name sales	-	301,801
- gain on debt settlement	(149,519)	(12,010)
- depreciation	10,416	3,867
- accounts and advances receivable	(8,516)	17,525
- prepaid expenses	-	2,067
- accounts payable and accrued liabilities	495,858	138,061
CASH FROM OPERATING ACTIVITIES	626,626	795,222
CASH FLOWS FROM INVESTING ACTIVITIES		
- purchase of available for sale securities	(214,558)	-
- purchases of computer equipment	(38,209)	(61,455)
	(252,767)	(61,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
- issuance of common stock for share subscriptions	100,000	68,000
- issuance of common stock for warrants exercised	100,000	-
- issuance of common stock by Frequent Traveller.com	97,100	151,841
- repayment of loan	-	(300,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	297,100	(80,159)
EFFECT OF EXCHANGE RATE CHANGES	-	18,281
NET INCREASE IN CASH AND CASH EQUIVALENTS	670,959	671,889
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,064,928	393,039
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,735,887	$ 1,064,928

SUPPLEMENTAL CASH FLOW INFORMATION (Refer to Note 8)

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The Company's subsidiary Domain Holdings Inc. ("DHI") owns a portfolio of generic domain names. DHI's current business strategy is to develop or to seek partners to develop its domain names to include content, commerce and community applications. DHI has developed two websites that sell fragrance and beauty care and sporting goods products to North American consumers. DHI sells advertising services on its domains held for development and seeks to acquire other domains to complement its retail and advertising strategy. DHI has an in-house development team that develops its corporate and retailing websites.

Effective December 31, 2005, DHI reorganized by transferring certain domain name assets into its 100% owned subsidiary Acadia Management Corp. ("Acadia"), a British Columbia, Canada, company incorporated on December 1, 2005.

On October 1, 2003, the Company acquired a 71% controlling interest in FrequentTraveller.com Inc. ("FT"), a Nevada private company incorporated on October 29, 2002. FT is a full service travel agency that caters to Internet-based customers seeking tours and other travel services. As at December 31, 2005, the Company owns 50.4% of the outstanding shares of FT. (Refer to Note 3.)

Comparative figures
Certain comparative figures have been reclassified in order to conform to the current year's financial statement presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
The accompanying financial statements are presented in United States dollars and are prepared in accordance with accounting principles generally accepted in the United States.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of intangible assets, stock based compensation, determination and disclosure of contingent assets and liabilities at the date of the financial statements and for the periods that the financial statements are prepared. Actual amounts could differ from these estimates.

Principles of consolidation
The financial statements include the accounts of the Company, its 94% interest in its subsidiary DHI, and its 100% interest in its subsidiary Acadia, and its 50.4% interest in FT. All significant intercompany balances and transactions are eliminated on consolidation.

Revenue recognition
Revenue from the sale and lease of domain names, whose carrying values are recorded as intangible assets, consists primarily of funds earned for the transfer of rights to domain names that are currently in the Company's control. Collectibility of revenues generated is subject to a high level of uncertainty; accordingly, revenues are recognized only as received.

Web advertising revenue consists primarily of commissions earned from the referral of visitors to the Company's sites to other parties. The amount and collectibility of these referral commissions is subject to uncertainty; accordingly, revenues are recognized when the amount can be determined and collectibility can be reasonably assured. In accordance with EITF 99-19, the Company records web advertising revenue net of service costs.

Revenues, and associated costs of goods sold, from the on-line sales of products, currently consisting primarily of fragrances and other beauty products, are recorded upon shipment of products and determination that collection is reasonably assured. The Company does not record inventory as an asset because all products sold are delivered to the customer on a "just-in-time" basis.

Revenues from the sales of travel products, including tours, airfares and hotel reservations, where the Company acts as the merchant of record and has inventory risk, are recorded on a "gross" basis. Customer deposits received prior to ticket issuance or 30-days prior to travel are recorded as deferred revenue. Where the Company does not act as the merchant of record and has no inventory risk, revenues are recorded at the "net" amounts, without any associated cost of revenue in accordance with EITF 99-19.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Available For Sale Securities
The Company holds marketable equity securities which are available-for-sale and as such, their carrying value is adjusted to market at the end of each reporting period. As required by SFAS 130, unrealized gains and losses on these investments are recorded as a component of accumulated other comprehensive income (loss) and are recorded as a component of net income (loss) when realized. However, if there is a permanent decline in the available-for-sale securities, this adjustment is taken into income for the period when such determination is made.

Stock-based compensation
In December 2002, the Financial Accounting Standards Board ("FASB") issued statement of Financial Accounting Standard ("SFAS") No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," an amendment of Financial Accounting Standard No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). The purpose of SFAS No. 148 is to: (1) provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation, (2) amend the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation, and (3) to require disclosure of those effects in interim financial information.

The Company has elected to continue to account for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", ("APB No. 25") and comply with the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148 as described above. In addition, in accordance with SFAS No. 123, the Company applies the fair value method using the Black-Scholes option-pricing model in accounting for options granted to consultants. Under APB No. 25, compensation expense is recognized based on the difference, if any, on the date of grant between the estimated fair value of the Company's stock and the amount an employee must pay to acquire the stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period.

The following table illustrates the pro forma effect on net income and net earnings per share as if the Company had accounted for its stock-based employee compensation using the fair value provisions of SFAS No. 123 using the assumptions as described in Note 4:

		Year ended December 31, 2005	Year ended December 31, 2004
Net income	As reported	$ 346,975	$ 427,657
SFAS 123 compensation expense	Pro-forma	-	(13,924)
Net income	Pro-forma	$ 346,975	$ 413,733
Pro-forma basic and diluted net income per share	Pro-forma	$ 0.02	$ 0.03

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services." Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services as defined by EITF No. 96-18.

The Company has also adopted the provisions of the FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation – An Interpretation of APB Opinion No. 25," which provides guidance as to certain applications of APB 25.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances .deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A valuation allowance is provided for deferred tax assets if it is more likely than not that the Company will not realize the future benefit, or if the future deductibility is uncertain.

Foreign currency transactions

The financial statements are presented in United States dollars. In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation", the foreign currency financial statements of the Company's subsidiaries are re-measured into U.S. dollars. Monetary assets and liabilities are re-measured using the foreign exchange rate that prevailed at the balance sheet date. Revenue and expenses are translated at weighted average rates of exchange during the year and stockholders' equity accounts and certain other historical cost balances are translated by using historical exchange rates. Resulting re-measurement gains or losses are reported on the consolidated statement of operations.

Earnings per share

Basic earnings per share is computed by dividing earnings for the period by the weighted average number of common shares outstanding for the period. Fully diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including convertible preferred shares, in the weighted average number of common shares outstanding for a period and is not presented where the effect is anti-dilutive.

Cash and cash equivalents

The company considers all highly liquid instruments, with original maturity dates of three months or less at the time of issuance, to be cash equivalents.

Intangible assets

The Company has adopted the provision of the SFAS No. 142, "Goodwill and Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized and are tested for impairment annually. The determination of any impairment would include a comparison of estimated future operating cash flows anticipated during the remaining life with the net carrying value of the asset as well as a comparison of the fair value to book value of the Company.

The Company's intangible assets, which consist of its portfolio of generic domain names, has been determined to have an indefinite life and management has determined, that there is no impairment of the carrying value of intangible assets at December 31 , 2005.

Website development costs

The Company has adopted the provisions of EITF No. 00-2 "Accounting for Web Site Development Costs" and AICPA SOP 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" whereby costs incurred in the preliminary project phase are expensed as incurred; costs incurred in the application development phase are capitalized; and costs incurred in the post-implementation operating phase are expensed as incurred. The Company has not currently incurred any significant development costs relating to its operational websites.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R, "*Share Based Payment*". SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS 123R in the first interim or annual reporting period that begins after December 15, 2005. Management is currently evaluating the impact of the adoption of this standard on the Company's results of operations and financial position.

In March 2005, the SEC staff issued Staff Accounting Bulletin No. 107 ("SAB 107") to give guidance on the implementation of SFAS 123R. The Company will consider SAB 107 during its implementation of SFAS 123R.

In July 2005, the Financial Accounting Standards Board issued SFAS No. 154, *Accounting for Changes and Error Corrections - A Replacement of APB Opinion No. 20 and FASB Statement No. 3*. Under the provisions of SFAS No. 154, a voluntary change in accounting principle requires retrospective application to prior period financial statements, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. A change in depreciation, amortization, or depletion method for long-lived, non-financial assets must be accounted for as a change in accounting estimate effected by a change in accounting principle. The guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate was not changed. We will implement this new standard beginning January 1, 2006. This standard is not expected to have a significant effect on our reported financial position or earnings.

NOTE 3 – NON-CONTROLLING INTEREST

By agreement dated October 1, 2003, the Company acquired 350,000 common shares of FT, representing 71% of the outstanding shares of FT, in consideration for settlement of a $35,000 debt owing to the Company by FT for previous consulting work provided. Subsequent to October 1, 2003, FT issued 113,637 shares of its common stock to non-controlling interests for total proceeds of $50,000 resulting in a gain on dilution of $30,555 in fiscal 2003. In 2004, FT issued 350,000 shares to the Company in settlement of advances of $35,000 and issued 334,578 shares to non-controlling interests for total proceeds of $151,841. On November 16, 2004, FT declared a nine share for every one share stock dividend.

On May 1, 2005, FT completed a private placement of common shares at $0.05 per common share and raised $147,100 of which $50,000 was invested by the Company. FT issued 1,000,000 common shares to the Company and 1,942,000 to non-controlling interests. The monies were used to recapitalize FT and for working capital purposes. The Company recorded a non-controlling interest share of loss in FT of $68,588 in 2005. As of December 31, 2005, FT has 15,878,690 common shares issued and outstanding of which the Company owns 8,000,000 common shares representing 50.4% of FT's issued and outstanding common shares.

On May 5, 2005, DHI entered into an agreement with FT whereby FT would have the right to sell travel products on Brazil.com, Indonesia.com, Malaysia.com, Canadian.com and GreatBritain.com by agreeing to pay at least a minimum royalty commencing 2006 of $150,000 per annum. The royalty, which is 5% on the first $20 million in revenue and decreases by 1% on every subsequent $20 million to a minimum of 1% on annual sales greater than $80 million, is based on sales of travel products by FT. DHI retains the rights to sell other services, including advertising, on the websites. Beginning in 2006, DHI will earn a minimum annual royalty of $150,000 from FT. The agreement expires on December 31, 2010 and may be extended by FT in increments of 5 years thereafter with the minimum annual royalty recalculated based on the average from the previous 5-year period.

NOTE 3 – NON CONTROLLING INTEREST (cont'd)

On July 19, 2005, FT filed a Form SB-2 registration statement with the U.S, Securities and Exchange Commission offering up to 4,000,000 common shares at a price of $0.50 per common share. The monies to be raised are intended for development of FT's business, including call center operations, technology investment and working capital. The Company is not obligated to undertake any portion of the offering, and if the maximum offering is sold by FT the Company's interest in FT will decrease from 50.4% to 40%. While the registration process is continuing, the Company cannot estimate when, or if, the Form SB-2 filed by FT will become effective and whether the offering will be sold by FT.

NOTE 4 – CAPITAL STOCK

The authorized capital of the Company consists of 50,000,000 common Shares with a par value of $.001. No preferred shares have been authorized.

(a) On March 22, 2005, the Company issued 275,000 shares of restricted common stock to a third party for $137,500 which was paid by $100,000 cash and a portfolio of .com root-level domain names which have been recorded at a value of $37,500.

(b) On May 16, 2005, the Company issued 160,000 shares of restricted common stock to four employees and two officers to satisfy bonuses payable of $76,800.

(c) On June 22, 2005, the Company issued 2,000,000 shares of restricted common stock for $100,000 to two related parties pursuant to a share purchase warrant agreement dated June 28, 2002.

(d) During the year ended December 31, 2004, the Company issued 50,000 shares of restricted common stock of the Company to two employees in satisfaction of bonuses of $10,000 granted and recorded by DHI in 2003 and issued 580,000 shares of restricted common stock to an officer under an option agreement (see Stock Options below).

Stock options

The Company does not have a formal stock option plan, however, options may be granted with terms and conditions at the discretion of the Company's board of directors.

On July 24, 2002 the Company granted an officer 580,000 stock options at an exercise price of $0.10 per share. The options vest evenly over two years commencing July 24, 2002. No compensation expense was recorded upon vesting of these options in accordance with the provisions of APB No. 25 as the exercise price of the options awarded approximated the market price of the Company's common shares as at the date of the award. Upon the shares options becoming fully vested in July 2004 the officer exercised his option for $58,000, and accordingly, the Company issued 580,000 shares of restricted common stock.

For stock options granted to officers, directors and employees, the Company has provided pro-forma information regarding net income and earnings per share as if the Company had accounted for these stock options using the fair value method. The fair value of the options vested in the two years commencing July 24, 2002, was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4%; dividend yield of 0%; volatility factor of the expected market price of the Company's common stock of 205% and a weighted average expected life of the option of 2 years.

For purposes of the pro-forma disclosures, the estimated fair value of the options of $49,823 was amortized to expense over the vesting period which ended July 24, 2004. The Company's pro-forma information relating to the granting and vesting of stock options has been shown in Note 2.

NOTE 4 – CAPITAL STOCK (cont'd)

A summary of the Company's stock options as of December 31, 2005, and changes during the two years ended is presented below:

	Number of options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
		$	
Outstanding at December 31, 2003	580,000	0.10	0.56
Exercised July 22, 2004	(580,000)	(0.10)	(0.56)
Outstanding at December 31, 2004	-	-	-
Outstanding at December 31, 2005	-	-	-

Share purchase warrants
On June 28, 2002, the Company issued 2,000,000 share purchase warrants entitling the holder to purchase one share of common stock at $0.05 for a period of two years in settlement of certain accounts payable of $122,500. The Company has accounted for these share purchase warrants in accordance with SFAS No. 123 by applying the fair value method using the Black-Scholes option pricing model assuming a dividend yield of 0%, a risk-free interest rate of 4%, an expected life of two years and an expected volatility of 201%. The fair value of these warrants was $85,100 which resulted in a gain on settlement of $37,400. Pursuant to extending the term of a promissory note issued by the holder of the share purchase warrants on May 19, 2003, the share purchase warrants expiration date was extended to June 28, 2005. On June 22, 2005, the holder exercised the share purchase warrants.

A summary of the Company's stock purchase warrants as of December 31, 2005, and changes during the two years ended is presented below:

	Number of Warrants	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
		$	
Outstanding at December 31, 2003	2,000,000	0.05	1.49
Balance at December 31, 2004	2,000,000	0.05	0.49
Exercised June 22, 2005	(2,000,000)	(0.05)	(0.49)
Balance at December 31, 2005	-	-	-

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2005, consulting fees totalling $251,000 (2004 - $268,000) were incurred and paid to two officers of the Company.

On May 16, 2005, two of the officers each received 50,000 restricted common shares in lieu of bonuses payable of $20,000.

On June 22, 2005, 2,000,000 restricted common shares were issued to principals of Pacific Capital Markets Inc. ("PCM") pursuant to the exercise of warrants. The principals of PCM are closely related to an officer and director of the Company.

NOTE 6 – FINANCIAL INSTRUMENTS

Interest rate risk exposure
The Company has limited exposure to any fluctuation in interest rates.

Foreign exchange risk
The Company is subject to foreign exchange risk for sales and purchases denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the United States dollar. The Company does not actively manage this risk.

Concentration of credit risk
Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents and trade accounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents on deposit with high credit quality financial institutions. Receivables arising from sales to customers are generally not significant individually and are not collateralized. Management regularly monitors the financial condition of its customers to reduce the risk of loss.

Fair values of Financial Instruments
The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107. *Disclosures about Fair Value of Financial Instruments*. The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, have an approximate carrying value due to the short-term maturity of the instruments. The fair value of perpetual royalties has not been recorded because they cannot be reasonably determined. (Refer to Note 11)

NOTE 7 – INCOME TAXES

The Company's subsidiaries, DHI and Acadia are subject to federal and provincial taxes in Canada and the Company and its subsidiary FT are subject to United States federal and state taxes.

As at December 31, 2005, the Company and its subsidiaries have net operating loss carryforwards of approximately $2,528,000 that result in deferred tax assets. These loss carryforwards will expire, if not utilized, through 2025 with the majority expiring by 2006. The Company's subsidiary DHI also has approximately $1,610,000 in undepreciated capital costs relating to property and equipment that have not been amortized for tax purposes. The Company's subsidiary Acadia also has approximately $1,800,000 in undepreciated capital costs relating to intangible assets that have not been amortized for tax purposes. The costs may be amortized in future years as necessary to reduce taxable income. Management believes that the realization of the benefits from these deferred tax assets is uncertain and. accordingly, a full deferred tax asset valuation allowance has been provided and no deferred tax asset benefit has been recorded.

NOTE 7 – INCOME TAXES (cont'd)

The Company's actual income tax provisions differ from the expected amounts determined by applying the appropriate combined effective tax rate to the Company's net income before taxes. The significant components of these differences are as follows:

	Year ended December 31, 2005 (As restated in Note 12)	Year ended December 31, 2004 (As restated in Note 12)
Income before income taxes	$ 346,975	$ 427,657
Combined corporate tax rate	35.6%	35.6%
Expected corporate tax expense	(123,523)	(152,246)
(Increase) decrease resulting from:		
Subsidiary non-controlling interests and dilution gains	24,417	29,814
Non-deductible domain name cost of sales	-	(107,441)
Non-taxable portion of domain name sales	-	165,369
Non-deductible items and other	(10,665)	(11,808)
Exchange adjustment to foreign denominated future tax assets	58,918	140,113
Change in valuation allowance	50,853	(63,801)
Provision for income taxes	$ -	$ -

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	December 31, 2005 (As restated in Note 12)	December 31, 2004 (As restated in Note 12)
Deferred income tax assets:		
Operating losses available for future periods	$ 900,228	$ 1,614,822
Property and equipment in excess of net book value	553,786	530,842
Intangible assets in excess of net book value	640,797	-
	2,094,811	2,145,664
Deferred income tax liabilities	-	-
	2,094,811	2,145,664
Valuation allowance	(2,094,811)	(2,145,664)
Net deferred income tax assets	$ -	$ -

NOTE 8 – SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year ended December 31, 2005	Year ended December 31, 2004
Cash paid during the year for:		
Interest	$ -	$ 10,384
Income taxes	$ -	$ -

Refer to Note 4(a).

On January 7, 2004, 50,000 shares were issued in settlement of $10,000 of DHI's bonus payable. (Refer to Note 4.)
On May 16, 2005, 160,000 shares were issued in settlement of $76,800 of DHI's bonus payable. (Refer to Note 4.)

NOTE 9 – SEGMENTED INFORMATION

The Company's eCommerce operations are conducted in three business segments, Domain Sales, Leasing and Advertising, eCommerce Products and eCommerce Services. Revenues, operating profits and net identifiable assets by business segments are as follows:

For the year ended December 31, 2005 (As restated in Note 12)				
	Domain Sales, Leasing and Advertising	eCommerce Products	eCommerce Services	Total
		$	$	$
Revenue	975,011	4,166,343	626,709	5,768,063
Segment Profit	146,440	146,439	(164,011)	128,868
As at December 31, 2005		$	$	$
Total Assets	1,352,628	2,142,276	69,586	3,564,490
Intangible Assets	1,352,628	183,750	3,300	1,539,678

For the year ended December 31, 2004 (As restated in Note 12)				
	Domain Sales, Leasing and Advertising	eCommerce Products	eCommerce Services	Total
		$	$	$
Revenue	1,553,556	1,714,817	247,078	3,515,451
Segment Profit	573,076	(15,122)	(226,053)	331,901
As at December 31, 2004		$	$	$
Total Assets	1,315,128	1,258,697	31,339	2,605,164
Intangible Assets	1,315,128	183,750	3,300	1,502,178

The reconciliation of the segment profit to net income as reported in the financial statements is as follows:

For the years ended December 31,	2005 (As restated in Note 12)	2004 (As restated in Note 12)
	$	$
Segment Profit	128,868	331,901
Gain on Debt Settlement	149,519	12,010
Non-Controlling Interest	68,588	83,746
Dilution Gain in FrequentTraveller.com	-	-
Net Income	346,975	427,657

NOTE 10 – CONTINGENCIES

The former Chief Executive Officer of DHI commenced a legal action against DHI on March 9, 2000 for wrongful dismissal and breach of contract. He is seeking, at a minimum, 18.39% of the outstanding shares of DHI, specific performance of his contract, special damages in an approximate amount of $30,000, aggravated and punitive damages, interest and costs. On June 1, 2000, Communicate.com filed a Defence and Counterclaim against this individual claiming damages and special damages for breach of fiduciary duty and breach of his employment contract. The outcome of these legal actions is currently not determinable and as such the amount of loss, if any, resulting from this litigation is presently not determinable.

NOTE 11 – DOMAIN NAME SALES

On July 3, 2003, DHI entered into agreements to sell automobile.com, body.com, exercise.com and makeup.com to Manhattan Assets Corp. for a total sales price of $1,000,000. In September 2004, pursuant to an amendment between the parties to the July 3, 2003 agreement of sale, DHI agreed to substitute call.com in place of body.com. Manhattan Assets has paid $1,000,000 to DHI under the terms of the contract and the Company has paid to a principal of Pacific Capital Markets Inc. $100,000 in commissions on the $1,000,000 (refer to Note 5).

DHI retains a perpetual royalty right to each of the above noted domain names sold commencing on the fourth month after each sale. The royalty is calculated and payable monthly as the greater of 5% of net revenues arising from the sale of products and services marketed on web pages hosted on the domain names, or $2,500, commencing January 2005. No value was recorded for the perpetual royalty upon sale or transfer of a domain name right as future royalty amounts are not readily determinable and collectability is not reasonably assured. DHI has waived the royalty receivable from Manhattan Assets ("MA") until January 2006 while awaiting the development of the websites.

NOTE 12 - RESTATEMENT

Subsequent to the issuance of the Company's financial statements, the Company's Board of Directors, upon recommendation of management, concluded that the previously issued consolidated financial statements for the fiscal years ended December 31, 2005 and 2004 should not be relied upon because of accounting errors contained therein.

The restated consolidated financial statement and related disclosure will reflect the following:

1. Management revised the estimated fair value of the FT shares issued to contractors, employees, officers and a director in exchange for services during 2004 based on values established in arm's-length transactions with unrelated parties.

2. Accounting for dilution gains in subsidiary: during 2004 and 2005, the Company had recorded dilution gains resulting from the sale of treasury shares by its subsidiary, FT, Pursuant to Staff Accounting Bulletin Topic, these dilution gains in the Company's subsidiary, FT, although calculated correctly, should not have been recorded in net income for the periods, but should have been recorded as additional paid in capital.

	Amount Previously Reported for the Year Ended December 31, 2004	Adjustments	As Adjusted for the Year Ended December 31, 2004
Deficit, Opening	(1,696,798)		(1,696,798)
Net Income	498,097	(70,440)	427,657
Deficit, Closing	(1,198,701)	(70,440)	(1,269,141)
Additional Paid-In Capital	3,133,886	68,893	3,202,779
Other Assets	1,462,913	(1,547)	1,461,366

NOTE 12 – RESTATEMENT (Cont'd)

	Amount Previously Reported for the Year Ended December 31, 2005	Adjustments	As Adjusted for the Year Ended December 31, 2005
Deficit, Opening	(1,198,701)	(70,440)	(1,269,141)
Net Income	373,940	(26,965)	346,975
Deficit, Closing	(824,761)	(97,405)	(922,166)
Additional Paid-In Capital	3,445,751	97,405	3,543,156

NOTE 13 – SUBSEQUENT EVENTS

On March 21, 2006, pursuant to an agreement dated March 21, 2001, DHI sold Vancouver.com for CAD $150,000. The domain has a cost of $65,900, and the transaction will be recorded in the first quarter of 2006.

The royalty receivable from MA, as discussed in Note 11 above, has been accrued in 2006 at $2,500 per month.