

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

LARGO VISTA GROUP LTD
Form 10QSB
August 16, 2002

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, 2002

Commission file number 000-30426

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

Nevada 76-0434540
(State of Incorporation) (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 No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
244,737,481 shares of Common Stock (\$.001 par value) as of August 12, 2002.

Transitional small business disclosure format: Yes No

LARGO VISTA GROUP, LTD.
Quarterly Report on Form 10-QSB for the
Quarterly Period Ending June 30, 2002

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Consolidated Balance Sheets:
June 30, 2002 and December 31, 2001 3

Condensed Consolidated Statements of Losses:
Three and Six Months Ended June 30, 2002 and 2001 4

Condensed Consolidated Statements of Cash Flows:
Three and Six Months Ended June 30, 2002 and 2001 5

Notes to Condensed Consolidated Financial Information: 6

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

Item 2. Management's Discussion and Analysis 8

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security holders

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

Item 1. Financial Statements (Unaudited)

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

ASSETS	June 30, 2002	December 31, 2001
CURRENT ASSETS:		
Cash and cash equivalents	\$ 224,823	\$ 99,343
Accounts receivable, net	3,320	2,790
Inventories, at cost	6,099	59,954
Prepaid expenses and other	168,423	52,022
Total current assets	402,665	214,109
 Property, plant and equipment, net	 14,111	 14,216
	416,776	228,325
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	271,100	275,858
Notes payable to related parties	575,555	408,081
Due to related parties	53,467	31,209
Total current liabilities	900,122	715,148
 Commitment and contingencies	 -	 -
DEFICIENCY IN STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value per share; 400,000,000 shares authorized, 242,367,667 and 232,175,730 shares issued and outstanding at June 30, 2002 and December 31, 2001	242,367	232,176
Additional paid-in capital	14,353,738	13,555,870
Accumulated deficit	(15,083,151)	(14,278,569)
Accumulated other comprehensive income:		
Foreign currency translation adjustment	3,700	3,700
Deficiency in stockholders' equity	(483,346)	(486,823)
	416,776	228,325

See accompanying notes to the unaudited condensed consolidated financial statements

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

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

	Three Months Ended June 30 2002	2001	Six Months Ended June 30 2002	2001
Sales	\$ 257,506	\$ 782,733	\$ 375,468	\$ 1,193,127
Cost of sales	222,502	705,903	337,201	1,106,310
Gross profit	35,004	76,830	38,267	86,817
Expenses				
Selling and administrative	396,368	291,283	846,395	705,194
Depreciation	766	-	1,370	27,965
Interest (income) expenses	10,631	-	(4,915)	31,967
	407,765	291,283	842,850	765,126
Loss from continuing operation, before income taxes and discontinued operations	(372,761)	(214,453)	(804,583)	(678,309)
Income (taxes) benefit	-	-	-	-
Loss from continuing operations, before discontinued operations	(372,761)	(214,453)	(804,583)	(678,309)
Loss from discontinued Operations	-	-	-	(15,181)
Gain on disposal of discontinued operations	-	3,265,433	-	3,265,433
Net income (loss)	(372,761)	3,050,980	(804,583)	2,571,943
Basic and Diluted				
net loss per share	(0.00)	0.01	(0.00)	0.01
Continuing operations	(0.00)	(0.00)	(0.00)	(0.00)
Discontinued operations	-	0.01	-	0.01
Weighted average common shares Outstanding	240,407,389	221,601,000	237,950,364	220,203,000

See accompanying notes to the unaudited condensed consolidated financial statements

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

	For The Six Months Ended June 30	
	2002	2001
Net cash Provided by (used in) operating activities	\$ (65,518)	\$ (209,545)
Net cash provided by (used in)		

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

investing activities	1,266	-
Net cash provided by (used in) financing activities	189,732	395,460
Net increase in cash and cash Equivalents	125,480	185,915
Cash and cash equivalents at beginning of period	99,343	39,766
Cash and cash equivalents at end of period	224,823	225,681

See accompanying notes to the unaudited condensed consolidated financial statements

LARGO VISTA GROUP, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
JUNE 30, 2002
(UNAUDITED)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

General

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-QSB, and therefore, do not include all the information necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

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, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. The unaudited consolidated financial statements should be read in conjunction with the consolidated December 31, 2001 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

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

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 OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the Registrant's Consolidated Financial Statements and Notes thereto, included elsewhere within this Form 10-QSB.

Description of Registrant.

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.

Results Of Operations, for the Three Months Ended June 30, 2002 and 2001 and the Six Months Ended June 30, 2002 and 2001.

Net Sales. There was a decrease in net sales for the three-month period ending June 30, 2002 as compared to the three month-period ending June 30, 2001, with sales of \$257,506 and \$782,733, respectively, as well as a decrease in net sales for the six-month period ending June 30, 2002 as compared to the six month-period ending June 30, 2001, with sales of \$375,468 and \$1,193,127, respectively.

Cost of Sales. There was a comparative decrease in cost of sales in relation to the Net Sales, above, for the three-month period ending June 30, 2002 as compared to the three-month period ending June 30, 2001, with cost of sales of \$222,502 and \$705,903, respectively, as well as a decrease in net sales for the six-month period ending June 30, 2002 as compared to the six month-period ending June 30, 2001, with cost of sales of \$337,201 and \$1,106,310, respectively.

General and Administrative. General and Administrative expenses increased from \$291,283 for the three month period ending June 30, 2001 as compared to \$396,368 for the same period in 2002, as well as an increase in General and Administrative expenses for the six-month period ending June 30, 2002 as compared to the six month-period ending June 30, 2001, with General and Administrative expenses of \$846,850 and \$705,194, respectively. General and Administrative expenses were comprised primarily of compensation, consulting expense and office expenses.

Liquidity And Capital Resources for the Six Months Ended June 30, 2002 and 2001.

The Company has relied primarily on funds generated from the issuance of common stock and options to finance its operations and expansion. As of June 30, 2002, the Company had cash of \$224,823, compared to \$99,343 at June 30, 2001. Cash used in operating activities was \$65,518 in 2002, as compared to cash of \$209,545 in 2001.

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

While the Registrant has raised capital to meet its working capital and financing needs in the past, additional financing is required in order to meet the Registrant's current and projected cash flow deficits from operations. As previously mentioned, the Registrant is seeking financing in the form of equity in order to provide the necessary working capital. The Registrant currently is seeking other sources for equity capital and currently has been extended an offer, but it has not accepted the offer as of the date of the Company's Form 10-QSB. There are no assurances the Registrant will be successful in raising the funds required.

The Company's independent certified public accountants have stated in their report included in the Company's December 31, 2001 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.

Forward Looking Statements.

The foregoing Managements Discussion and Analysis of Financial Condition and Results of Operations "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, including statements regarding, among other items, the Registrant's business strategies, continued growth in the Registrant's markets, projections, and anticipated trends in the Registrant's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. This Form 10-KSB 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 Annual Report. This discussion and analysis should be read in conjunction with the accompanying audited Consolidated Financial Statements of the Company including the Notes thereto which are included elsewhere in this Form 10-QSB.

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against our Company and its subsidiaries. The most significant of these are described below.

At present, there are not any outstanding material lawsuits or material claims known against our Company and its subsidiaries.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security holders.

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

Not applicable.

SIGNATURES

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

Largo Vista Group, Ltd.

Dated: August 16, 2002

By: /s/ Shan Deng
Shen Deng, Interim Chief Executive
Officer

99.1 Certification pursuant of President to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes Oxley Act of 2002.

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

Exhibit 99.1

In connection with the Quarterly Report of Largo Vista Group, Ltd. (the "Company") on Form 10-QSB for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shan Deng, Interim Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act, that:

(1) The Report fully complies with Section 13(a) or 15(d) of

Edgar Filing: LARGO VISTA GROUP LTD - Form 10QSB

the Securities Exchange Act of 1934; and

(2) The Information contained in the Report fairly represents, in all material aspects, the financial condition and result of operations on the Company.

By: /s/ Shan Deng
Shan Deng, Interim Chief Executive
Officer

Exhibit 99.2

In connection with the Quarterly Report of Largo Vista Group, Ltd. (the "Company") on Form 10-QSB for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert Figueroa, Treasurer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act, that:

(1) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The Information contained in the Report fairly represents, in all material aspects, the financial condition and result of operations on the Company.

By: /s/ Albert Figueroa
Albert Figueroa, Treasurer