

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-KSB

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2001, 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 No. 33-2783-S

FRAMEWAVES, INC.

(Name of Small Business Issuer as specified in its charter)

Nevada (State or Other Jurisdiction of Incorporation or Organization)	82-0404220 (IRS Employer Identification No.)
---	--

1981 East 4800 South, Suite 100, Salt Lake City, Utah, 84117

(Address of Principal Executive Offices and Zip Code)

Issuer's Telephone Number: **(801) 272-9294**

Former name and address if changed since last report:

Former fiscal year if changed since last report:

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act: None

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The Registrant's revenues for its most recent fiscal year: \$0

The aggregate market value of voting stock held by non-affiliates: \$0

At March 21, 2002, the Registrant had outstanding 1,208,994 shares of common stock, par value \$0.001.

Documents incorporated by reference: None.

FORWARD-LOOKING STATEMENT NOTICE

When used in this report, the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," and similar expressions are intended to identify 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 regarding events, conditions, and financial trends that may affect the Company's future plans of operations, business strategy, operating results, and financial position. Persons reviewing this report are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors are discussed under the headings "Item 1. Description of Business," and "Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations," and also include general economic factors and conditions that may directly or indirectly impact the Company's financial condition or results of operations.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

History

FrameWaves, Inc. (the "Company" or "FrameWaves") was originally incorporated under the name of Messidor Limited on December 23, 1985 as a development stage company for the purpose of engaging in all lawful transactions permitted under the State of Nevada, including the acquisition of various business opportunities to provide profit and maximize shareholder value.

On December 27, 2000, the shareholders, at a special meeting, changed the Company's name from Messidor Limited to FrameWaves, Inc. The shareholders also approved the acquisition of Corners, Inc. ("Corners"), a Nevada corporation, whereby the Company exchanged 1,000,000 shares of the Company's common stock for all of Corner's issued and outstanding shares of common stock. Corners had incorporated on November 17, 1998 in the State of Nevada to provide custom framing for interior designers in conjunction with business contacts provided by Corners' officers and directors. Since its inception, Corners has had limited operations due to its officers and directors other obligations, however, the officers and directors have maintained their business contacts with certain interior designers. Further, FrameWaves intends to use Corners as an operating subsidiary and actively pursue the custom framing business by utilizing Corners' business contacts to procure contracts for future operations, and to engage in a comprehensive and aggressive marketing campaign, including but not limited to, soliciting unknown but potential business contacts through direct mailings, media, and other mediums that will generate leads to contracts for future operations.

Principal Products and Services

FrameWaves principal product and service consists of providing customized frames to interior designers and retail consumers. This will be accomplished by interfacing directly with designers and consumers where they will be presented with a selection of FrameWaves' materials and styles in order to determine the type and quality of frame desired. FrameWaves will then customize frames to the clients' specifications. Such customization might entail the ordering, designing, manufacturing, or the subcontracting of work in order to meet the clients' needs. This product and service will allow FrameWaves to be a complete and professional supplier of customized frames to the interior designers and retail customers. However, the Company is a development stage company with no operations and has yet to engage in any contract negotiations with frame suppliers, interior designers or retail consumers.

Marketing

FrameWaves intends to market its product and service to interior designers and retail consumers through established business contacts of the officers and directors, direct mailing program targeting interior designers, and word of mouth. FrameWaves might also market its products and services by advertising in widely distributed magazines that Management considers influential among designers and consumers. These advertisements will focus on FrameWaves' ability to be a complete and professional supplier of customized frames. However, the Company is in its development stage and has not yet launched any of the above marketing strategies, and there is no assurance that such marketing strategies will be launched in the future. Additionally, the Company cannot predict whether it will, in the future, be dependent upon one or a few major customers.

Raw Materials and Principal Suppliers

The Company has yet to engage in any contract negotiations with any suppliers of custom frames or raw materials for such frames. Accordingly, the Company is unable to predict the sources and availability of raw materials and the names of any principal suppliers. Notwithstanding, Management believes that there are numerous reliable sources for custom frames and raw materials for such frames.

Governmental Regulation

There is no meaningful government regulation that directly affects FrameWaves' business. However, FrameWaves potential suppliers are subject to federal, state, local or foreign environmental laws and regulations relating to the handling and management of certain chemicals used and generated in manufacturing frame products. Management believes that it is reasonably likely that the trend in environmental litigation and regulation will continue toward stricter standards and that changes in the laws and regulations could indirectly affect FrameWaves in the form of higher purchasing costs.

Competition

The custom framing industry is highly competitive, and includes a large number of wholesale, retail and other specialized competitors, none of which dominate the market. A number of the companies competing directly with the FrameWaves have superior knowledge and experience, including established contacts and networks, as well as financial and other resources greater than those of the Company. These factors create a highly competitive environment in which the Company's future customers will continuously evaluate which product suppliers to use, resulting in pricing pressures and the need for ongoing improvements in customer service.

Management believes that competition in the custom framing industry is generally a function of timeliness of delivery, price, quality, reliability, product design, product availability and customer service. Management further believes that FrameWaves can compete favorably with other custom framing companies by: (i) interfacing directly with designers and consumers and customizing frames to clients' specifications; (ii) utilizing its officers' business contacts, (iii) providing a broad range of products and services; and (iv) developing strong name recognition within the custom framing community. However, the Company is in its development stage and has not yet entered into the market, and there is no assurance that the Company can successfully enter and compete in the custom framing market.

Employees

The Company currently has no employees. Executive officers will devote only such time to the affairs of the Company as they deem appropriate, which is estimated to be approximately 20 hours per month per person. The need for employees will be addressed at such time operations prove successful.

ITEM 2. DESCRIPTION OF PROPERTY

The Company utilizes office space at 1981 East 4800 South, Suite 100, Salt Lake City, Utah, 84117, provided by Thomas A. Thomsen, an officer and director of the Company. The Company does not pay rent for this office space.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings, and to the best of its knowledge, no such proceedings by or against the Company have been threatened.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is currently no active market for the securities of FrameWaves. Nor is there any assurance a market will develop for the securities, and if a market does develop, that it will continue. There is also no assurance as to the depth or liquidity of any such market or the prices at which holders may be able to sell their securities.

At March 21, 2002, the Company had 465 shareholders owning 1,208,994 shares of FrameWaves' issued and outstanding common stock, of which 68,994 are free trading.

FrameWaves has not paid any dividends since its inception, and it is not likely that any dividends on its common stock will be declared at any time in the foreseeable future. Any dividends will be subject to the discretion of FrameWaves' Board of Directors, and will depend upon, among other things, the operating and financial condition of FrameWaves, its capital requirements and general business conditions. There can be no assurance that any dividends on FrameWaves' common stock will be paid in the future.

Recent Sales of Unregistered Securities.

The following is a detailed list of securities sold within the past three years without registration under the Securities Act. All issuances are numerically reported in post-split form.

In December of 2000, the Company issued 42,969 shares pursuant to shareholder approval of a hundred (100) to one (1) reverse split of the Company's issued and outstanding common stock whereby shareholder ownership that was fractionalized or reduced below a round lot of 100 shares were rounded up to the nearest whole share or round lot of 100 shares, respectively.

In December of 2000, the Company issued 1,000,000 shares of restricted common stock to officers and directors of the Company in exchange for 1,500 shares of Corners' common stock. The following table details the recipient's name, amount of stock received, and consideration paid. All shares were issued in a private transaction, not involving any public solicitation or commissions, and without registration in reliance on the exemption provided by Section 4(2) of the Securities Act.

Name	Amount Received	Consideration Paid
Thomas A. Thomsen	333,334 shares	500 Corner shares
Dianne Hatton-Ward	333,333 shares	500 Corner shares
Susan Santage	333,333 shares	500 Corner shares

In November of 2000, the Company issued 100,000 shares of restricted common stock to Thomas A. Thomsen, an officer and director of the Company, in exchange for \$5,000 cash and \$5,000 in services performed on behalf of the Company by resurrecting and reviving it from dormancy and making necessary and timely cash advances. The shares were issued in a private transaction, not involving any public solicitation or commissions, and without registration in reliance on the exemption provided by Section 4(2) of the Securities Act.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

Years Ended December 31, 2001, and 2000

The Company generated revenues of \$1,267 from limited operations in the year ended December 31, 2001. The Company had no revenues for the year ended December 31, 2000 due to the Company being in the development stage with no operations.

The Company had general and administrative expenses of \$7,250 for the year ended December 31, 2001. For the year ended December 31, 2000, the Company had general and administrative expenses of \$16,379. These expenses resulted from accounting, legal and other professional costs associated with reviving the Company from dormancy.

As a result of the foregoing, the Company realized net losses of \$5,983 for the year ended December 31, 2001 and \$16,379 for the year ended December 31, 2000. The Company's net loss is attributable to accounting, legal and other professional costs associated with reviving the Company from dormancy.

Liquidity and Capital Resources

At December 31, 2001, the Company's assets consisted of \$2,127 in cash on hand. The Company's liabilities consisted of \$1,641 in accounts payable giving the Company a working capital of \$486. At December 31, 2000, the Company's assets consisted of \$5,910 in cash on hand. The Company's liabilities consisted of \$1,562 in accounts payable, giving the Company a working capital of \$4,348.

Currently, the Company has no material commitments for capital expenditures, and Management believes that it has sufficient cash to meet its operational needs for the next twelve months. If required, Management may attempt to raise additional capital for its current operational needs through loans from its officers, debt financing, equity financing or a combination of financing options. However, there are no existing understandings, commitments or agreements for such an infusion; nor can there be assurances to that effect.

ITEM 7. FINANCIAL STATEMENTS

The financial statements of the Company appear at the end of this report beginning with the Index to Financial Statements on page 9.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Directors and Officers

The following table sets forth the name, age, and position of each officer and director of the Company.

Name	Age	Positions	Since
Thomas A. Thomsen	26	President and Director	November, 2000
Dianne Hatton-Ward	45	Vice President and Director	November, 2000
Susan Santage	40	Secretary/ Treasurer and Director	November, 2000

All directors hold office until the next annual meeting of stockholders or until their successors are duly elected and qualified. Officers serve at the discretion of the Board of Directors.

The following is information on the business experience of each officer and director.

Thomas A. Thomsen, President and Director. Mr. Thomsen graduated from the University of Utah in May of 2000 with a BS in Finance. Since March of 1999, Mr. Thomsen has worked for Interwest Transfer Company, and provides stock analysis, issuances and transfers. From 1990 to 1999, Mr. Thomsen was employed by the Granite School District whereby he provided security and maintenance for Granger High School.

Dianne Hatton-Ward, Vice President and Director. Ms. Hatton-Ward is currently a part-time student at Westminster College. Since 1994, Ms. Hatton-Ward has worked as control scheduler for Qwest Communications International, Inc., a telecommunications company, where she is responsible for the design and support of several applications like client interfacing, job applications and job-flows.

Susan Santage, Secretary, Treasurer and Director. Ms. Santage graduated from Salt Lake Community College in 1989 with an AAS in Graphic Design. In 1984, Ms. Santage graduated from the Salt Lake School of Interior Design. From 1989 to the present date, Ms. Santage has engaged in freelance graphic design where she has contracted with notable companies like Break-thru Industries, KLCY Radio Station, Phoenix Aviation, Inc., and the Salt Lake Community College.

ITEM 10. EXECUTIVE COMPENSATION

The Company has no agreement or understanding, express or implied, with any director, officer or principal stockholder, or their affiliates or associates, regarding compensation in the form of salary, bonuses, stocks, options, warrants or any other form of remuneration, for services performed on behalf of the Company. Nor are there compensatory plans or arrangements, including payments to any officer in relation to resignation, retirement, or other termination of employment, or any change in control of the Company, or a change in the officer's responsibilities following a change in control of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of March 21, 2002, the number and percentage of the 1,208,994 issued and outstanding shares of the Company's common stock, par value \$0.001, which according to the information supplied to the Company, were beneficially owned by (i) each person who is currently a director of the Company, (ii) each executive officer, (iii) all current directors and executive officers of the Company as a group and (iv) each person who, to the knowledge of the Company, is the beneficial owner of more than 5% of the outstanding common stock. Except as otherwise indicated, the persons named in the table have sole voting and dispositive power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name and Address of Directors, Executive Officers and 5% Beneficial Owners	Amount and Nature of Beneficial Ownership	Percent of Class of Common Stock
--	---	----------------------------------

Thomas A. Thomsen (1) (2)		
1981 East 4800 South, Suite 100	436,285	36.1%
Salt Lake City, Utah 84117		
Dianne Hatton-Ward (1)		
1981 East 4800 South, Suite 100	333,333	27.6%
Salt Lake City, Utah 84117		
Susan Santage (1)		
1981 East 4800 South, Suite 100	333,333	27.6%
Salt Lake City, Utah 84117		
Directors and Executive Officers as a Group: Three Persons	1,102,951	91.2%

(1) Officer and director of the Company.

(2) Mr. Thomsen owns 433,334 shares directly, and 2,951 shares indirectly through European Holdings, Inc. Mr. Thomsen owns and controls European Holdings, Inc.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In December of 2000, the Company issued 1,000,000 shares of restricted common stock to officers and directors of the Company in exchange for 1,500 shares of Corners common stock. The following table details the affiliate's name, amount of stock received, and consideration paid.

Name	Amount Received	Consideration Paid
Thomas A. Thomsen	333,334 shares	500 shares of Corners common stock
Dianne Hatton-Ward	333,333 shares	500 shares of Corners common stock
Susan Santage	333,333 shares	500 shares of Corners common stock

In November of 2000, the Company issued 100,000 shares of restricted common stock to Thomas A. Thomsen, an officer and director of the Company, in exchange for \$5,000 cash and \$5,000 in services performed on behalf of the Company by resurrecting and reviving it from dormancy and making necessary and timely cash advances.

The Company utilizes office space at 1981 East 4800 South, Suite 100, Salt Lake City, Utah, 84117, provided by Thomas A. Thomsen, an officer and director of the Company. The Company does not pay rent for this office space.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

Form 8-K Filings.

None.

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 thereunto duly authorized.

FRAMEWAVES, INC.

Date: March 21, 2002

/s/ Thomas A Thomsen

Thomas A. Thomsen, President

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 21, 2002	/s/ Thomas A. Thomsen Thomas A. Thomsen, President and Director
March 21, 2002	/s/ Diane Hatton-Ward Diane Hatton-Ward, Vice President and Director
March 21, 2002	/s/ Susan Santage Susan Santage, Secretary/Treasurer and Director

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

TABLE OF CONTENTS

	Page
Independent Auditor's Report	10
Financial Statements:	
Consolidated Balance Sheets	11
Consolidated Statements of Operations	12
Consolidated Statements of Stockholders' Equity	13
Consolidated Statements of Cash Flows	15
Notes to Consolidated Financial Statements	17

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders

of FrameWaves, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of FrameWaves, Inc. (a Nevada corporation) and subsidiary as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for the years ended December 31, 2001, 2000, and 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FrameWaves, Inc. and subsidiary as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years ended December 31, 2001, 2000 and 1999 in conformity with generally accepted accounting principles.

/s/Burnham & Schumm

Salt Lake City, Utah

March 5, 2002

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

Assets	December 31,	December 31,
	2001	2000
Current Assets:		
Cash	\$ 2,127	\$ 5,910
Total current assets	2,127	5,910
Total Assets	\$ 2,127	\$ 5,910
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 1,641	\$1,562
Total current liabilities	1,641	1,562
Stockholders' Equity:		
Common stock, \$.001 par value 100,000,000 shares authorized, 1,208,994 and 1,208,569 issued and outstanding	1,209	1,209
Additional paid-in capital	21,639	19,518
Deficit accumulated during the Development stage	(22,362)	(16,379)
Total Stockholders' Equity	486	4,348
Total Liabilities and Stockholders' Equity	\$ 2,127	\$ 5,910

The accompanying notes are in integral part of the financial statements.

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	December 31,	December 31,	December 31,	For the period December 31, 1993 (Quasi - Reorganization) Through December 31,
	2001	2000	1999	2001
Revenues	\$ 1,267	\$ --	\$ --	\$ 1,267
Expenses, general and administrative	7,250	16,379	--	23,629
Operating loss	(5,983)	(16,379)	--	(22,362)
Other income (expense)	-	-	-	--
Net Loss	\$ (5,983)	\$ (16,379)	\$ --	\$ (22,362)

Net loss per share	\$ (.01)	\$ (.13)	\$ --	\$ (02)

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

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2001 2000 AND 1999

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
	Shares	Amount		
Balance, December 31, 1993	65,600	\$ 66	\$ (66)	\$ --
Net loss accumulated for the period December 31, 1993 (quasi-reorganization) through December 31, 1998	-	-	-	--
Balance, December 31, 1998	65,600	66	(66)	--
Net loss for the year ended December 31, 1999	-	-	-	--
Balance, December 31, 1999	65,600	66	(66)	--
Common stock issued for cash and services at \$.10/ share on November 3, 2000	100,000	100	9,900	--
Contribution by shareholder for Company expenses paid directly by shareholder	-	-	9,817	--
Common stock issued in acquisition of subsidiary, Corner, Inc. on December 27, 2000	1,000,000	1,000	(90)	--

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2001 2000 AND 1999

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
	Shares	Amount		
Common stock issued due to rounding up shareholders with less than 100 shares after 100 for 1 reverse stock split effective December 27, 2000	42,969	43	(43)	--
Net loss for the year ended December 31, 2000	-	-	-	(16,379)
Balance, December 31, 2000	1,208,569	1,209	19,518	(16,379)
Common stock issued due to stock split adjustment	425	-	-	--
Contribution by shareholder for Company expenses paid directly by shareholder	-	-	2,121	--
Net loss for the year ended December 31, 2001	-	-	-	(5,983)

Balance, December 31, 2001	1,208,994	\$ 1,209	\$ 21,639	\$ (22,362)

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

FRAMEWAVES, INC. AND SUBSIDIARY

(A Development Stage Company)

CONSOLIDATED STATEMENTS CASH FLOWS

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	December 31, 2001	December 31, 2000	December 31, 1999	For the period December 31, 1993 (Quasi - Reorganization) Through December 31, 2001
Cash flows from operating activities:				
Net loss	\$ (5,983)	\$ (16,379)	\$ --	\$(22,362)
Adjustments to reconcile net income to cash provided by operating activities:				
Contribution from Shareholder	2,121	9,817	--	11,938
Common stock issued for services	--	5,000	--	5,000
Increase in accounts payable	79	1,562	--	1,641
Net cash used by operating activities:	(3,783)	--	--	(3,783)
Cash flows from investing activities:				
Cash received in acquisition of subsidiary	--	910	--	910
Cash flows from financing activities:				
Issuance of common stock	--	5,000	--	5,000
Net increase (decreased) in cash --	(3,783)	5,910	--	2,127
Cash, beginning of period	5,910	-	-	--
Cash, end of period	\$ 2,127	\$ 5,910	\$ --	\$ 2,127
Interest paid	\$ --	\$ --	\$ --	\$ --
Income taxes paid	\$ --	\$ --	\$ --	\$ --

The accompanying notes are integral part of the financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Business and Significant Accounting Policies

a. Summary of Business

The Company was incorporated under the laws of the State of Nevada on December 23, 1985. The Company was formed to pursue business opportunities. The Company was unsuccessful in its operations. During 1993, Management determined it was in the best interest of the

Company to discontinue its previous operations. The Company is considered to have re-entered into a new development stage on December 31, 1993. Because the Company discontinued its previous operations and is selling new potential business opportunities, the Company adopted quasi-reorganization accounting procedures to provide the Company a "fresh start" for accounting purposes.

b. Principles of Consolidation

The consolidated financial statements contain the accounts of the Company and its wholly-owned subsidiary, Corners, Inc. All significant intercompany balances and transactions have been eliminated.

c. Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash or cash equivalents.

d. Net Loss Per Share

The net loss per share calculation is based on the weighted average number of shares outstanding during the period.

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements - Continued

2. Quasi-Reorganization

December 7, 2000, the shareholders of the Company approved to adopt quasi-reorganization accounting procedures. Quasi-reorganization accounting allowed the Company to eliminate its previous accumulated deficit of approximately \$235,000 against additional paid-in capital. Therefore, the adoption of quasi-reorganization accounting procedures gave the Company a "fresh start" for accounting purposes. The Company is also considered as re-entering a new development stage on December 31, 1993, as it discontinued all of its previous operations. These financial statements have been restated to reflect the change.

3. Stock Split

On December 27, 2000, the Company approved a 100 for 1 reverse split of the issued and outstanding common stock but no shareholder's ownership shall be less than 100 shares. An additional 43,394 shares were issued as a result of rounding up to the 100 share minimum.

The 100 for 1 reverse split has been retroactively applied in the accompanying financial statements.

4. Amended Articles of Incorporation

On December 27, 2000, the Company amended its articles of incorporation to change its name from Messidor Limited to FrameWaves, Inc. In addition, the Company decreased its authorized shares from 500,000,000 to 110,000,000 shares of stock of which 100,000,000 shall be designated common stock and 10,000,000 shall be designated preferred stock. At December 31, 2001, no preferred stock has been issued by the Company. The Company has the authorization to issue the preferred stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of each series.

5. Issuance of Common Stock

On November 3, 2000, the Company issued 100,000 shares of its \$.001 par value common stock for an aggregate price of \$10,000. \$5,000 was received in cash and \$5,000 for services rendered.

6. Stock Options and Warrants

The Company has designated 2,000,000 shares of its authorized and unissued common stock to a future stock option plan. At December 31, 2001, there are no options or warrants outstanding to acquire the Company's common stock.

Notes to Financial Statements - Continued

7. Acquisition of Subsidiary

On December 27, 2000, the Company acquired 100% of the outstanding common shares of Corners, Inc. in exchange for the issuance of 1,000,000 shares of its previously authorized but unissued common stock. Corners, Inc. was purchased at book value of \$910 or \$.001 per share. The acquisition has been accounted for on the purchase method and 100% of the purchase price was allocated to cash. Corners, Inc. did

not have any significant revenues or expenses during the year ended December 31, 2000; therefore, pro forma condensed statement of operations is not presented.

8. Income Taxes

The Company has had no taxable income under Federal or State tax laws.