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LARGO VISTA GROUP LTD  
Form 10QSB  
August 19, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the period ended June 30, 2003

Commission file number 000-30426

LARGO VISTA GROUP, LTD  
(Name of Small Business Issuer in Its Charter)

Nevada  
(State of Incorporation)

76-0434540  
(IRS Employer Identification No.)

4570 Campus Drive Newport Beach, CA 92660  
(Address of Principal Executive Offices)

(949) 252-2180  
Issuer's Telephone Number

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 256,921,534 shares of Common Stock (\$.001 par value) as of August 19, 2003.

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LARGO VISTA GROUP, LTD.

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Item 1. Financial Statements (Unaudited)

### LARGO VISTA GROUP, LTD. CONDENSED CONSOLIDATED BALANCE SHEET

	June 30, 2003
	-----
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 83,940
Accounts receivable, net	11,053
Inventories, at cost	17,965
Prepaid expenses and other	53,315
	-----
Total current assets	166,273
Property, plant and equipment, net	11,529
Other assets	755
	-----
	\$ 178,557
	=====
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 432,438
Notes payable to related parties	473,937
Due to related parties	105,302
	-----
Total current liabilities	1,011,676

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Commitments and contingencies	----- --
DEFICIENCY IN STOCKHOLDERS' EQUITY:	
Common stock, \$0.001 par value per share; 400,000,000 shares authorized, 256,921,534 shares issued and outstanding at June 30, 2003	256,922
Additional paid-in capital	14,881,416
Accumulated deficit	(15,975,157)
Accumulated other comprehensive income:	
Foreign currency translation adjustment	3,700
	-----
Deficiency in stockholders' equity	(833,119)
	-----
	\$ 178,557
	=====

See accompanying notes to the unaudited condensed consolidated financial information

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LARGO VISTA GROUP, LTD.  
CONDENSED CONSOLIDATED STATEMENTS OF LOSSES  
(UNAUDITED)

	Three Months Ended June 30, 2003	2002	Six Months Ended June 2003	2002
	-----	-----	-----	-----
Sales	\$ 271,734	\$ 257,506	\$ 284,121	\$ 3
Cost of sales	276,891	222,502	292,468	3
	-----	-----	-----	-----
Gross profit (loss)	(5,157)	35,004	(8,347)	
Expenses				
Selling and administrative	173,887	396,368	318,316	8
Depreciation	4,066	766	8,133	
Interest (income) expense	6,603	10,631	16,588	
	-----	-----	-----	-----
Loss from operations, before income taxes	(189,713)	(372,761)	(351,314)	(8
Income (taxes) benefit	--	--	--	
	-----	-----	-----	-----
Net (loss)	\$ (189,713)	\$ (372,761)	\$ (351,314)	\$ (8
	=====	=====	=====	=====
Basic and Diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$
Weighted average common shares outstanding	256,500,000	240,500,000	253,000,000	238,0

See accompanying notes to the unaudited condensed consolidated financial information

LARGO VISTA GROUP, LTD.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	For The Six Months Ended	
	June 30,	
	2003	2002
	-----	-----
Net cash Provided by (used in) operating activities	\$ 48,797	\$ (65,518)
Net cash provided by (used in) investing activities	(6,822)	1,266
Net cash provided by (used in) financing activities	30,791	189,732
Net increase (decrease) in cash and cash equivalents	70,374	125,480
Cash and cash equivalents at beginning of period	11,174	99,343
	-----	-----
Cash and cash equivalents at end of period	\$ 83,940	\$ 224,823
	=====	=====

See accompanying notes to the unaudited condensed consolidated financial statements

LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
JUNE 30, 2003  
(UNAUDITED)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

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General

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The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the six-month period ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated December 31, 2002

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financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

### Reclassification

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Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

### Business and Basis of Presentation

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Largo Vista Group, Ltd. (the "Company") was incorporated under the laws of the State of Nevada. The Company is principally engaged in the distribution of liquid petroleum gas (LPG) in the retail and wholesale markets in South China and in the purchase of petroleum products for delivery to the Far East.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Largo Vista, Inc., Largo Vista Construction, Inc., Largo Vista International Corp., and Zunyi Shilin Xinmao Petrochemical Industries Co., Ltd. ("Zunyi"). Largo Vista, Inc. was formed under the laws of the State of California and is inactive. Largo Vista Construction, Inc. was formed under the laws of the State of Nevada and is inactive. Largo Vista International Corp. was formed under the laws of Panama and is inactive. Zunyi was registered under the laws of the Peoples Republic of China.

All significant intercompany balances and transactions have been eliminated in consolidation. All amounts in these consolidated financial statements and notes thereto are stated in United States dollars unless otherwise indicated.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's Condensed Consolidated Financial Statements and Notes thereto, included elsewhere within this Report.

### Description of the Company

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The Company is principally engaged in the resale and distribution of liquid petroleum gas (LPG) in the retail and wholesale markets in South China and in the purchase of petroleum products for delivery to the Far East.

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### Forward Looking Statements

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This Form 10-QSB contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included Herein that address activities, events or developments that the Corporation expects, believes, estimates, plans, intends, projects or anticipates will or may occur in the future, are forward-looking statements. Actual events may differ materially from those anticipated in the forward-looking statements. Important risks that may cause such a difference include: general domestic and international economic business conditions, increased competition in the Company's markets and products. Other factors may include, availability and terms of capital, and/or increases in operating and supply costs. Market

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acceptance of existing and new products, rapid technological changes, availability of qualified personnel also could be factors. Changes in the Company's business strategies and development plans and changes in government regulation could adversely affect the Company. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. There can be no assurance that the forward-looking statements included in this filing will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company that the objectives and expectations of the Company would be achieved.

### Results of Operations

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#### Revenue

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During the quarter ended June 30, 2003 the Company realized \$271,734 of revenue compared to \$257,506, a 6% increase compared to the same period in the prior year.

During the first six months of 2003, the Company realized \$284,121 of revenues compared to \$375,468, a 24% decrease compared to the same period in the prior year. The decrease is due to the limited revenues achieved for the first three months of 2003.

#### Costs and expenses

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During the quarter ended June 30, 2003 the Company incurred \$189,713 of operating expenses compared to \$372,761, a 49% decrease compared to the same period in the prior year.

During the first six months of 2003, the Company incurred \$351,314 of operating expenses compared to \$804,583, a 56% decrease compared to the same period in the prior year. The decrease is due to better operating efficiencies.

### Liquidity and Capital Resources

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As of June 30, 2003, Largo had a deficiency in working capital of \$845,000.

During the first six months of 2003, Largo generated cash flow of \$70,000 from operating activities. While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. We are seeking financing in the form of equity in order to provide the necessary working capital. We currently have no commitments for financing. There is no guarantee that we will be successful in raising the funds required.

The effect of inflation on the Company's revenue and operating results was not significant. The Company's operations are located in mainland China and there are no seasonal aspects that would have a material effect on the Company's financial condition or results of operations.

The Company's independent certified public accountant has stated in his report included in the Company's December 31, 2002 Form 10-KSB, that the Company has incurred operating losses in the last two years, and that the Company is dependent upon management's ability to develop profitable operations. These factors among others may raise substantial doubt about the Company's ability to continue as a going concern.

TRENDS, RISKS AND UNCERTAINTIES  
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We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Stock.

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS  
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Our annual report on December 31, 2002 Form 10-KSB includes a detailed list of cautionary factors that may affect future results. Management believes that there have been no material changes to those factors listed, however other factors besides those listed could adversely affect us. That annual report can be accessed on EDGAR.

ITEM 3. CONTROLS AND PROCEDURES

The Company's management including the Chief Executive Officer, President and Chief Financial Officer, have evaluated, within 90 days prior to the filing of this quarterly report, the effectiveness of the design, maintenance and operation of the Company's disclosure controls and procedures. Management determined that the Company's disclosure controls and procedures were effective in ensuring that the information required to be disclosed by the Company in the reports that it files under the Exchange Act is accurate and is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and regulations.

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity's disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision making can be fully faulty and that breakdowns in internal control can occur because of human failures such as errors or mistakes or intentional circumvention of the established process.

There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation thereof, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

NONE

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ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company issued 5,952,750 unregistered shares in Q2 2003 valued at \$62,244 to officers and consultants.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

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

NONE

ITEM 5. OTHER INFORMATION

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer.

99.2 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer

(b) Reports on Form 8-K filed during the three months ended June 30, 2003

None

SIGNATURES

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

Date: August 19, 2003.

Largo Vista Group, Ltd.

/s/ Deng Shan

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Deng Shan, Principal Executive Officer  
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CERTIFICATION  
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I, Deng Shan, Chief Executive Officer, and, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Largo Vista Group, Ltd.;



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2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: August 19, 2003

/s/ Deng Shan

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Name: Deng Shan

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Title: Chief Executive Officer

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CERTIFICATION

I, Albert Figueroa, Chief Financial Officer, and, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Largo Vista Group, Ltd;

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2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

Date: August 19, 2003,

/s/ Albert Figueroa

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Name: Albert Figueroa

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Title: Chief Financial Officer