

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

**Form 10-QSB**

**[ X ] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007  
or

**[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-29929

**COMMUNICATE.COM INC.**

(Exact name of small business as specified in its charter)

Nevada 88-0346310  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification Number)

#600 – 1100 Melville Street, Vancouver, B.C. V6E 4A6  
(Address of principal executive offices)

(604) 697-0136  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[ X ] Yes [ ] No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[ ] Yes [ X ] No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

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

Common Stock 17,836,339 shares outstanding  
\$.001 Par Value as of May 8, 2007

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

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QUARTER ENDED SEPTEMBER 30, 2006  
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## **PART I – FINANCIAL INFORMATION**

### **Item 1: Financial Statements.**

The response to Item 1 has been submitted as a separate section of this Report beginning on page F-1.

### **Item 2: Management's discussion and analysis or plan of operation**

Registrant, through its majority-owned subsidiaries, Domain Holdings, Inc. ("DHI", formerly Communicate.com Inc.) and FrequentTraveller.com Inc. ("FrequentTraveller") (together the "Subsidiaries"), is involved in businesses that exploit commercial uses of the Internet. DHI markets and licenses a portfolio of domain names, a number of which generate high amounts of internet traffic because of, among other things, their generic description of a specific product or services category.

Registrant has focused since the beginning of 2001 on developing revenue streams from its domain names and improving its financial position. Registrant generates revenue from leasing domain names, sales commissions from the sale of third-party products and services utilizing the Internet, "pay-per-click" revenue and the trading of domain name assets. Since May 2003, Registrant has begun selling fragrances and beauty and sports products online directly to consumers and in October 2003 begun selling travel services through its website FrequentTraveller.com.

Registrant presently employs twenty full-time employees and three consultants and occupies approximately 5,000 square feet of office space in Vancouver, British Columbia and Seattle, Washington.

#### **(a) Selected Financial Data**

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

	For the Quarters Ended	
	March 31, 2007	March 31, 2006
<b><u>Statements of Operations Data</u></b>		
eCommerce	1,621,344	1,297,201
Domain Name	-	123,800
Domain Name Leasing and Advertising	69,901	89,272
Royalty	-	21,673
Total Sales	1,691,245	1,531,946
 eCommerce	 1,303,812	 1,095,291
Domain Names	-	65,900
Total Cost of Sales	1,303,812	1,161,191
 Gross Profit	 387,433	 370,755
 Depreciation	 3,263	 3,967
General and Administrative	152,629	125,276
Management Fees and Salaries	188,539	227,205
Marketing	90,389	63,507
 Operating Loss	 (47,387)	 (49,200)
 Interest Income	 18,615	 10,083
 Net Loss for the Period	 (28,772)	 (39,117)
 Basic Loss per Share	 (0.00)	 (0.00)
Weighted Average Shares Outstanding	17,786,339	17,756,339
 <b><u>Balance Sheet Data</u></b>		
	<u>As at</u>	<u>As at</u>
	<u>March 31, 2007</u>	<u>December 31, 2006</u>
Current Assets	2,146,989	2,388,458
Restricted Cash	-	20,000
Fixed Assets	41,769	45,032
Intangible Assets	1,645,061	1,645,061
Total Assets	3,833,819	4,098,551
 Accounts Payable & Accrued Liabilities	 755,895	 991,855
 Common Stock	 8,846	 8,846
Additional Paid in Capital	3,605,579	3,605,579
Accumulated Deficit	(536,501)	(507,729)
Total Stockholders' Equity	3,077,924	3,106,696
Total Liabilities and Stockholders' Equity	3,833,819	4,098,551

## **(b) Results of Operations**

### REVENUES AND COSTS OF REVENUES.

eCommerce Sales. Registrant began converting Internet traffic into customers by directly marketing and selling consumable goods. Registrant launched its cologne.com and perfume.com Internet retail sites in May 2003, its karate.com Internet retail site in 2004, and most recently soft-launched its body.com Internet retail site in March 2006. In the first quarter of 2007, the combined retail sites generated sales of \$1,418,994 (2006 Q1 - \$1,160,775), or approximately \$15,767 per day (2006 Q1 - \$12,900 per day), with cost of purchases and shipping totaling \$1,108,562 (2006 Q1 - \$983,111) resulting in gross profit of \$310,432 and gross profit margin of approximately 21.9% (2006 Q1 – 15.3%). Comparable quarterly sales have increased by 22.3% while gross profit margin in percentage term has increased by 43%. Management has achieved its minimum margin target of 20% and managed to grow sales at the same time. Management is pleased with the margin improvement as it has worked to increase margin for the past year by sourcing from more suppliers and from negotiating for better costs. Management credits its vendor management system implemented last year. The heuristic system, based on analyzing a vendor's stock selection, calculated margin, past service history and shipping costs, has proved effective. Management will continue to monitor its overall product offerings to maintain an acceptable gross profit margin of between 20% to 22% and to grow eCommerce sales.

In the first quarter of 2007, Registrant through its travel business subsidiary generated eCommerce service sales of \$202,350 at a cost of \$195,250 as compared to sales of \$132,426 at a cost of \$112,180 in the first quarter of 2006. The travel operation incurred a net loss of \$51,705, excluding the minimum royalty of \$37,500 to Domain Holdings Inc., in the first quarter of 2007 and an accumulated deficit of \$990,941 since inception in October 2002. Management believes it has developed the platform for a worthwhile travel business and is looking to raise additional capital through equity financing primarily to market the travel products. Management intends to focus on capital raising for this venture, but there is no assurance that Management would be successful.

Domain Name Sales. In the first quarter of 2007, the Registrant did not trade in any domain name. Currently Management has no intention to sell any of its domain names and has been looking to acquire certain domain names that would complement either its advertising business or its eCommerce business.

Domain Name Leasing and Advertising. In the first quarter of 2007, Registrant generated domain name leasing and advertising revenue of \$69,901 as compared to \$89,272 in the first quarter of 2006, a decrease of 21.7%. While advertising revenue has declined relative to previous year's quarter as Management focuses on its eCommerce business, certain changes implemented to improve its advertising websites visibility appear to be working as advertising revenue has shown signs of improvement which would be reflected in the second quarter. However, there is no assurance that the implemented changes would have a long-lasting effect. Management will continue to make minor improvements in the attempt to increase to increase this line of revenue.

Royalty. In the first quarter of 2007, Registrant did not report any royalty revenue.

**GENERAL AND ADMINISTRATIVE.** Registrant's general and administrative expenses consist of costs for general and corporate functions, including facility fees, travel, telecommunications, investor relations and professional fees. In the first quarter of 2007, Registrant recorded general and administrative expense of \$152,629 (9.0% of total sales) as compared to \$125,276 in the first quarter of 2006, an increase of 21.8%. Much of the increase came from increase in credit card transaction processing fees reflecting the increase in comparable quarterly sales and from increase in audit fees. Credit card chargeback costs which were a problem in 2006 were negligible in 2007 as Management made improvements to validate online orders. Management believes its chargeback experience ratio is below industry average and that its preauthorization screening process remains effective. Management expects general and administrative expenses to increase as total revenue increases but will attempt to maintain general and administrative costs below 10% of total sales.

**MANAGEMENT FEES AND SALARIES.** In the first quarter of 2007, Registrant incurred management fees and staff salaries of \$188,539, a decrease of 17.0% over the first quarter of 2006 of \$227,205. While salary and wage expenses had been increasing along with the strengthening of the Canadian dollar, Management had outsourced certain marketing functions which shifted some costs to the marketing line of expenses. Management expects staff salaries to remain stable in the coming quarters as Management continues to assess staffing level.

**MARKETING.** Registrant continues to advertise online by paying-for-clicks and search-engine-placements and affiliate marketing. In the first quarter of 2007, Registrant recorded marketing expenses of \$90,389 or 5.6% of eCommerce sales as compared to \$63,507 or 4.9% of comparable first quarter sales in 2006. Marketing expense is in line with expectation, and Management expects marketing expenses to increase as sales increase and has planned to spend up to 10% of gross product sales for marketing in 2007.

### **(c) Liquidity and Capital Resources**

Registrant seeks to generate revenue from (i) leasing domain names to third parties to conduct on-line businesses; (ii) selling products and services of both company owned inventory and of inventory owned by third parties; (iii) fees resulting from Internet traffic click-throughs generated by company owned domain name assets; and (iv) trading of domain name assets.

As at March 31, 2007 Registrant had current assets in excess of current liabilities resulting in a positive working capital of \$1,391,094 as compared to a working capital of \$1,396,603 at the fiscal year ending December 31, 2006. During the three-months ended March 31, 2007, Registrant had a net loss of \$28,772 and a decrease in cash of \$757,846, compared to net loss of \$39,117 and a decrease in cash of \$231,212 for the same three-month period of last year. Operating activities generated cash outflows of \$275,334 after primarily reducing accounts payable. During the three months ended March 31, 2007, Registrant invested \$482,512 in investment-grade corporate bonds and term-deposits. From the beginning of the fiscal year to March 31, 2007, Registrant has increased its accumulated deficit to \$536,501 from \$507,729 and has stockholders' equity of \$3,077,924.

In October 2003, Registrant became a majority shareholder of FrequentTraveller, which has developed and is operating travel sale websites utilizing non-exclusive access to Registrant's domain names Vietnam.com, Malaysia.com, Indonesia.com, and Brazil.com. Registrant will continue to own the aforementioned domain names and to develop businesses other than travel sales for them. FrequentTraveller has one manager and is not expected to generate sufficient revenue to cover expenses for at least twelve months. Any fund shortfall, currently requiring \$15,000 per month, will be covered by Registrant or by sourcing outside capital. Since inception, FT has raised \$338,926 in private placement equity, including \$120,000 invested by the Registrant, and accumulated a deficit of \$990,941 with total shareholders' deficit of \$345,269. FT plans to raise additional working capital by way of private placement equity and to use any proceeds to expand its business and as general working capital.

While Registrant has a positive working capital position, its currently reported quarter has experienced a loss. Management expects to incur losses in the coming quarters as planned marketing expenditures increases. Management believes it has sufficient working capital for the next twelve months. However, if the operating losses continue and exceed plan Registrant may be required to seek additional capital from external sources. Registrant expects to raise any additional funds by way of equity and/or debt financing, and through the sale of non-strategic domain name assets. Registrant may not be able to raise the required funds from such financings, depending on volatile market conditions and the perception by investors of those companies that, like Registrant, engage in e-commerce and related businesses.

Registrant has no current plans to purchase any plant or significant equipment.

#### **(d) Recent Accounting Pronouncements**

##### **SFAS 159**

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". This Statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 159 on its financial position and results of operations.

##### **SFAS 158**

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This Statement requires an employer to recognize the over funded or under funded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position, and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The Company does not expect that the implementation of SFAS No. 158 will have any material impact on its financial position and results of operations.

## SFAS 157

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measures". This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be the fiscal year beginning December 31, 2008. The Company is currently evaluating the impact of SFAS No. 157 but does not expect that it will have a material impact on its financial statements.

## SAB 108

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. The Company is currently evaluating the impact of adopting SAB No. 108 but does not expect that it will have a material effect on its financial statements.

### **(e)     Uncertainties Relating to Forward-Looking Statements**

Management's discussion and analysis of Registrant'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 Registrant's management, as well as assumptions made by, and information currently available to, Registrant's 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, Registrant's 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 3: Controls and Procedures.**

#### **Disclosure Controls and Procedures**

David M. Jeffs, Registrant's Chief Executive Officer, and J. Cameron Pan, Registrant's Chief Financial Officer have evaluated the effectiveness of Registrant's disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on such evaluation, they have concluded that, as of the Evaluation Date, Registrant's disclosure controls and procedures are effective in alerting Registrant on a timely basis to material information required to be included in its reports filed or submitted under the Exchange Act.

#### **Changes in Internal Controls**

During the quarter of the fiscal year covered by this report, there were no changes in Registrant's internal controls or, to the Registrant's knowledge, in other factors that have materially affected, or are reasonably likely to materially affect, these controls and procedures subsequent to the date Registrant carried out this evaluation.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

Registrant is not aware of any pending or threatened material legal proceedings during the quarter.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

During the quarter of the fiscal year covered by this report, (i) Registrant did not modify the instruments defining the rights of its shareholders, (ii) no rights of any shareholders were limited or qualified by any other class of securities, and (iii) Registrant did not sell any unregistered equity securities, except for the following:

**None.**

### **Item 3. Defaults Upon Senior Securities.**

During the quarter of the fiscal year covered by this report, no material default has occurred with respect to any indebtedness of Registrant. Also, during this quarter, no material arrearage in the payment of dividends has occurred.

**Item 4. Submission of Matters to a Vote of Security Holders.**

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the three months of the fiscal year covered by this report.

**Item 5. Other Information.**

During the quarter of the fiscal year covered by this report, Registrant reported all information that was required to be disclosed in a report on Form 8-K.

**Item 6. Exhibits.**

**(A) Index to and Description of Exhibits.**

EXHIBIT	DESCRIPTION
F-1	Financial Statements.
31	Section 302 Certification of Chief Executive Officer and Chief Financial Officer
32	Section 906 Certificate of Chief Executive Office and Chief Financial Officer

## SIGNATURES

In accordance with the requirements of the Exchange Act, Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### COMMUNICATE.COM INC.

Dated: **May 10, 2007**

*/s/ David M. Jeffs*

By: \_\_\_\_\_  
Name: **David M. Jeffs**  
Title: **Director and CEO**  
**(Principal Executive Officer)**

Dated: **May 10, 2007**

*/s/ J. Cameron Pan*

By: \_\_\_\_\_  
Name: **J. Cameron Pan**  
Title: **CFO**  
**(Principal Financial Officer)**

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## **Exhibit 31**

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**COMMUNICATE.COM INC.**  
**CERTIFICATIONS PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David M Jeffs, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Communicate.com Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 10, 2007

/s/ David M Jeffs

David M Jeffs, Director and CEO

**COMMUNICATE.COM INC.**  
**CERTIFICATIONS PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, J Cameron Pan, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Communicate.com Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 10, 2007

/s/ J Cameron Pan

J Cameron Pan - CFO

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**Exhibit 32**

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Communicate.com Inc. (the “Company”) on Form 10-QSB for the period ending March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David M. Jeffs, President, Chief Executive Officer of the Company and the sole member of the Board of Directors, certify, pursuant to s.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly represents, the financial condition and result of operations of the Company.

*/s/ David M. Jeffs*  
David M. Jeffs  
Chief Executive Officer  
May 10, 2007

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Communicate.com Inc. (the “Company”) on Form 10-QSB for the period ending March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Cameron Pan, Secretary, Treasurer, and Chief Financial Officer of the Company, certify, pursuant to s.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly represents, the financial condition and result of operations of the Company.

*/s/ J. Cameron Pan*  
J. Cameron Pan  
Chief Financial Officer  
May 10, 2007

## Exhibits

Financial Statements .....	F-1
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**COMMUNICATE.COM INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2007**

**(UNAUDITED)**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**COMMUNICATE.COM INC.**  
**CONSOLIDATED BALANCE SHEETS**

	March 31, 2007	December 31, 2006
(unaudited)		
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,347,494	\$ 2,105,340
Available for sale securities	744,424	261,912
Prepaid expenses	43,139	-
Accounts receivable	11,932	21,206
	2,146,989	2,388,458
<b>RESTRICTED CASH</b>		20,000
<b>EQUIPMENT</b> , net of depreciation of \$18,540 (December 31, 2006 - \$15,277)	41,769	45,032
<b>INTANGIBLE ASSETS</b>	1,645,061	1,645,061
	\$ 3,833,819	\$ 4,098,551

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 755,895	\$ 991,855
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock		
Authorized:		
50,000,000 common shares, \$0.001 par value		
Issued and outstanding:		
17,836,339 common shares (December 31, 2006 – 17,836,339)	8,846	8,846
Additional paid-in capital	3,605,579	3,605,579
Accumulated deficit	(536,501)	(507,729)
	3,077,924	3,106,696
	\$ 3,833,819	\$ 4,098,551

**CONTINGENCY (NOTE 6)**

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

**COMMUNICATE.COM INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>SALES</b>		
eCommerce	\$ 1,621,344	\$ 1,297,201
Domain names	- -	123,800
Domain name leasing and advertising	69,901	89,272
Royalties	- -	21,673
<b>Total sales</b>	<b>1,691,245</b>	<b>1,531,946</b>
<b>COST OF SALES</b>		
eCommerce	1,303,812	1,095,291
Domain names	- -	65,900
<b>Total cost of sales</b>	<b>1,303,812</b>	<b>1,161,191</b>
<b>GROSS PROFIT</b>	<b>387,433</b>	<b>370,755</b>
<b>EXPENSES</b>		
Depreciation	3,263	3,967
General and administrative	152,629	125,276
Management fees and employee salaries	188,539	227,205
Marketing	90,389	63,507
	<b>434,820</b>	<b>419,955</b>
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(47,387)</b>	<b>(49,200)</b>
<b>INTEREST INCOME</b>	<b>18,615</b>	<b>10,083</b>
<b>NET LOSS</b>	<b>\$ (28,772)</b>	<b>\$ (39,117)</b>
<b>BASIC AND DILUTED NET LOSS PER SHARE</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>	<b>17,786,339</b>	<b>17,756,339</b>

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

**COMMUNICATE.COM INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (28,772)	\$ (39,117)
Adjustments to reconcile net income to net cash provided by operating activities:		
Return of restricted cash	20,000	-
Non-cash cost of domain name sales	-	65,900
Depreciation	3,263	3,967
Changes in operating assets and liabilities:		
Accounts and receivable	9,274	(31,638)
Prepaid expenses	(43,139)	(10,548)
Accounts payable and accrued liabilities	(235,960)	(328,143)
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b>(275,334)</b>	<b>(339,579)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available for sale securities	(482,512)	112,399
Purchase of computer equipment	-	(4,032)
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>	<b>(482,512)</b>	<b>108,367</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(757,846)</b>	<b>(231,212)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>2,105,340</b>	<b>1,735,887</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 1,347,494</b>	<b>\$ 1,504,676</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

**COMMUNICATE.COM INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2007**  
**(unaudited)**

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**NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

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Communicate.com Inc. (the “Company”) has a subsidiary Domain Holdings Inc. (“DHI”) which 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.

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. (Refer to Note 2)

*Unaudited Interim Financial Information*

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim consolidated financial information and with the instructions to Form 10-QSB and Regulation S-B as promulgated by the Securities and Exchange Commission (“SEC”). Accordingly, these consolidated financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2006. In the opinion of management, the unaudited interim consolidated financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company’s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company’s financial position and results of operations. Operating results for the three month period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

**NOTE 2 – MINORITY INTEREST**

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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 minority 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 5, 2005, DHI entered into an agreement with FT whereby FT would have the right to sell travel products on DHI’s websites Brazil.com, Indonesia.com, Malaysia.com, Canadian.com and GreatBritain.com by agreeing to pay a royalty beginning in 2006 which is 5% on the first \$20 million in sales of travel products and decreases by 1% on every subsequent \$20 million to a minimum of 1% on annual sales greater than \$80 million, subject to a minimum annual royalty of \$150,000 which commenced on January 1, 2007. DHI retains the rights to sell other services, including advertising, on the websites. 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.

In 2005, FT filed a Registration Statement Form SB-2 with the SEC offering up to 4,000,000 common shares. The monies to be raised are intended for development of FT’s business, including call center operations, technology investment and working capital. While the registration process is continuing, the Company cannot estimate when, or if, the Registration Statement Form SB-2, filed by FT, will become effective and whether the offering will be sold by FT.

**COMMUNICATE.COM INC.****NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007****(unaudited)****NOTE 3 – RELATED PARTY TRANSACTIONS**

During the three month period ended March 31 2007, management fees totalling \$60,000 (2005 - \$54,188) were paid to two officers of the Company.

**NOTE 4 – INCOME TAXES**

The Company's subsidiaries, DHI, Acadia and Importers 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 March 31, 2007, the Company and its subsidiaries had net operating loss carryforwards of approximately \$1,128,000 that result in potential deferred tax assets. These loss carryforwards will expire, if not utilized, through 2026. The Company's subsidiary DHI also has approximately \$1,247,000 in undepreciated capital costs relating to property and equipment that have not been amortized for tax purposes. The Company's subsidiaries Acadia and Importers also have approximately \$2,373,000 combined 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 5 – 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 three months ended March 31, 2007				
	Domain Sales, Leasing and Advertising	eCommerce Products	eCommerce Services	Total
	\$	\$	\$	\$
Revenue	69,901	1,418,994	202,350	1,691,245
Segment Profit (Loss)	(34,399)	33,615	(46,603)	(47,387)
<u>As at March 31, 2007</u>				
	\$	\$	\$	\$
Total Assets	1,389,395	2,400,318	44,106	3,833,819
Intangible Assets	1,389,395	252,366	3,300	1,645,061

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

For the three months ended March 31,	2007	2006
	\$	\$
Segment Loss	(47,387)	(70,873)
Royalty Income	-	21,673
Interest Income	18,615	10,083
Net Loss	(28,772)	(39,117)

**COMMUNICATE.COM INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2007**  
**(unaudited)**

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**NOTE 6 – CONTINGENCY**

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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, and interest and costs. On June 1, 2000, DHI 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. To date, there has been no further action taken by the plaintiff since the filing of the initial legal action on March 9, 2000.

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