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LARGO VISTA GROUP LTD
Form 10QSB
November 13, 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 September 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
(Address of Principal Executive Offices)

Newport Beach, CA 92660

(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 No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 264,615,280 shares of Common Stock (\$.001 par value) as of November 6, 2003.

LARGO VISTA GROUP, LTD.

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Item 1. Financial Statements (Unaudited)

LARGO VISTA GROUP, LTD. CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS	September 30, 2003

CURRENT ASSETS:	
Cash and cash equivalents	\$ 69,803
Accounts receivable, net	37,765
Inventories, at cost	6,951
Prepaid expenses and other	41,329

Total current assets	155,848
Property, plant and equipment, net	10,736
Other assets	755

	\$ 167,339
	=====

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LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$	334,106
Notes payable to related parties		473,937
Due to related parties		151,177

Total current liabilities		959,220

Commitment and contingencies --

DEFICIENCY IN STOCKHOLDERS' EQUITY:

Preferred stock, \$0.001 par value, 25,000,000 shares authorized, none issued		--
Common stock, \$0.001 par value; 400,000,000 shares authorized, 264,615,280 shares issued and outstanding at September 30, 2003		264,615
Additional paid-in capital		15,006,545
Accumulated deficit		(16,066,741)
Accumulated other comprehensive income:		
Foreign currency translation adjustment		3,700

Deficiency in stockholders' equity		(791,881)

	\$	167,339
		=====

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 2003 ----	September 30, 2002 ----	Nine Months En 2003 ----
Sales	\$ 287,843	\$ 185,835	\$ 571,964
Cost of sales	257,283	9,045	549,751
	-----	-----	-----
Gross profit	30,560	176,790	22,213
Expenses			
Selling and administrative	113,058	304,203	431,374
Depreciation	792	1,866	8,925
	-----	-----	-----
	113,850	306,069	440,299
Loss from operations	(83,290)	(129,279)	(418,086)
Interest (expense)	(8,294)	(9,189)	(24,882)
	-----	-----	-----
Income (taxes) benefit	--	--	--
Net (loss)	\$ (91,584)	\$ (138,468)	\$ (442,968)
	=====	=====	=====

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Basic and diluted net loss per share	\$	(0.00)	\$	(0.00)	\$	(0.00)
Weighted average common shares outstanding		260,500,000		244,500,000		255,500,000

See accompanying notes to the unaudited condensed consolidated financial informat

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

	For The Nine Months Ended September 30	
	2003	2002
	----	----
Cash flows from operating activities:		
Net loss:	\$ (442,968)	\$ (943,050)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	8,925	3,236
Common stock issued for services	298,067	955,656
Common stock issued in exchange for debts	--	43,602
Changes in assets and liabilities:		
Accounts receivable	116,673	(166,293)
Inventories	(4,321)	54,317
Prepaid expenses and others	6,726	(150,255)
Accounts payable and accrued liabilities	(87,173)	55,221
	-----	-----
Net cash used in operating activities	(104,071)	(147,566)
Cash flows from investing activities:		
Capital expenditure	(6,823)	(1,543)
	-----	-----
Net cash issued in investing activities	(6,823)	(1,543)
Cash flows from financing activities:		
Proceeds from notes payable to related parties, net	92,857	66,287
Advances from affiliates, net	76,666	23,597
	-----	-----
Net cash provided by financing activities	169,523	89,884
Net increase in cash and cash equivalents	58,629	(59,225)
Cash and cash equivalents at beginning of period	11,174	99,343
	-----	-----
Cash and cash equivalents at end of period	\$ 69,803	\$ 40,118
	=====	=====
Supplemental Disclosure:		
Interest paid for the period	\$ --	\$ 1,740
Income taxes paid for the period	\$ --	\$ --
Common stock issued in exchange for services rendered	\$ 298,067	\$ 955,656

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Common stock issued in exchange for debt \$ -- \$ 43,602

See accompanying notes to the unaudited condensed consolidated financial statements

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES

General

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 nine-month period ended September 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 financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

Reclassification

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

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

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thereto are stated in United States dollars unless otherwise indicated.

Stock Based Compensation

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 ("SFAS No. 148"), "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25 and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the exercise price of the related option. The Company has adopted the annual disclosure provisions of SFAS No. 148 in its financial reports for the year ended December 31, 2002 and subsequent periods. The Company has no awards of stock-based employee compensation outstanding at September 30, 2003.

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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

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.

Forward Looking Statements

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 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

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should not be regarded as a representation by the Company that the objectives and expectations of the Company would be achieved.

Results of Operations

Revenue

During the quarter ended September 30, 2003 the Company realized \$287,843 of revenue compared to \$185,835, a 54.9% increase compared to the same period in the prior year.

During the nine months of 2003, the Company realized \$571,964 of revenue compared to \$561,303, a 1.9% increase compared to the same period in the prior year.

Costs and expenses

During the quarter ended September 30, 2003 the Company incurred \$113,850 of operating expenses compared to \$306,069 a 62.8% decrease compared to the same period in the prior year.

During the nine months of 2003, the Company incurred \$440,299 of operating expenses compared to \$1,153,833, a 61.8% decrease compared to the same period in the prior year, due to better operating efficiencies.

Liquidity and Capital Resources

As of September 30, 2003, the Company had a deficiency in working capital of \$803,372. During the first nine months of 2003, the Company used cash flow of \$104,071 in 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.

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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 raise substantial doubt about the Company's ability to continue as a going concern.

TRENDS, RISKS AND UNCERTAINTIES

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

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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

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

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company issued 7,693,746 unregistered shares in Q3 2003 valued at \$146,267 to officers and consultants.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

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ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Chief Executive Officer.

31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Chief Financial Officer

32 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K filed during the quarter ended September
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: November 12, 2003.

Largo Vista Group, Ltd.

/s/Deng Shan

Deng Shan

Principal Executive Officer