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LARGO VISTA GROUP LTD
Form 10QSB
May 20, 2003

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

FORM 10QSB

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

For the quarterly period ended March 31, 2003

Commission file number 000-30426

LARGO VISTA GROUP, LTD

(Exact name of small business issuer as specified in its charter)

Nevada

76-0434540

(State or other jurisdiction of
incorporation or organization)

(IRS Employer ID No.)

4570 Campus Drive
Newport Beach, CA 92660

(Address of principal executive offices)

(949) 252-2180

(Issuer's telephone number)

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

Indicate the number of shares outstanding of each of the issuer's class of common stock. The Registrant had 256,921,534 shares of its common stock outstanding as of May 19, 2003.

LARGO VISTA GROUP, LTD

QUARTERLY REPORT ON FORM 10-QSB FOR THE
QUARTERLY PERIOD ENDED MARCH 31, 2003

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LARGO VISTA GROUP, LTD.
CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) March 31, 2003

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 145,164
Inventories, at cost	6,720
Prepaid expenses and other	38,892
Total Current Assets	190,776
Equipment, at cost	15,972
Accumulated depreciation	(3,912)
	12,060
	\$ 202,836

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LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts payable and accrued liabilities	\$ 372,282
Notes payable to related parties	473,938
Due to related parties	89,436

Total Current Liabilities	935,656
Commitments and Contingencies	--
Preferred stock, \$0.001 par value; 25,000,000 shares authorized; none issued and outstanding	--
Common stock, \$0.001 par value; 400,000,000 shares authorized; 250,968,784 shares issued and outstanding	250,969
Additional paid-in capital	14,797,956
Accumulated deficit	(15,785,445)
Accumulated other comprehensive income:	
Foreign currency translation adjustment	3,700

Deficiency in stockholders' equity	(732,820)
	\$ 202,836
	=====

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 March 31,	
	2003	2002
	-----	-----
Revenue	\$ 12,387	\$ 117,962
Cost of revenue	15,577	114,699
	-----	-----
Gross profit (loss)	(3,190)	3,263
Operating expenses:		
Selling and administrative	147,716	450,027
Depreciation	780	604
	-----	-----
	148,496	450,631
Loss from Operation	(151,686)	(447,368)
	-----	-----
Interest (expense) income	(9,985)	15,546
	-----	-----

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Net Loss	\$ (161,671)	\$ (431,822)
	=====	=====
Loss per common share (basic and diluted)	\$ (0.00)	\$ (0.00)
	=====	=====
Weighted average shares outstanding	249,137,000	235,466,000
	=====	=====

See accompanying notes to the unaudited condensed consolidated financial information.

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

	For the three months ended March 31,	
	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (161,671)	\$ (431,822)
Adjustments to reconcile net (loss) to net cash used by operating activities		
Depreciation	780	604
Common stock issued for services	--	36,305
Common stock issued for compensation	113,500	303,471
Changes in assets and liabilities:		
Accounts receivable	154,438	1,525
Inventories	(4,090)	14,314
Prepaid expenses and other	9,918	(118,753)
Accounts payable and other liabilities	(48,998)	22,925
	-----	-----
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	63,877	(171,431)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Capital expenditures	--	(1,266)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	--	(1,266)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions from related parties	55,188	--
Proceeds from notes payable	--	177,474
Proceeds from related parties	14,925	40,099
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	70,113	217,573
NET INCREASE IN CASH AND EQUIVALENTS	\$ 133,990	\$ 44,876
Cash and cash equivalents at the beginning of the period	\$ 11,174	\$ 99,343
	-----	-----
Cash and cash equivalents at the end of the period	\$ 145,164	\$ 144,219
	=====	=====
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for interest	\$ --	\$ 1,740

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Income taxes paid	\$	--	\$	--
Common stock issued for services	\$	--	\$	36,305
Common stock issued in exchange for compensation	\$	113,500	\$	303,471

See accompanying notes to the unaudited condensed consolidated financial information.

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LARGO VISTA GROUP, LTD
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 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 three-month period ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003. The unaudited 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.

Largo Vista, Inc. is formed under the laws of the State of California and is inactive. Largo Vista Construction, Inc. is formed under the laws of the State of Nevada and is inactive. Largo Vista International Corp. is formed under the laws of Panama and is inactive. Zunyi Shilin Xinmao Petrochemical Industries Co., Ltd. ("Zunyi") is registered under the laws of the Peoples Republic of

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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.

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LARGO VISTA GROUP, LTD
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2003
(UNAUDITED)

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 has adopted the interim disclosure provisions for its financial reports for the quarter ended March 31, 2003. The Company has no awards of stock-based employee compensation outstanding at March 31, 2003.

New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities." Interpretation 46 changes the criteria by which one company includes another entity in its consolidated financial statements. Previously, the criteria were based on control through voting interest. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A company that consolidates a variable interest entity is called the primary beneficiary of that entity. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company does not expect the adoption to have a material impact to the Company's financial position or results of operations.

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Item 2. Management's Discussion and Analysis or Plan of Operations

Cautionary Statement Regarding Forward-Looking Information

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 Corporation'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 Corporation's business strategies and development plans and changes in government regulation could adversely affect the Company. Although the Corporation 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 Corporation that the objectives and expectations of the Corporation would be achieved

The following is a discussion of the financial condition and results of operations of the Company as of the date of this Quarterly Report. This discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements of the Company including the Notes thereto in the Form 10-KSB.

Results of Operations

Revenue

Our revenue is primarily attributable to liquid petroleum gas sales at our Zunyi facility located in South China. In 2003 we concentrated primarily on the retail side of the business because the wholesale business was negatively affected by sharp price fluctuations.

Costs of revenue

Our cost of revenue was higher than expected due to the sharp decline in sales activities and our decision not to participate in the wholesale business.

Selling and administrative expenses

Selling and administrative expenses decreased \$302,311 to \$147,716 as a result of Improved cost saving measures and decreased volume of operations.

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Currency Consideration

Our LPG operations are conducted in the People's Republic of China, whose

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currency, the Renminbi (RMB), is pegged to the US Dollar. The exchange rate as of March 31, 2003 and the average rate during the periods presented in the accompanying financial statements was 8.28 RMBs to one US Dollar. No representation is made that any RMB amount could have been, or could be, converted into US dollars at these rates or any other rates of exchange.

Liquidity and Capital Resources

As of March 31, 2003, we had a working capital deficit of approximately \$745,000. Despite our operating loss for the quarter, we generated cash flow of approximately \$64,000 from operating activities. We also obtained additional advances and contributions from related parties of \$70,000.

We have experienced significant operating losses from inception and have financed our activities to date through cash advances from affiliates and sales of our common stock. Availability, source, amount and terms of any additional financing are uncertain at this time, and by no means assured.

The Company believes it will require at least an additional \$1,000,000 of new capital in order to fund its plan of operations over the next 12 months. Affiliates of the Company have advised the Company that they will not demand payment of the amounts owed them for at least 12 months. The Company expects to fund its working capital requirements over the next 12 months from additional advances from its affiliates and the sale of its common stock.

The Company is seeking financing in the form of equity in order to provide the necessary working capital. The Company currently has no commitments for financing. There are no assurances the Company will be successful in raising the funds required.

The Company believes that its existing capital resources will be sufficient to fund its current level of operating activities, capital expenditures, debt and other obligations through the next 12 months. However, if during that period or thereafter, the Company is not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to the Company, this could have a material adverse effect on the Company's business, results of operations liquidity and financial condition.

The Company's independent certified public accountants have stated in their report included in the Company's December 31, 2002 Form 10-KSB, that the Company has incurred operating losses 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.

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Item 3. Controls and Procedures

Within the 90 days prior to the date of this report, Largo Vista Group, Ltd carried out an evaluation, under the supervision and with the participation of Largo Vista's management, including Largo Vista's Interim Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and operation of Largo Vista's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Interim Chief Executive Officer and Principal Accounting Officer concluded that Largo Vista's disclosure controls and procedures are effective in timely alerting them to material information relating to Largo Vista required to be included in Largo Vista's periodic Securities and Exchange Commission filings. There have been no significant changes in Largo Vista's internal controls or in other factors that

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could significantly affect these controls subsequent to the evaluation date.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

Recent sales of unregistered securities:

The company issued unregistered shares of its common stock from January 1, 2003 to March 31, 2003 a total of 4,440,923 shares valued at \$113,500 as follows:

Date ----	Number of Common Shares Issued -----	Name of Persons Whom Issued -----	Amount of Consideration -----
Issued to officers as compensation:			
February 24, 2003	902,777	Deng Shan	25,000
Issued to consultants for services:			
January 8, 2003	1,400,000	Steve Chaussy	21,000
February 24, 2003	662,823	Harold McLendon	22,500
February 24, 2003	662,823	Li Chuming	22,500
February 24, 2003	812,500	Danny Nguyen	22,500

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

None

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LARGO VISTA GROUP, LTD.

Signature

Title

Date

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----- /s/ Albert N. Figueroa ----- Albert N. Figueroa	----- Secretary/Treasurer	----- May 20, 2003
----- /s/ Deng Shan ----- Deng Shan	----- Interim CEO	----- May 20, 2003

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CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Deng Shan, certify that:

1. I have reviewed this annual report on Form 10-QSB of Largo Vista Group, Ltd.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 we 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 annual 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 annual report (the "Evaluation Date"); and c) presented in this annual 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:
 - 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

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6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

/s/ Deng Shan

Deng Shan, Principal Executive Officer

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CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Albert Figueroa, certify that:

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

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 we 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 annual 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 annual report (the "Evaluation Date"); and

c) presented in this annual 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:

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

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6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 20, 2003

/s/ Albert Figueroa

Albert Figueroa
Principal Accounting Officer

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Largo Vista Group, Ltd (the "Company") on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Deng Shan, Interim Chief Executive Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2003

/s/ Deng Shan

Deng Shan, Principal Executive Officer

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Largo Vista Group, Ltd (the "Company") on Form 10-QSB for the period ending March 31, 2003, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Albert Figueroa, Secretary/Treasurer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all

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material respects, the financial condition and results of operations of the Company.

Date: May 20, 2003 /s/ Albert Figueroa

Albert Figueroa, Principal Accounting Officer

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.