FASHION NET INC
Form 10-K
March 11, 2010

1/15/UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X]	Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
	For the Fiscal Year Ended December 31, 2009
[ ]	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: 333-153826

FASHION NET, INC.
(Name of small business issuer in its charter)

Nevada	26-0685980
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
222 Columbus Ave., Suite 410 San Francisco, CA	94133
(Address of principal executive offices)	(Zip code)

Issuer's telephone number: (510) 552-2811

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:

None
(Title of class)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [X] No [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not 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-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company 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 [ ]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the most recent price at which the common equity were sold: $8,500 as of December 31, 2009.

The number of shares outstanding of each of the issuer's classes of common equity, as of December 31, 2009 was 10,170,000.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990).

None.

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

FASHION NET, INC.
FORM 10-K
For the year ended December 31, 2009

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FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements about our business, financial condition and prospects that reflect our management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Fashion Net's actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand its customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

PART I

DESCRIPTION OF BUSINESS

Business Development and Summary

Fashion Net, Inc. was incorporated in the State of Nevada on August 7, 2007.

On January 15, 2010, Kasian Franks acquired 10,000,000 shares, or approximately 98.3% of the issued and outstanding shares of our common stock, from Evelyn Meadows, in a private transaction not involving the Company. On that same date, Ms. Meadows resigned as our President, Secretary and Treasurer. Our board of directors appointed Mr. Franks to all offices vacated by Ms. Meadows. Mr. Franks was also appointed as a director on such same date.

Our administrative office is located at 222 Columbus Ave., Suite 410, San Francisco, California 94133.

Our fiscal year end is December 31.

Business of Issuer

Principal Products and Principal Markets

We are planning to become a fashion marketing and consulting company serving couture apparel designers, manufacturers and specialty fashion retailers. We intend to assist clients implement marketing campaigns using the Internet or offline digital media. It is our objective to use visual merchandising to re-design retail formats and provide greater brand and market awareness.

We believe there exists a great demand for appealing and highly individualized styles of clothing and related items. This demand presents tremendous opportunities for us, as we plan to attempt to establish a niche market by offering clients and consumers highly individualized merchandising opportunities. Our approach is to display a potential client's wares in a virtual showroom, along with informative articles regarding fashion trends or designer's notes. Currently, most fashion houses and retailers, such as Neiman Marcus and Giorgio Armani, display static pictures of individual pieces of clothing worn by models. Our concept entails a single model sporting various pieces of apparel and accessories from head to toe. A consumer visiting the virtual showroom is expected to be able to roll his or her mouse over any item to view additional pictures of that item or clips of information. Our goal is to provide an interactive experience, while providing information that a consumer would not normally receive in a retail store setting.

At this time, we do not anticipate functioning as a clothing retailer. We are entirely a marketing company. Our management believes that the services we intend to provide fill the gaps in the fashion industry's marketing process and trends. However, we are still in the development stage and have no clients. Additionally, we have not identified manufacturers or designers we plan to approach.

Distribution Methods of the Products

We are currently in the process of establishing a base of operations in the fashion industry. We are designing a website that will be published at www.fashionnetonline.com, which will serve as our store-front and primary means of attracting clients. We have no methods of distribution in place, nor will we have any merchandise to distribute.

Industry Background and Competition

We compete, in general, with advertising companies for the marketing budgets of fashion industry participants. We believe there are a significant number of advertising firms providing services similar and, in most cases, significantly broader than those proposed to be provided by us. All of these companies are significantly larger and have substantially greater financial, technical, marketing and other resources and significantly greater name recognition. In addition, many of our competitors have well-established relationships with fashion marketing, consulting design and retail channels or other similar entities. It is possible that new competitors or alliances among competitors will emerge in the future. Our expected competitors may be able to fulfill customer requests more efficiently than we may be able to. There can be no assurance that we will be able to compete successfully against present or future competitors or that competitive pressures will not force us to cease our operations.

Unfortunately, we are a start-up company without a base of operations and lacking an ability to generate sales. As such, our competitive position is unfavorable in the general marketplace. Unless we implement our planned operations and begin to generate revenues, we will not be able to maintain our operations.

Seasonality

Our future operating results may fluctuate significantly from period to period due to our reliance on fashion designers, manufacturers and retailers, an industry that possess intrinsic seasonality. For instance, retailers shift their inventory from swimwear and light sportswear to coats and sweaters during the late summer months, prior to the weather cooling, and vice versa. As a marketing company, we expect the seasonality of our prospective clients to be beneficial for our business, in that clients will require our services year-round to update their virtual marketing campaigns.

Number of total employees and number of full time employees

Fashion Net is currently in the development stage. We expect to rely on the services of Kasian Franks, our sole officer and a director, to set up our business operations. Mr. Franks currently works for us on a part-time basis and expects to devote approximately 10-20 hours per week to our business, or as needed. There are no other full- or part-time employees. We believe that our operations are currently on a small scale that is manageable by this one individual.

Reports to Security Holders

1. We will furnish shareholders with annual financial reports certified by our independent registered public accountants.

2. We are a reporting issuer with the Securities and Exchange Commission. We file periodic reports, which are required in accordance with Section 15(d) of the Securities Act of 1933, with the Securities and Exchange Commission to maintain the fully reporting status.

3. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20002. The public may obtain information on the operation of the Public

Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings will be available on the SEC Internet site, located at http://www.sec.gov.

RISK FACTORS

Our sole officer and director work for us on a part-time basis. As a result, we may be unable to develop our business and manage our public reporting requirements.

Our operations depend entirely on the efforts of Kasian Franks, our sole officer and a director. Mr. Franks has no experience related to public company management, nor as a principal accounting officer. Because of this, we may be unable to develop and manage our business. We cannot guarantee you that we will overcome any such obstacle.

Investors may lose their entire investment if we fail to implement our business plan.

Fashion Net, Inc. was formed in August 2007. We have no demonstrable operations record, on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, the absence of ongoing revenue streams, management that is inexperienced in managing a public company, a competitive market environment and lack of brand recognition. Fashion Net cannot guarantee that we will be successful in establishing ourselves in the fashion industry or in accomplishing our objectives. Since our inception, we have not generated any revenues and may incur losses in the foreseeable future. If we fail to implement and create a base of operations for our proposed fashion marketing business, we may be forced to cease operations, in which case investors may lose their entire investment.

If we are unable to continue as a going concern, investors may face a complete loss of their investment.

We have yet to commence our planned operations. As of the date of this annual report, we have had only limited start-up operations and generated no revenues. Taking these facts into account, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern in the independent registered public accounting firm's report to the financial statements included in this annual report. If our business fails, the investors in this offering may face a complete loss of their investment.

Investors will have limited control over decision-making because principal stockholder, officer and director of Fashion Net control the majority of our issued and outstanding common stock.

Mr. Franks, our sole officer and director, beneficially owns approximately 98% of our outstanding common stock. As a result, this individual could exercise control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership limits the power to exercise control by the minority shareholders that will have purchased their stock in this offering.

Fashion Net may not be able to attain profitability without additional funding, which may be unavailable.

We have limited capital resources. To date, we have not generated cash from our fashion marketing consultation business. Unless we begin to generate sufficient revenues from our proposed consulting services to finance operations as a going concern, we may experience liquidity and solvency problems. Such liquidity and solvency problems may force us to go out of business if additional financing is not available. We have no intention of liquidating. In the event our cash resources are insufficient to continue operations, we intend to raise addition capital through offerings and sales of equity or debt securities. In the event we are unable to raise sufficient funds, we will be forced to go out of business and will be forced to liquidate. A possibility of such outcome presents a risk of complete loss of investment in our common stock.

Because of competitive pressures from competitors with more resources, Fashion Net may fail to implement its business model profitably.

Our sole officer and director, in her singular and limited research and experience, believes we compete, in general, with advertising companies for the marketing budgets of fashion industry participants. We believe there are a significant number of advertising firms providing services in direct competition with, and exactly similar to, those proposed to be provided by us. All of our competitors are significantly larger and have substantially greater financial, technical, marketing and other resources and significantly greater name recognition. In addition, many of our competitors have well-established relationships with fashion marketing, consulting design and retail channels or other similar entities. It is possible that new competitors or alliances among competitors will emerge in the future. Our expected competitors may be able to fulfill customer requests more efficiently than we may be able to. There can be no assurance that we will be able to compete successfully against present or future competitors or that competitive pressures will not force us to cease our operations.

We may be unable to generate sales without marketing or distribution capabilities.

We have not commenced our planned consulting business and do not have any sales, marketing or distribution capabilities. Additionally, we have not yet established our Internet presence, upon which we expect to place significant reliance to generate awareness of our company and services. We cannot guarantee that we will be able to develop a sales and marketing plan or to develop a fully operational and functional web site. In the event we are unable to successfully implement any one or more of these objectives, we may be unable to generate sales and operate as a going concern.

If our computer systems and Internet infrastructure fail, we will be unable to conduct our business.

We will depend upon third-party Internet service providers for the design, hosting and e-commerce capabilities for our proposed website. The performance of such providers' Internet infrastructure is critical to our business and reputation, as well as out ability to attract web users, new customers and commerce partners. Any system failure that causes an interruption in service or a decrease in responsiveness of our web site could result in an impairment of traffic on our web site and, if sustained or repeated, could materially harm our reputation and the attractiveness of our brand name. To the extent that we do not effectively address any capacity constraints, such constraints would have a material adverse effect on its business, result of operations and financial condition.

Failure by us to respond to changes in customer preferences could result in lack of sales revenues and may force us out of business.

Any change in the preferences of our potential customers or to shifts in the preferences of the end consumer that we fail to anticipate could reduce the demand for the fashion consulting services we intend to provide. Decisions about our focus and the specific services we plan to offer are to be made in advance and we may be unable to anticipate and respond to changes in consumer preferences and demands. Such a failure could lead to, among other things, customer dissatisfaction, failure to attract demand for our proposed services and lower profit margins.

Seasonality and fluctuations in our business could make it difficult for you to evaluate our operations on a period by period basis.

The clothing industry is highly variable, with fashions changing with the seasons. Although we believe such seasonality benefits our company's proposed services, in that manufacturers and retailers are expected to rely on our services in reliable cycles, certain manufacturers and retailers may choose to limit the amount of marketing they conduct during any given season. For instance, a sportswear manufacturer that experiences the bulk of its sales in the spring and summer months may reduce its marketing budget during the fall and winter seasons, thus causing fluctuations in our operating results. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer behavior and periodic weather anomalies, could adversely affect our operations and cause our results of operations to fluctuate. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

Fashion Net may lose its top management without employment agreements or due to conflicts of interest.

Our operations depend substantially on the skills and experience of Kasian Franks, our sole director and a officer. We have no other full- or part-time employees besides this individual. Mr. Franks is currently involved in other business activities and may, in the future engage in further business opportunities. Mr. Franks may face a conflict in selecting between Fashion Net and other business interests. We have not formulated a policy for the resolution of such conflicts. Furthermore, we do not maintain key man life insurance on Mr. Franks. Without employment contracts, we may lose our sole officer and director to other pursuits without a sufficient warning and, consequently, go out of business.

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

1. Deliver to the customer, and obtain a written receipt for, a disclosure document;
2. Disclose certain price information about the stock;
3. Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
4. Send monthly statements to customers with market and price information about the penny stock; and
5. In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the “penny stock” rules described above, the Financial Industry Regulatory Authority (FINRA) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, 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 and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

You may not be able to sell your shares in our company because there is no public market for our stock.

There is no public market for our common stock. The majority of our issued and outstanding common stock, 98%, is currently held by Mr. Franks, our sole officer, a director and an employee. Therefore, the current and potential market for our common stock is limited. In the absence of being listed, no market is available for investors in our common stock to sell their shares. We cannot guarantee that a meaningful trading market will develop.

If our stock ever becomes tradable, of which we cannot guarantee success, the trading price of our common stock could be subject to wide fluctuations in response to various events or factors, many of which are beyond our control. In addition, the stock market may experience extreme price and volume fluctuations, which, without a direct relationship to the operating performance, may affect the market price of our stock.

UNRESOLVED STAFF COMMENTS

None.

PROPERTIES

Fashion Net, Inc. uses office space at 222 Columbus Ave., Suite 410, San Francisco, California 94133. Mr. Kasian Franks, our sole officer, a director and a shareholder, is providing the office space, at no charge to us. We believe that this arrangement is suitable given that our current operations are primarily administrative. We also believe that we will not need to lease additional administrative offices for at least the next 12 months. There are currently no proposed programs for the renovation, improvement or development of the facilities we currently use.

Our management does not currently have policies regarding the acquisition or sale of real estate assets primarily for possible capital gain or primarily for income. We do not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in persons primarily engaged in real estate activities.

LEGAL PROCEEDINGS

No Director, officer, significant employee, or consultant of Fashion Net, Inc. has been convicted in a criminal proceeding, exclusive of traffic violations.

No Director, officer, significant employee, or consultant of Fashion Net, Inc. has been permanently or temporarily enjoined, barred, suspended, or otherwise limited from involvement in any type of business, securities or banking activities.

No Director, officer, significant employee, or consultant of Fashion Net, Inc. has been convicted of violating a federal or state securities or commodities law.

Fashion Net, Inc. is not a party to any pending legal proceedings.

No director, officer, significant employee or consultant of Fashion Net, Inc. has had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS MARKET INFORMATION FOR COMMON STOCK

Market information

There is no established public trading market for our securities and a regular trading market may not develop, or if developed, may not be sustained. A shareholder in all likelihood, therefore, will not be able to resell his or her securities should he or she desire to do so when eligible for public resale. Furthermore, it is unlikely that a lending institution will accept our securities as pledged collateral for loans unless a regular trading market develops. We have no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of our securities.

Holders

As of the date of this prospectus, Fashion Net, Inc. has 10,170,000 shares of $0.001 par value common stock issued and outstanding held by twenty-eight shareholders of record. Our Transfer Agent is Empire Stock Transfer, Inc., 1859 Whitney Mesa Dr., Henderson, NV 89014, Phone: (702) 818-5898.

Dividends

Fashion Net, Inc. has never declared or paid any cash dividends on its common stock. For the foreseeable future, Fashion Net intends to retain any earnings to finance the development and expansion of its business, and it does not anticipate paying any cash dividends on its common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Recent Sales of Unregistered Securities

In August 2007, we issued 10,000,000 shares of our common stock to Evelyn Meadows, our founding shareholder and former officer and director. This sale of stock did not involve any public offering, general advertising or solicitation. The shares were issued in exchange for services performed by the founding shareholder on our behalf in the amount of $10,000. Ms. Meadows received compensation in the form of common stock for performing services related to the formation and organization of our Company, including, but not limited to, designing and implementing a business plan and providing administrative office space for use by us; thus, these shares are considered to have been provided as founder's shares. Additionally, the services are considered to have been donated, and have resultantly been expensed and recorded as a contribution to capital. At the time of the issuance, Ms. Meadows had fair access to and was in possession of all available material information about our company, as she is a former officer and director of Fashion Net, Inc. The shares bear a restrictive transfer legend. On the basis of these facts, we claim that the issuance of stock to our founding shareholder qualifies for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

In April 2008, we sold 170,000 shares of our common stock to 28 non-affiliated shareholders. The shares were issued at a price of $0.05 per share for total cash in the amount of $8,500. The shares bear a restrictive transfer legend. This April 2008 transaction (a) involved no general solicitation, (b) involved less than thirty-five non-accredited purchasers and (c) relied on a detailed disclosure document to communicate to the investors all material facts about Fashion Net, Inc., including an audited balance sheet, statements of income, changes in stockholders' equity and cash flows. Each purchaser was given the opportunity to ask questions of us. Thus, we believe that the offering was exempt from registration under Regulation D, Rule 505 of the Securities Act of 1933, as amended.

MANAGEMENT'S DISCUSSION AND PLAN OF OPERATIONS

Forward-Looking Statements

The statements contained in all parts of this document that are not historical facts are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those relating to the following: the Company's ability to secure necessary financing; expected growth; future operating expenses; future margins; fluctuations in interest rates; ability to continue to grow and implement growth, and regarding future growth, cash needs, operations, business plans and financial results and any other statements that are not historical facts.

When used in this document, the words "anticipate," "estimate," "expect," "may," "plans," "project," and similar expressions are intended to be among the statements that identify forward-looking statements. Fashion Net, Inc.'s results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to costs, delays and difficulties related to the Company's dependence on its ability to attract and retain skilled managers and other personnel; intense competition; the uncertainty of the Company's ability to manage and continue its growth and implement its business strategy; its vulnerability to general economic conditions; accuracy of accounting and other estimates; the Company's future financial and operating results, cash needs and demand for services; and the Company's ability to maintain and comply with permits and licenses; as well as other risk factors described in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those projected.

Management's Discussion and Analysis

Fashion Net, Inc. was incorporated in Nevada on August 7, 2007. We are an early stage company and have not yet realized any revenues since our formation. Our singular goal is to establish ourselves as a marketing consulting company for fashion designers, manufacturers and retailers, utilizing the Internet as a virtual fashion show. To date, however, we have not attracted any clients and, therefore, no revenues.

On January 15, 2010, Kasian Franks acquired 10,000,000 shares, or approximately 98.3% of the issued and outstanding shares of our common stock, from Evelyn Meadows, in a private transaction not involving the Company. On that same date, Ms. Meadows resigned as our President, Secretary and Treasurer. Our board of directors appointed Mr. Franks to all offices vacated by Ms. Meadows. Mr. Franks was also appointed as a director on such same date.

Our efforts since our formation have focused primarily on the development and implementation of our business plan. To that end, our net loss was $12,265 for the year ended December 31, 2009, consisting solely of general and administrative expenses. General and administrative expenses mainly consist of office expenditures and consulting, accounting and legal fees. During the year ended December 31, 2008, our net loss was $7,595, all of which is attributable to general and administrative costs. Losses in the year ended December 31, 2009 were higher than in the prior year due primarily to consulting fees in the amount of $5,000. Since our inception, we have accumulated a deficit of $33,239, consisting of $10,000 in executive compensation paid to Ms. Evelyn Meadows, a former officer and director, in the form of 10,000,000 shares of common stock issued for services rendered and $23,239 in general and administrative expenses. No development related expenses have been or will be paid to any of our affiliates. We expect to continue to incur general and administrative expenses for the foreseeable future, although we cannot estimate the extent of these costs. We have no customers or any revenue streams, thus, we anticipate incurring net losses for the foreseeable future.

We are unable to predict if and when we will begin to generate revenues or stem our losses. However, our management does anticipate ongoing losses for at least the next 12 months. There is significant uncertainty projecting future profitability due to our relatively short operating period, our history of losses and lack of revenues.

To date, we had limited operations and minimal funds with which to finance our operations. In consideration of this dilemma, we sought investment from third-parties. As a result, since our incorporation, we have raised capital through the following means:

1. In August 2007, we issued 10,000,000 shares of our common stock to Evelyn Meadows, our sole officer and director, in exchange for services performed valued at $10,000.

2. In April 2008, we sold 170,000 shares of our common stock to twenty-eight non-affiliated purchasers for cash in the amount of $8,500, in an offering made under Regulation D, Rule 505, of the Securities Act of 1933, as amended.

3. In August 2009, a non-affiliated, third-party entity loaned us $1,000 in cash for operating capital. The note carries no interest and is due on demand.

4. Through December 31, 2009, Ms. Meadows has contributed cash in the amount of $4,879 to us for operating capital. The funds were donated and are not expected to be repaid.

We believe that our cash on hand as of December 31, 2009 in the amount of $129 is not sufficient to maintain our current level of operations for at least the next 12 months. As a result, our independent auditors have expressed substantial doubt about our ability to continue as a going concern in the independent auditors' report to the financial statements included in this annual report. If our business fails, our investors may face a complete loss of their investment. We are currently contemplating requesting further operating capital from our sole officer and director or seeking debt financing from third-party sources, neither of which we can be assured of obtaining. There are no plans to raise capital through sales of our common equity.

Our management does not anticipate the need to hire additional full- or part- time employees over the next 12 months, as the services provided by our current officers and directors appear sufficient at this time. Our officers and directors work for us on a part-time basis, and are prepared to devote additional time, as necessary. We do not expect to hire any additional employees over the next 12 months.

Our management does not expect to incur research and development costs.

We do not have any off-balance sheet arrangements.

We currently do not own any significant plant or equipment that we would seek to sell in the near future.

We have not paid for expenses on behalf of our directors. Additionally, we believe that this fact shall not materially change.

We currently do not have any material contracts and or affiliations with third parties.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents (pages F-1 to F-12) form part of the report on the Financial Statements

Report of Independent Registered Public Accounting Firm

To The Board of Directors and Stockholders
Fashion Net, Inc.
Las Vegas, NV

We have audited the accompanying balance sheets of Fashion Net, Inc. (A Development Stage Enterprise) as of December 31, 2009 and 2008, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended and from inception (August 7, 2007) to December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fashion Net, Inc. (A Development Stage Enterprise) as of December 31, 2009 and 2008, and the results of their operations and cash flows for the years then ended and from inception (August 7, 2007) to December 31, 2009 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

De Joya Griffith & Company, LLC

/s/ De Joya Griffith & Company, LLC
Henderson, Nevada
February 26, 2010

2580 Anthem Village Drive, Henderson, NV 89052
Telephone (702) 563-1600 Facsimile (702) 920-8049

Fashion Net, Inc.
(a Development Stage Company)
Balance Sheets

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash	$129	$2,854
Total assets	$129	$2,854
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$989	$449
Total current liabilities	989	449
Total liabilities	$989	$449
Stockholders' equity (deficit):		
Common stock, $0.001 par value, 75,000,000 shares authorized, 10,170,000 issued and outstanding	10,170	10,170
Additional paid-in capital	22,209	13,209
(Deficit) accumulated during development stage	(33,239)	(20,974)
Total stockholders' equity (deficit)	(860)	(20,974)
Total liabilities and stockholders' equity (deficit)	$129	$2,854

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

Fashion Net, Inc.
(a Development Stage Company)
Statements of Operations

	For the years ended December 31, 2009	2008	Inception (August 7, 2007) to December 31, 2009
Revenue	$-	$-	$-
Expenses:			
Executive compensation	-	-	10,000
General and administrative expenses	12,265	7,595	23,239
Total expenses	12,265	7,595	33,239
Loss before provision for income taxes	(12,265)	(7,595)	(33,239)
Provision for income taxes	-	-	-
Net loss	$(12,265)	$(7,595)	$(33,239)
Weighted average number of common shares outstanding - basic	10,170,000	10,121,134	
Net loss per share-basic	$(0.00)	$(0.00)	

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

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Fashion Net, Inc.
(a Development Stage Company)
Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-in	(Deficit) Accumulated During Development	Total Stockholders' Equity /
	Shares	Amount	Capital	Stage	(Deficit)
August 7, 2007					
Founders shares					
Issued for services					
$0.001 per share	10,000,000	$10,000	$-	$ -	$ 10,000
August 13, 2007					
Donated capital	-	-	200	-	200
September 13, 2007					
Donated capital	-	-	2,500	-	2,500
October 19, 2007					
Donated capital	-	-	120	-	120
November 9, 2007					
Donated capital	-	-	299	-	299
Net loss	-	-	-	(13,379)	(13,379)
Balance, December 31, 2007	10,000,000	10,000	3,119	(13,379)	(260)
February 22, 2008					
Donated capital	-	-	600	-	600
March 7, 2008					
Donated capital	-	-	160	-	160
April 16, 2008	-	-	1,000	-	1,000
April 17, 2008					
Private placement					
$0.05 per share	170,000	170	8,330	-	8,500
Net loss	-	-	-	(7,595)	(7,595)
Balance, December 31, 2008	10,170,000	$10,170	$13,209	$ (20,974)	$ 2,405
December 31, 2009					

Assumption of liabilities by officer/director	-	-	9,000	-	9,000
Net loss	-	-	-	(12,265)	(12,265)
Balance, December 31, 2009	10,170,000	$10,170	$22,209	$ (33,239)	$ (860)

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

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Fashion Net, Inc.
(a Development Stage Company)
Statements of Cash Flows

	For the years ended December 31, 2009	For the years ended December 31, 2008	Inception (August 7, 2007) to December 31, 2009
Operating activities			
Net loss	$(12,265)	$(7,595)	$(33,239)
Adjustments to reconcile net (loss) to			
net cash (used) by operating activities:			
Shares issued for executive compensation	-	-	10,000
Changes in operating assets and liabilities:			
Increase (decrease) in accounts payable	540	(11)	989
Net cash (used) by operating activities	(11,725)	(7,606)	(22,250)
Financing activities			
Donated capital	9,000	1,760	13,879
Increase in notes payable	-	-	-
Issuances of common stock	-	8,500	8,500
Net cash provided by financing activities	9,000	10,260	22,379
Net increase (decrease) in cash	(2,725)	2,654	129
Cash – beginning	2,854	200	-
Cash – ending	$129	$2,854	$129
Supplemental disclosures:			
Interest paid	$-	$-	$-
Income taxes paid	$-	$-	$-
Non-cash transactions:			
Shares issued for executive compensation	$-	$-	$10,000
Number of shares issued for executive compensation	$-	$-	10,000,000
Forgiveness of liabilities	$9,000	$-	$9,000

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

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Fashion Net, Inc.
(a Development Stage Company)
Notes to Financial Statements
December 31, 2009

Note 1 – History and organization of the company

The Company was organized August 7, 2007 (Date of Inception) under the laws of the State of Nevada, as Fashion Net, Inc. The Company is authorized to issue up to 75,000,000 shares of its common stock with a par value of $0.001 per share.

The business of the Company is to serve as a fashion marketing / consulting company for specialty apparel goods for trendy consumers by introducing rapidly changing market trends and reforming the business process and the supply process by reconstructing the method of merchandising through an online boutique. The Company has limited operations and in accordance with FASB ASC 915-10, "Development Stage Entities," the Company is considered a development stage company.

Note 2 – Accounting policies and procedures

Year end
The Company has adopted December 31 as its fiscal year end.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Company maintains a cash balance in a non-interest-bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2009 and 2008.

Concentrations of Risks: Cash Balances
The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (FDIC). This government corporation insured balances up to $100,000 through October 13, 2008. As of October 14, 2008 all non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest, are fully insured for the entire amount in the deposit account. This unlimited insurance coverage is temporary and will remain in effect for participating institutions until December 31, 2009.

All other deposit accounts at FDIC-insured institutions are insured up to at least $250,000 per depositor until December 31, 2009. On January 1, 2010, FDIC deposit insurance for all deposit accounts, except for certain retirement accounts, will return to at least $100,000 per depositor. Insurance coverage for certain retirement accounts, which include all IRA deposit accounts, will remain at $250,000 per depositor.

Revenue recognition
The Company recognizes revenue and gains when earned and related costs of sales and expenses when incurred.

Loss per share

Net loss per share is provided in accordance with FASB ASC 260-10, "Earnings per Share". Basic loss per share is computed by dividing losses available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive. The Company had no dilutive common stock equivalents, such as stock options or warrants as of December 31, 2009 and 2008.

Fashion Net, Inc.
(a Development Stage Company)
Notes to Financial Statements
December 31, 2009

Note 2 – Accounting policies and procedures (continued)

Advertising costs
The Company expenses all costs of advertising as incurred. There were no advertising costs included in selling, general and administrative expenses at December 31, 2009 and 2008.

Fair value of financial instruments
Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2009 and 2008. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. Fair values were assumed to approximate carrying values for cash and payables because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Income Taxes
The Company follows FASB ASC 740-10, "Income Taxes" for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

General and administrative expenses
The significant components of general and administrative expenses consist of meals and entertainment expenses, legal and professional fees, outside services, office supplies, postage, and travel expenses.

Segment reporting
The Company follows FASB ASC 220-10, "Comprehensive Income". The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

Dividends
TheCompany has not yet adopted any policy regarding payment of dividends. No dividends have been paid or declared since inception.

Recent pronouncements
In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC 105-10, "Generally Accepted Accounting Principles." FASB ASC 105-10 sets forth the level of authority to a given accounting pronouncement or

document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. FASB ASC 105-10 will be effective for financial statements issued for reporting periods that end after September 15, 2009.

In June 2009, the Financial Accounting Standards Board (“FASB”) issued FASB ASC 810-10, “Consolidation”. The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. SFAS 167 is effective for the first annual reporting period beginning after November 15, 2009 and for interim periods within that first annual reporting period. The Company will adopt FASB ASC 810-10 in fiscal 2010. The Company does not expect that the adoption of FASB ASC 810-10 will have a material impact on the financial statements.

Fashion Net, Inc.
(a Development Stage Company)
Notes to Financial Statements
December 31, 2009

Note 2 – Accounting policies and procedures (continued)

Recent pronouncements
In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC 860-10, "Transfers of and Servicing", which eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. FASB ASC 860-10 is effective for fiscal years beginning after November 15, 2009. The Company will adopt FASB ASC 860-10 in fiscal 2010. The Company does not expect that the adoption of FASB ASC 860-10 will have a material impact on the financial statements.

In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC 855-10 "Subsequent Events," FASB ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. FASB ASC 855-10 applies to both interim financial statements and annual financial statements. FASB ASC 855-10 is effective for interim or annual financial periods ending after June 15, 2009. FASB ASC 855-10 did not have a material impact on our financial statements.

Note 3 - Going concern

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company had an accumulated deficit of $33,239. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company is contemplating conducting an offering of its debt or equity securities to obtain additional operating capital. The Company is dependent upon its ability, and will continue to attempt, to secure equity and/or debt financing. There are no assurances that the Company will be successful and without sufficient financing it would be unlikely for the Company to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Note 4 – Income taxes

For the years ended December 31, 2009 and 2008, the Company incurred net operating losses and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At December 31, 2009 and 2008, the Company had approximately $33,239 and $20,974 of federal and state net operating losses. The net operating loss carryforwards, if not utilized, will begin to expire in 2027. The provision for income taxes consisted of the following components for the year ended December 31:

Fashion Net, Inc.
(a Development Stage Company)
Notes to Financial Statements
December 31, 2009

Note 4 – Income taxes (continued)

Components of net deferred tax assets, including a valuation allowance, are as follows at December 31:

	December 31, 2009	December 31, 2008
Deferred tax assets:		
Net operating loss carryforwards	11,634	7,341
Valuation allowance	(11,634)	(7,341)
Total deferred tax assets	$ -0-	$ -0-

The valuation allowance for deferred tax assets as of December 31, 2009 and 2008 was $11,634 and $7,341, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would not be realized as of December 31, 2009 and 2008, and recorded a full valuation allowance.

Reconciliation between the statutory rate and the effective tax rate is as follows at December 31, 2009:

	2009 & 2008
Federal statutory tax rate	(35.0) %
Permanent difference and other	35.0 %

Note 5 – Stockholders' equity / (deficit)

The Company is authorized to issue 75,000,000 shares of its $0.001 par value common stock.

On August 7, 2007 the Company issued 10,000,000 shares of its $0.001 par value common stock as founders' shares to an officer and director in exchange for services rendered valued at $10,000.

On August 13, 2007, an officer and director of the Company donated cash in the amount of $200. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On September 13, 2007, an officer and director of the Company donated cash in the amount of $2,500. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On October 19, 2007, an officer and director of the Company donated cash in the amount of $120. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On November 9, 2007, an officer and director of the Company donated cash in the amount of $299. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On February 22, 2008, an officer and director of the Company donated cash in the amount of $600. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On March 7, 2008, an officer and director of the Company donated cash in the amount of $160. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

Fashion Net, Inc.
(a Development Stage Company)
Notes to Financial Statements
December 31, 2009

Note 5 – Stockholders' equity / (deficit) (continued)

On April 16, 2008, an officer and director of the Company donated cash in the amount of $1,000. The entire amount was donated, is not expected to be repaid and is considered to be additional paid-in capital.

On April 17, 2008, the Company issued an aggregate of 170,000 shares of its $0.001 par value common stock for total cash of $8,500 in a private placement pursuant to Regulation D, Rule 505, of the Securities Act of 1933, as amended.

On December 31, 2009, an officer and director agreed to assume $9,000 of accounts payable and notes payable of the Company. The entire amount is not expected to be repaid to the officer and director and is considered to be additional paid-in capital.

As of December 31, 2009, there have been no other issuances of common stock.

Note 6 – Warrants and options

As of December 31, 2009, there were no warrants or options outstanding to acquire any additional shares of common stock.

Note 7 – Related party transactions

The Company issued 10,000,000 shares of its par value common stock as founders' shares to an officer and director in exchange for services rendered in the amount of $10,000.

Since the inception of the Company through the year ended December 31, 2008, a shareholder, officer and director of the Company donated cash to the Company in the amount of $4,879. This amount has been donated to the Company, is not expected to be repaid and is considered additional paid-in capital.

On December 31, 2009, an officer and director agreed to assume $9,000 of accounts payable and notes payable of the Company. The entire amount is not expected to be repaid to the officer and director and is considered to be additional paid-in capital.

The Company does not lease or rent any property. Office services are provided without charge by an officer and director of the Company. Such costs are immaterial to the financial statements and, accordingly, have not been reflected therein. The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

Note 8 –Subsequent Events

The Company has evaluated subsequent events through February 26, 2010, the date the financial statements were available to be issued.

On January 15, 2010, Kasian Franks acquired 10,000,000 shares, or approximately 98.3% of the issued and outstanding shares of common stock of the Company, from Evelyn Meadows, in a private transaction.

On January 15, 2010, Ms. Meadows resigned as President, Chief Executive Officer, Secretary and Treasurer of the Company. The board of directors appointed Mr. Franks to all offices vacated by Ms. Meadows. Mr. Franks was also appointed as a director of the Company on such same date.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

None.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information we are required to disclose in reports filed under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation as of the end of the period covered by this report, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are not effective to ensure that information required to be included in our periodic SEC filings is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

Our Board of Directors were advised by De Joya Griffith & Company, LLC, the Company's independent registered public accounting firm, that during their performance of audit procedures for 2009 De Joya Griffith & Company, LLC identified a material weakness as defined in Public Company Accounting Oversight Board Standard No. 2 in the Company's internal control over financial reporting.

This deficiency consisted primarily of inadequate staffing and supervision that could lead to the untimely identification and resolution of accounting and disclosure matters and failure to perform timely and effective reviews. However, the size of the Company prevents us from being able to employ sufficient resources to enable us to have adequate segregation of duties within our internal control system. Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of December 31, 2009, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Chief Executive Officer in connection with the review of our financial statements as of December 31, 2009.

Management believes that the material weaknesses set forth in items (2) and (3) above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our board of directors results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

This annual report does not include an attestation report of the Corporation's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Corporation's registered public accounting firm pursuant to temporary rules of the SEC that permit the Corporation to provide only the management's report in this annual report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

OTHER INFORMATION

None.

PART III

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Fashion Net, Inc.'s Directors are elected by the stockholders to a term of one (1) year and serve until their successors are elected and qualified. The officers are appointed by the Board of Directors to a term of one (1) year and serves until his/her successor is duly elected and qualified, or until he/she is removed from office. The Board of Directors has no nominating, auditing, or compensation committees.

The names and ages of our directors and executive officers and their positions are as follows:

Name	Position	Period of Service(1)
Kasian Franks(2)	President, CEO and Director	January 2010 – August 2011

Notes:

1. Our director will hold office until the next annual meeting of the stockholders, which shall be held in August of 2011, and until a successor(s) has been elected and qualified. Our officer was appointed by our sole director and will hold office until he resigns or is removed from office.

2. Mr. Franks has obligations to entities other than Fashion Net. We expect Mr. Franks to spend approximately 10-20 hours per week on our business affairs, as necessary. At the date of this annual report, Fashion Net is not engaged in any transactions, either directly or indirectly, with any persons or organizations considered promoters.

Background of Directors, Executive Officers, Promoters and Control Persons

Kasian Franks: Mr. Franks worked as software engineer and product developer specializing in pattern matching algorithms and tools for companies and organizations such as Sun Microsystems, Oracle, Motorola, Tivo, mPower, and X-Mine. Franks worked at the U.S. Department of Energy's Lawrence Berkeley National Laboratory (LBNL), Life Sciences Division, as a Genomic Research Scientist from 2002-2005, where, along with Raf Podowski, and Connie Myers, he developed the technology behind SeeqPod. Franks began to study biomimetics along with pattern matching in data and nature. This lead to 5 patents in the area of search and discovery. Later he went on to start SeeqPod Inc. a music search, discovery and pattern matching company in which the U.S. Department of Energy, along with Lawrence Berkeley National Laboratory, holds a 5% stake. Under Steven Chu and Lawerence Berkeley National Lab, Franks and SeeqPod won the 2008 R&D 100 award for biomimetic search engines. A number of record companies have attempted to sue SeeqPod, including Warner Music Group, Elektra Records, Rhino Records, and most recently EMI and Capitol Records.

Family Relationships

None.

Involvement on Certain Material Legal Proceedings During the Last Five Years

No director, officer, significant employee or consultant has been convicted in a criminal proceeding, exclusive of traffic violations.

No bankruptcy petitions have been filed by or against any business or property of any director, officer, significant employee or consultant of the Company nor has any bankruptcy petition been filed against a partnership or business association where these persons were general partners or executive officers.

No director, officer, significant employee or consultant has been permanently or temporarily enjoined, barred, suspended or otherwise limited from involvement in any type of business, securities or banking activities.

No director, officer or significant employee has been convicted of violating a federal or state securities or commodities law.

Audit Committee and Financial Expert

We do not have an Audit Committee. Our director performs some of the same functions of an Audit Committee, such as: recommending a firm of independent certified public accountants to audit the annual financial statements; reviewing the independent auditors independence, the financial statements and their audit report; and reviewing management's administration of the system of internal accounting controls. The Company does not currently have a written audit committee charter or similar document.

We have no financial expert. We believe the cost related to retaining a financial expert at this time is prohibitive. Further, because of our start-up operations, we believe the services of a financial expert are not warranted.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of beneficial ownership and changes in beneficial ownership of our securities with the SEC on Forms 3 (Initial Statement of Beneficial Ownership), 4 (Statement of Changes of Beneficial Ownership of Securities) and 5 (Annual Statement of Beneficial Ownership of Securities). Directors, executive officers and beneficial owners of more than 10% of our Common Stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. As a company with securities registered under Section 15(d) of the Exchange Act, our executive officers and directors, and persons who beneficially own more than ten percent of our common stock are not required to file Section 16(a) reports.

Code of Ethics

We have not adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions in that our sole officer and director serves in all the above capacities.

Corporate Governance

Nominating Committee

We do not have a Nominating Committee or Nominating Committee Charter. Our sole Director performs some of the functions associated with a Nominating Committee. We have elected not to have a Nominating Committee in that we are a development stage company.

Director Nomination Procedures

Nominees for Directors are identified and suggested by the members of the Board or management using their business networks. The Board has not retained any executive search firms or other third parties to identify or evaluate director candidates and does not intend to in the near future. In selecting a nominee for director, the Board or management considers the following criteria:

1. Whether the nominee has the personal attributes for successful service on the Board, such as demonstrated character and integrity; experience at a strategy/policy setting level; managerial experience dealing with complex problems; an ability to work effectively with others; and sufficient time to devote to our affairs;

2.

Whether the nominee has been the chief executive officer or senior executive of a public company or a leader of a similar organization, including industry groups, universities or governmental organizations;

3. Whether the nominee, by virtue of particular experience, technical expertise or specialized skills or contacts relevant to our current or future business, will add specific value as a Board member; and

4. Whether there are any other factors related to the ability and willingness of a new nominee to serve, or an existing Board member to continue his service.

The Board or management has not established any specific minimum qualifications that a candidate for director must meet in order to be recommended for Board membership. Rather, the Board or management will evaluate the mix of skills and experience that the candidate offers, consider how a given candidate meets the Board's current expectations with respect to each such criterion and make a determination regarding whether a candidate should be recommended to the stockholders for election as a Director. During 2009, we received no recommendation for Directors from our stockholders.

We will consider for inclusion in our nominations of new Board of Directors nominees proposed by stockholders who have held at least 1% of our outstanding voting securities for at least one year. Board candidates referred by such stockholders will be considered on the same basis as Board candidates referred from other sources. Any stockholder who wishes to recommend for our consideration a prospective nominee to serve on the Board of Directors may do so by giving the candidate's name and qualifications in writing to our Secretary at the following address: 11088 Arcadia Sunrise Drive, Henderson, Nevada 89052.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for the last completed fiscal years ended December 31, 2009 and 2008 the cash compensation paid by the Company, as well as certain other compensation paid with respect to those years and months, to the Chief Executive Officer and, to the extent applicable, each of the three other most highly compensated executive officers of the Company in all capacities in which they served:

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compen-sation ($)	Non-qualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($)	Total ($)
Evelyn Meadows	2009	0	0	0	0	0	0	0	0
Former President	2008	0	0	0	0	0	0	0	0
Kasian Franks	2009	0	0	0	0	0	0	0	0
Current President									

Directors' Compensation

The directors of the Registrant have not received compensation for their services as directors nor have they been reimbursed for expenses incurred in attending board meetings.

Employment Contracts and Officers' Compensation

Since our incorporation, we have not paid any compensation to our officers, directors and employees. We do not have employment agreements. Any future compensation to be paid will be determined by our Board of Directors, and an employment agreement will be executed. We do not currently have plans to pay any compensation until such time as we are cash flow positive.

Stock Option Plan And Other Long-term Incentive Plan

We currently do not have existing or proposed option/SAR grants.

Certain Relationships and Related Transactions

There have not been any transactions, or proposed transactions, during the last two years, to which the Registrant was or is to be a party, in which any director or executive officer of the Registrant, any nominee for election as a director, any security holder owning beneficially more than five percent of the common stock of the Registrant, or any member of the immediate family of the aforementioned persons had or is to have a direct or indirect material interest.

Indemnification of Directors and Officers

The Registrant will indemnify its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Nevada.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of the date of this offering with respect to the beneficial ownership of Fashion Net, Inc.'s common stock by all persons known by Fashion Net to be beneficial owners of more than 5% of any such outstanding classes, and by each director and executive officer, and by all officers and directors as a group. Unless otherwise specified, the named beneficial owner has, to our knowledge, either sole or majority voting and investment power.

Title Of Class	Name, Title and Address of Beneficial Owner of Shares(1)	Amount of Beneficial Ownership	Percent of Class(3)
Common	Kasian Franks, President and Director(2)	10,000,000	98.3%
	All Directors and Officers as a group (1 person)	10,000,000	98.3%

Notes:

1. Unless otherwise indicated in the footnotes to the table, each shareholder shown on the table has sole voting and investment power with respect to the shares beneficially owned by him or it.
2. Mr. Franks is the Chief Executive Officer, Secretary and Director of the Company.
3. Based on 10,170,000 shares of common stock outstanding.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In August 2007, we issued 10,000,000 shares of $0.001 par value common stock to Evelyn Meadows, our founder and former officer and director, in exchange for services performed valued at $10,000, related specifically to the formation and organization of our corporation, as well as setting forth a business plan and operational objectives.

From our inception through December 31, 2009, Ms. Meadows donated cash to us in the amount of $4,879. This amount has been donated to us and is not expected to be repaid.

On December 31, 2009, Ms. Meadows agreed to assume an aggregate of $9,000 of our accounts payable and notes payable. The entire amount is not expected to be repaid to Ms. Meadows.

On January 15, 2010, Kasian Franks acquired from Ms. Evelyn Meadows an aggregate of 10,000,000 shares of common stock in a private transaction not involving the Company. By virtue of this transaction, Mr. Franks obtained a controlling 98.3% ownership interest in Fashion Net, Inc.

Additionally, we use office space and services provided without charge by Mr. Franks.

Director Independence

The Board of Directors has concluded that Director Kasian Franks is not independent in accordance with the director independence standards of the American Stock Exchange.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth fees billed to us by our independent auditors for the years ended 2009 and 2008 for (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of our financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with tax preparation, compliance, advice and assistance.

SERVICES	2009	2008
Audit fees	$6,500	$6,000
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total fees	$6,500	$6,000

EXHIBITS

Exhibit Number	Name and/or Identification of Exhibit
3	Articles of Incorporation & By-Laws
	a. Articles of Incorporation (1)
	b. Bylaws (1)
31	Rule 13a-14(a)/15d-14(a) Certification
32	Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. Section 1350)
Notes:	(1) Incorporated by reference herein filed as exhibits to the Company’s Registration Statement on Form S-1 previously filed with the SEC on October 3, 2008.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

FASHION NET, INC.
(Registrant)

By: /s/ Kasian Franks, President & CEO

In accordance with the requirements of the Securities Act of 1933, this Registration Statement was signed by the following persons in the capacities and on the dates stated:

Signature	Title	Date
/s/ Kasian Franks Kasian Franks	President, CEO and Director	March 11, 2010
/s/ Kasian Franks Kasian Franks	Chief Financial Officer	March 11, 2010
/s/ Kasian Franks Kasian Franks	Chief Accounting Officer	March 11, 2010