

Puppy Zone Enterprises, Inc  
Form SB-2/A  
September 28, 2006  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM SB-2/A**

**(Amendment No. 3)**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**PUPPY ZONE ENTERPRISES, INC.**

(Exact name of registrant as specified in its charter)

<b>Nevada</b> State or jurisdiction of incorporation or organization	<b>5900</b> (Primary Standard Industrial Classification Code Number)	<b>n/a</b> (I.R.S. Employer Identification No.)
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**Suite 200, 8275 S. Eastern Avenue, Las Vegas, Nevada 89123-259; 702-938-0486**

(Address and telephone number of registrant's principal executive offices)

Tamara Anne Huculak President  
8275 South Eastern Avenue, Suite 200, Las Vegas, Nevada 89123

(702)938-0486  
(Name, address and telephone number of agent for service)

Copy of communications to:

Clark Wilson LLP

Bernard Pinsky, Esq.  
Suite 800 - 885 West Georgia Street  
Vancouver, British Columbia, Canada V6C 3H1  
Telephone: 604.687.5700

Approximate date of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

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**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered <sup>(1)</sup>	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock	3,000,000	\$0.05	\$150,000	\$17.66
Common Stock Underlying Share Purchase Warrants <sup>(2)</sup>	3,000,000	\$0.10 <sup>(3)</sup>	\$300,000	\$35.31
Total Registration Fee				\$52.97

<sup>(1)</sup> An indeterminate number of additional shares of common stock shall be issuable pursuant to Rule 416 to prevent dilution resulting from stock splits, stock dividends or similar transactions and in such an event the number of shares registered shall automatically be increased to cover the additional shares in accordance with Rule 416 under the Securities Act.

<sup>(2)</sup> Represents the 3,000,000 shares of our common stock that are issuable upon exercise of share purchase warrants to be sold as part of the units of securities in this offering.

<sup>(3)</sup> Pursuant to Rule 457(c) and (g), the proposed maximum offering price per share is based on the exercise price therefor on the date hereof.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON THE DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON THE DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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**PROSPECTUS****PUPPY ZONE ENTERPRISES, INC.**

A NEVADA CORPORATION

3,000,000 UNITS OF SECURITIES OF PUPPY ZONE ENTERPRISES, INC.,

EACH UNIT COMPRISING ONE SHARE OF COMMON STOCK AND

ONE SHARE PURCHASE WARRANT

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Prior to this offering, there has been no public market for shares of our common stock.

We are offering up to a total of 3,000,000 units of our securities, each unit comprising one share of our common stock and one share purchase warrant. The offering price is \$0.05 per unit. Each share purchase warrant will entitle its holder to purchase one additional share of our common stock at the price of \$0.10 per share within two years of completion of this offering. The share purchase warrants are not transferable by the holders and we are not seeking to register the share purchase warrants as a separate class of securities. The securities offered are not listed for trading on any exchange or an automated quotation system.

There is no minimum number of units that we have to sell. There is no arrangement to place the proceeds from this offering in an escrow, trust or similar account. Nevada law does not require that funds raised pursuant to the sale of securities be placed into an escrow account. Any funds raised from this offering will be immediately available to our company for its use. The offering will be for a period of 90 days from the effective date and may be extended for an additional 90 days if we so choose to do so.

	Price Per Unit	Aggregate Offering Price	Estimated Cost of Offering	Maximum Net Proceeds to Us
<b>One Share of Common Stock and One Share Purchase Warrant</b>	<b>\$0.05</b>	<b>\$150,000</b>	<b>\$50,000</b>	<b>\$100,000</b>

Because there is no minimum number of units that has to be sold in this offering, there is no assurance that we will achieve the proceeds level described in the above table. If we do not raise at least \$50,000 in this offering we will not be able to continue with our proposed operations and we will go out of business. If we go out of business, investors will lose their entire investment. We may also receive up to \$300,000 in gross proceeds from the exercise of share purchase warrants by the investors within two years of completion of this offering.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

In connection with any sales of the common stock, any broker or dealer participating in such sales may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended.

**Our business is subject to many risks and an investment in our common stock will also involve a high degree of risk. You should invest in our common stock only if you can afford to lose your entire investment. You should carefully consider the various Risk Factors described beginning on page 7 before investing in our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is \_\_\_\_\_, 2006.

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The following table of contents has been designed to help you find important information contained in this prospectus. We encourage you to read the entire prospectus.

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As used in this prospectus, the terms we, us, our, and Puppy Zone means Puppy Zone Enterprises, Inc.

All dollar amounts refer to US dollars unless otherwise indicated.

## PROSPECTUS SUMMARY

### *Our Business*

Our company, Puppy Zone Enterprises, Inc., has developed a franchise system to offer high quality, integrated and consistent dog day care services under the brand name The Puppy Zone. We are the successor business to TPZ Enterprises, a Canadian partnership. Our mission is to enhance the quality of life for dogs and their owners through the operation of our dog day care franchises. Our research has indicated that our franchise system is unique in the pet care industry. We believe that our franchise system leads the pet care industry in that it applies sound commercial practices with a focus to create a strong corporate brand through sale of franchises, provision of onsite training and rigorous observance of our training and operating guides and manuals.

We were incorporated in Nevada on April 27, 2005.

Our principal executive office is located at 8275 South Eastern Avenue, Suite 200, Las Vegas, Nevada 89123. We will also operate out of our directors' home offices in British Columbia. Our telephone number is (702) 938-0486 and our Internet address is [www.puppyzone.com](http://www.puppyzone.com).

We are offering up to a total of 3,000,000 units of our securities, each unit comprising one share of our common stock and one share purchase warrant. The offering price is \$0.05 per unit. Each share purchase warrant will entitle its holder to purchase one additional share of our common stock at the price of \$0.10 per share within two years of completion of this offering. The units are being offered for a period not to exceed 90 days, unless extended by our board of directors for an additional 90 days. We currently have 3,000,000 shares of our common stock issued and outstanding. If we sell the maximum number of units we plan to sell in this offering, we will have 6,000,000 shares of our common stock issued and outstanding after completion of the offering and we will reserve another 3,000,000 shares of our common stock for issuance upon exercise of the share purchase warrants.

The possible net proceeds to our company from completion of this offering is \$100,000, after deducting the estimated cost of \$50,000 for this offering. We will use the proceeds of this offering for further development of our Puppy Zone franchise system and the marketing of our Puppy Zone franchise system.

We will sell the units of our securities in this offering through Tamara Huculak, one of our officers and directors. Ms. Huculak intends to offer the securities through advertisements and investment meetings and to friends of our officers and directors. There is no minimum number of units that have to be sold in this offering and the units will be sold on a best efforts basis only. If we do not raise at least \$50,000 in this offering we will not be able to continue with our proposed operations and we will go out of business. If we go out of business, investors will lose their entire investment.

We are not listed for trading on any exchange or an automated quotation system. Because we are not listed for trading on any exchange or automated quotation system, you may not be able to resell your shares.

## RISK FACTORS

An investment in our securities involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this prospectus in evaluating our company and its business before purchasing units of our securities. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below are not the only ones facing our company. Additional risks not presently known to us may also impair our business operations. You could lose all or part of your investment due to any of these risks.





**RISKS RELATED TO THIS OFFERING**

***The risk that you could lose all of your investment increases with any shortfall of the \$150,000 maximum amount that we are trying to raise in this offering. We will close this offering within 90 days even if we raise only a nominal amount. We need a minimum of \$50,000 to cover our offering expenses.***

Even if we raise the entire \$150,000 maximum amount we are trying to raise in this offering you could lose all of your investment if we do not have enough money to implement and complete our proposed business operations. The risk that you could lose all of your investment increases with any shortfall of the \$150,000 maximum amount that we are trying to raise in this offering. Your risk increases because if we raise less money it would be more likely that we will not have sufficient funds to implement or complete our proposed business operations. We will close this offering within 90 days even if we raise only a nominal amount and we will not refund any money we raise. We need a minimum of \$50,000 to cover our estimated offering expenses. We may not even be able to raise this amount. If we are not able to raise sufficient funds to cover our estimated operating expenses and implement and complete our proposed business operations we will go out of business and you will lose your entire investment.

***We need financing from this offering to implement our business plan and to market and deploy our Puppy Zone franchise system. If we do not raise at least \$50,000 we will not be able to continue our proposed operations and you will lose your entire investment.***

We need financing from this offering to complete to implement our proposed business plan and to market and deploy our Puppy Zone franchise system. If we are unable to raise at least \$50,000 we will not be able to undertake our proposed business operations and you will lose your entire investment. In addition, we may:

- incur unexpected costs in implementing our proposed business plan and/or the marketing and deploy of our Puppy Zone franchise system;
- incur delays and additional expenses in the promotion of our Puppy Zone franchise system;
- be unable to create substantial pool of business people interested in becoming a franchisee; or
- incur significant and unanticipated expenses.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our business plan. We will depend substantially on outside capital to pay for the marketing and deployment of our Puppy Zone franchise system. Such outside capital may include borrowing. Capital may not be available to meet these continuing development costs or, if the capital is available, it may be on terms acceptable to us. The issuance of additional equity securities by us would result in a significant dilution in your equity interests and the equity interests of our current stockholders. Obtaining loans, assuming those loans would be available, will increase our liabilities and future cash commitments. If we were unable to obtain financing in the amounts required our proposed business will fail and you will lose your entire investment.

***The offering price of the securities was arbitrarily determined, and therefore should not be used as an indicator of the future market price of the securities. Therefore, the offering price bears no relationship to the actual value of the company, and may make our common stock difficult to sell.***

Since our common stock is not listed or quoted on any exchange or quotation system, the offering price of \$0.05 for the unit of our securities was arbitrarily determined. The facts considered in determining the offering price were our financial condition and prospects, our limited operating history and the general condition of the securities market. The offering price is not an indication of and is not based upon our actual value. The offering price bears no relationship to the book value, assets or earnings of our company or any other recognized criteria of value. The offering price should not be regarded as an indicator of the future market price of the securities.

***You may not be able to liquidate your investment since there is no assurance that a public market will develop for our common stock or that our common stock will ever be approved for trading on a recognized exchange .***

There is no established public trading market for our securities. After this document is declared effective by the Securities and Exchange Commission, we intend to seek a market maker to apply for a quotation on the OTC Bulletin Board in the United States. Our shares are not and have not been listed or quoted on any exchange or quotation system. We cannot assure you that a market maker will agree to file the necessary documents with the OTC Bulletin Board, nor can there be any assurance that such an application for quotation will be approved or that a regular trading market will develop or that if developed, will be sustained. In the absence of a trading market, an investor may be unable to liquidate its investment, which will result in the loss of your investment.

***Future sales of common stock by our directors and officers will likely cause the market price for our common stock to drop.***

A total of 3,000,000 share of common stock were issued to our two officers and directors. They paid an average price of \$0.001 per share. Subject to the restrictions described under Future Sales by Existing Shareholders on page 17 of this prospectus, they will likely sell a portion of their common stock if the price goes above \$0.10. If they do sell their common stock into the market, the sales may cause the market price of the stock to drop.

## **RISKS RELATED TO OUR BUSINESS**

***We have a limited operating history that you can use to evaluate us and therefore we may not survive if we meet some of the problems, expenses, difficulties, complications and delays frequently encountered by a start up company.***

We were incorporated in April 2005 and on April 27, 2005 we acquired the business assets of TPZ Enterprises, including various trademarks associated with the Puppy Zone franchise system, franchise agreements and the training and operating manuals of the Puppy Zone franchise system. To date, we have focused our attention on fine tuning and marketing our Puppy Zone franchise system. Accordingly, you can evaluate our business, and therefore our future prospects, based only on a limited operating history. You must consider our prospects in light of the risks and uncertainties encountered by start up companies. To date, we have completed only part of our plan to become a successful dog day care franchisor. As a start-up company, we can provide no assurances that we will be able to make the necessary steps to achieve profitability in the future, such as expanding our customer base.

We are subject to all the substantial risks inherent in the commencement of a new business enterprise with new management. We can provide no assurance that we will be able to successfully generate revenues, operate profitably, or make any distributions to the holders of our securities. We have a limited business history for you to analyze or to aid you in making an informed judgment as to the merits of an investment in our securities. Any investment in our common stock should be considered a high risk investment because you will be placing funds at risk in an unseasoned start-up company with unforeseen costs, expenses, competition and other problems to which start-up ventures are often subject.

As we have such a limited history of operation, you will be unable to assess our future operating performance or our future financial results or condition by comparing these criteria against our past or present equivalents.

***We may require additional funds to achieve our current business strategy and our inability to obtain additional financing will inhibit our ability to expand or even maintain our business operations .***

We may need to raise additional funds through public or private debt or sale of equity to achieve our current business strategy. The financing we need may not be available when needed. Even if this financing is available, it may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. Our inability to obtain financing will inhibit our ability to implement our development strategy, and as a result, could require us to diminish or suspend our development strategy and possibly cease our operations.



If we are unable to obtain financing on reasonable terms, we could be forced to delay, scale back or eliminate certain product and service development programs. In addition, such inability to obtain financing on reasonable terms could have a negative effect on our business, operating results, or financial condition to such extent that we are forced to restructure, file for bankruptcy, sell assets or cease operations, any of which could put your investment dollars at significant risk.

***If we are unable to generate significant revenues from our operations, we may be unable to expand our Puppy Zone franchise system and may be forced to cease operations.***

If we are unable to generate significant revenues from our future franchise arrangements with franchisees, we could be forced to delay, scale back or eliminate certain services and product development programs. We intend to develop and sell franchises in the dog day care industry. Ultimately the expansion of our franchises and featured destinations may allow us to become profitable. However, if we fail to generate significant revenues in the future, then we will not be able to expand our product line as we anticipate. This failure to expand may hurt our ability to raise additional capital which could have a negative effect on our business, operating results, or financial condition to such extent that we are forced to restructure, file for bankruptcy, sell assets or cease operations, any of which could put your investment dollars at significant risk.

***We expect to experience significant and rapid growth in the scope and complexity of our business as our Puppy Zone franchise system gains acceptance in the market. If we are unable to hire additional staff to handle sales and marketing of our services and manage our operations, our growth could harm our future business results and may strain our managerial and operational resources.***

If our Puppy Zone franchise gains acceptance in the market after our marketing campaigns, we expect to experience significant and rapid growth in the scope and complexity of our business. We will need to hire staff to market our franchise system, manage operations, handle sales and marketing efforts and perform finance and accounting functions. We will be required to hire a broad range of personnel in order to successfully advance our operations. This growth is likely to place a strain on our management and operational resources. If we fail to develop and implement effective systems, or hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our future franchise relationships, or fail to manage growth effectively, our business will fail and you will lose your entire investment in our company.

***If we are unable to hire and retain key personnel, then we may not be able to implement our business plan.***

We depend on the services of our officers and directors, Tamara Huculak and Maria Estrada. Our success depends on the continued efforts of these individuals to manage our business operations. At the present time, Ms. Huculak devotes approximately 15 hours per week and Ms. Estrada devotes approximately 5 hours per week to the business affairs of our company. The loss of the services of either Ms. Huculak or Ms. Estrada could have a negative effect on our business, financial condition and results of operations. In addition, our success in expanding our business operations is largely dependent on our ability to hire highly qualified personnel. In addition, we may lose employees or consultants that we hire due to higher salaries and fees being offered by competitors or other businesses in the industry.

***Tamara Huculak's control of our company may prevent you from causing a change in the course of our operations and may affect the market price of our common stock.***

Tamara Huculak beneficially owns approximately 66.67% of our common stock. Accordingly, for as long as Ms. Huculak continues to own more than 50% of our common stock, she will be able to elect our entire board of directors, control all matters that require a stockholder vote (such as mergers, acquisitions and other business combinations) and exercise a significant amount of influence over our management and operations. Therefore, depending on the number of our securities sold, your ability to cause a change in the course of our operations may be impeded. As such, the value attributable to the right to vote is limited. This concentration of ownership could result in a reduction in value to the common stock you own because of the ineffective voting power, and could have the effect of preventing us from undergoing a change of control in the future.



***Other than trademarks registrations in Canada of the trademark The Puppy Zone , The Puppy Zone Dog Day Care and Adventure Centre and the related designs and the trademark registration in the United States of the trademark The Puppy Zone , we currently do not have any other formal protection for our intellectual property. If we are unable to protect our trade names, know how and trade secrets, our efforts to increase public recognition of our Puppy Zone franchise system may be impaired and we may be required to incur substantial costs to protect our name, know how and trade secrets.***

Other than the trademark registrations described above, we have not made any applications for the protection of our intellectual property rights. As a consequence we may not be able to prevent the unauthorized use of our trade names, know how and trade secrets. We may be unable to prevent third parties from acquiring and using names or business methods that are similar to, infringe upon or otherwise decrease the value of our name, our know how, our trade secrets and other proprietary rights that we may hold. We may need to bring legal claims to enforce or protect any intellectual property rights that we assert. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. Any claims, by or against us, could be time consuming and costly to defend or litigate, divert our attention and resources and result in the loss of goodwill associated with our trade names, know how, and trade secrets.

***Because our directors have foreign addresses this may create potential difficulties relating to service of process in the event that you wish to serve them with legal documents.***

Neither of our current directors and officers have resident addresses in the United States. They are both resident in Canada. Because our officers and directors have foreign addresses this may create potential difficulties relating to the service of legal or other documents on any of them in the event that you wish to serve them with legal documents.

***Trading of our stock may be restricted by the SEC's penny stock regulations, which may limit a stockholder's ability to buy and sell our stock.***

The Securities and Exchange Commission has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term accredited investor refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

Please read this prospectus carefully. You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information provided by the prospectus is accurate as of any date other than the date on the front of this prospectus.

## **FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements which relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as *may*, *should*, *expects*, *plans*, *anticipates*, *believes*, *estimates*, *predicts*, *continue* or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled *Risk Factors* on pages 5 to 9, that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results. The safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995 does not apply to the offering made in this prospectus.

## **SECURITIES AND EXCHANGE COMMISSION'S PUBLIC REFERENCE**

Any member of the public may read and copy any materials filed by us with the Securities and Exchange Commission at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## **THE OFFERING**

This prospectus covers the sale of up to a total of 3,000,000 units of our securities, each unit comprising one share of our common stock and one share purchase warrant. The offering price is \$0.05 per unit. Each share purchase warrant will entitle its holder to purchase one additional share of our common stock at the price of \$0.10 per share within two years of completion of this offering. The share purchase warrants are not transferable by the holders and we are not seeking to register the share purchase warrants as a separate class of securities.

There is no minimum number of units that we have to sell. There is no arrangement to place the proceeds from this offering in an escrow, trust or similar account. Nevada law does not require that funds raised pursuant to the sale of securities be placed into an escrow account. Any funds raised from this offering will be immediately available to our company for its use. The offering will be for a period of 90 days from the effective date and may be extended for an additional 90 days if we so choose to do so.

We estimate that the expenses of conducting this offering will be approximately \$50,000. If we do not raise at least \$50,000 in this offering we will not be able to continue with our proposed operations and we will go out of business.

## **USE OF PROCEEDS**

We intend to raise up to \$150,000 from the sale of the 3,000,000 units of our securities that we propose to sell directly at \$0.05 per unit. This offering is made on a best efforts basis and there is no minimum. We have no intention to return to any investor any proceeds from the sale of any of these 3,000,000 units if the maximum amount is not raised. We intend to use the proceeds for general working capital purposes. The following table shows how our company intends to use the proceeds from this offering if all of the 3,000,000 units are sold:





Costs of this Offering	\$50,000
Accounting	\$10,000
Overhead and Miscellaneous Administrative Expenses	\$6,000
Legal Expenses	\$15,000
Marketing Expenses	\$20,000
Working Capital	\$49,000
Total	\$150,000

The above expenditures are further detailed as follows:

**Costs of this Offering:**

This expenditure item refers to the costs and expenses payable by our company in connection with the issuance and distribution of the securities being registered hereunder and the preparation of this prospectus and registration statement on Form SB-2, including fees paid to legal counsel for securities advice and to independent auditors for audit of our company's financial statements.

**Accounting Expenses:**

This expenditure item refers to the normal accounting and auditing costs associated with maintaining a reporting company in the United States, and includes the cost of our bookkeeping and audit reviews.

**Overhead and Miscellaneous Administrative Expenses:**

This expenditure item refers to the normal anticipated expenses that we will incur for rent, printing fees, registration fees, transfer agent fees and similar expenses, including small miscellaneous costs that have not otherwise been listed, such as bank service charges and sundry items.

**Legal Expenses:**

This expenditure item refers to the normal legal costs associated with maintaining a reporting company, including the legal fees payable to our attorneys for their assistance in preparing and filing our periodic reports on Form 10-QSB and Form 10-KSB, in negotiating contracts on our behalf and in performing similar services on an as-needed basis. This expenditure item does not include any legal fees incurred for assistance from our attorneys in the preparation of this prospectus and registration statement on Form SB-2.

**Marketing Expenses:**

This expenditure item refers to the cost of the marketing campaigns to promote the brand awareness of our Puppy Zone franchise system, described in the section title *Description of Business* appearing on page 19 of this registration statement.

**Working Capital:**

This expenditure item includes the cost of further fine-tuning our Puppy Zone franchise system, cost of negotiating and entering into potential franchise agreements with interested parties and cost of maintaining and monitoring relationships with future franchisees.

There can be no assurance that we will raise the full \$150,000 as anticipated. The following table shows a breakdown of how our management intends to use the proceeds of only 25 percent, 50 percent or 75 percent of the total offering is raised:



<b>Expenditure Item</b>	<b>25%</b>	<b>50%</b>	<b>75%</b>
Cost of Offering	\$37,500	\$50,000	\$50,000
Accounting Expenses	Nil	\$5,000	\$7,500
Overhead and Miscellaneous Administrative Expenses	Nil	\$3,000	\$4,500
Legal Expenses	Nil	\$7,500	\$11,250
Marketing Expenses	Nil	\$9,500	\$12,000
Working Capital	Nil	Nil	\$27,250
Total	\$37,500	\$75,000	\$112,500

If we raise less than \$50,000 in this offering, we will not be able to pay our offering expenses and we will not be able to commence the marketing campaigns to raise the brand awareness of our Puppy Zone franchise system. If we are unable to commence our marketing campaigns, we likely will not succeed in attracting potential franchisees to participate in our Puppy Zone franchise. We are not going to spend any sums of money to commence our marketing campaign until this offering is completed.

While we currently intend to use the proceeds of this offering substantially in the manner set forth above, we reserve the right to reassess and reassign such use if, in the judgment of our board of directors, such changes are necessary or advisable. At present, no material changes are contemplated. Should there be any material changes in the above projected use of proceeds in connection with this offering, we will issue an amended prospectus reflecting such changes.

#### **DETERMINATION OF OFFERING PRICE**

The price of our securities to be sold in this offering was determined arbitrarily in order for us to raise up to a total of \$150,000 in this offering. The offering price bears no relationship whatsoever to our assets, earnings, book value or other criteria of value. The factors considered were:

- our lack of operating history
- the proceeds to be raised by this offering
- the amount of capital to be contributed by purchasers in this offering in proportion to the amount of stock to be retained by our existing stockholders
- our relative cash requirements
- the price we believe a purchaser is willing to pay for our stock

#### **DILUTION**

Dilution represents the difference between the offering price and the net tangible book value per share immediately after completion of this offering. Net tangible book value is the amount that results from subtracting the total liabilities and intangible assets from the total assets of an entity. Dilution can occur if we determine the offering price based on factors other than those used in computing the book value of our common shares. Dilution will exist because the book value of shares held by existing stockholders is lower than the offering price offered to new investors.

We are offering 3,000,000 units of our securities for \$0.05 per unit through this offering. Each unit comprising one share of our common stock and one share purchase warrant. Each share purchase warrant will entitle its holder to

purchase one additional share of our common stock at the price of \$0.10 per share within two years of completion of this offering. Assuming that the share purchase warrants are not exercised at the completion of this offering, we will effectively receive \$0.05 for each share of our common stock sold in this offering. Since the inception of our company on April 27, 2005, our exiting shareholders, including our officers and directors, have purchased shares of our common stock for \$0.001 per share. As at December 31, 2005, the net tangible book value of our company was \$0.0064 per share. If we are successful in selling all of the 3,000,000 units that we are offering to sell in this offering and assume none of the share purchase warrants are exercised, the pro-forma net tangible book value of our company would be \$130,898, or approximately \$0.0218 per share, which would represent an immediate increase of \$0.0282 in net tangible book value per share and \$0.0282 or 56.4% per share dilution to new investors, assuming that all of the units are sold at the offering price of \$0.05 per unit and none of the share purchase warrants are exercised.

Following is a table detailing dilution to investors if 25%, 50%, 75% or 100% of the offering of the 3,000,000 units (assuming that none of the share purchase warrants are exercised) by our company is sold:

	<b>25%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>
Net Tangible Book Value Per Share Prior to Stock Sale <sup>(1)</sup>	\$-0.0064	\$-0.0064	\$-0.0064	\$-0.0064
Net Tangible Book Value Per Share After Stock Sale <sup>(2)</sup>	\$0.0049	\$0.0124	\$0.01779	\$0.0218
Increase in Net Book Value Per Share Due to Stock Sale <sup>(3)</sup>	\$0.0113	\$0.0188	\$0.02419	\$0.0282
Immediate Dilution (subscription price of \$0.05 less net tangible book value per share) <sup>(4)</sup>	\$0.0451	\$0.0376	\$0.03221	\$0.0282

<sup>(1)</sup> The net tangible book value per share before the offering is determined by dividing the number of shares of common stock outstanding into the net tangible book value of our company.

<sup>(2)</sup> The net tangible book value per share after the offering is determined by dividing the number of shares that will be outstanding after the offering into the net tangible book value after the offering.

<sup>(3)</sup> The increase in Net Book Value is attributable to the purchase of stock by new investors and is calculated by taking the net tangible book value per share after the offering and subtracting from it the net tangible book value per share before the offering.

<sup>(4)</sup> The dilution to new investors is determined by subtracting the net tangible book value per share after the offering from the public offering price.

This discussion compares the differences of your investment in our shares with the share investment of our existing stockholders, including our officers and directors. Our existing stockholders have purchased a total of 3,000,000 shares for an aggregate amount of \$3,000, or an average cost of \$0.001 per share. Your investment in our shares will cost you \$0.05 per share. In the event that this offering of 3,000,000 units is fully subscribed and none of the share purchase warrants are exercised, the book value of the stock held by the existing shareholders of our company will increase by \$0.0282 per share and your investment will decrease by \$0.0282 per share.

If the offering of the 3,000,000 units is fully subscribed and none of the share purchase warrants are exercised, the total capital contributed by new investors will be \$150,000. Our existing shareholders will then hold 50% of our issued and outstanding shares and our new investors will hold 50% of our issued and outstanding shares.

## **DIVIDEND POLICY**

Since the inception of our company on April 27, 2005, we have not paid any cash dividends to any holders of our securities. We have no present intention of paying any dividends on the shares of our common stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. Our future dividend policy will be determined from time to time by our board of directors.

**PLAN OF DISTRIBUTION AND TERMS OF THE OFFERING**

The offering price is \$0.05 per unit. There is no minimum number of units that we have to sell. There will be no escrow account. All