

LARGO VISTA GROUP LTD  
Form 10QSB  
November 21, 2005

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

**FORM 10-QSB**

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

**For the period ended September 30, 2005**

**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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 277,635,403 shares of Common Stock (\$.001 par value) as of November 8, 2005.

## LARGO VISTA GROUP, LTD.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

LARGO VISTA GROUP, LTD.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2005 AND DECEMBER 31, 2004

	(Unaudited) September 30, 2005	December 31, 2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalent	\$ 82,364	\$ 94,565
Accounts receivable, net	11,705	6,865
Employee advances	11,504	13,532
Inventories, at cost	12,260	8,834
Prepaid expenses and other	111,453	12,541
Total current assets	229,286	136,337
Property and equipment, at cost	16,560	16,221
Less: accumulated depreciation	11,800	9,273
	4,760	6,948
Deposits	755	755
Total assets	\$ 234,801	\$ 144,040
<b>LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 550,599	\$ 467,632
Customer deposits	-	4,831
Notes payable to related parties	537,400	434,782
Due to related parties	233,080	157,393
Total Current Liabilities	1,321,079	1,064,638
Commitment and contingencies	-	-
Preferred stock, \$0.001 par value; 25,000,000 shares authorized, none issued and outstanding at September 30, 2005 and December 31, 2004	-	-
Common stock, \$0.001 par value; 400,000,000 shares authorized, 277,635,403 and 269,963,856 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	277,635	269,964
Additional paid-in capital	15,344,343	15,184,356
Subscription payable	-	18,458
Accumulated deficit	(16,707,636)	(16,397,076)
Accumulated other comprehensive income:		

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Foreign currency translation adjustment	(620)	3,700
Deficiency in stockholders' equity	(1,086,278)	(920,598)
Total liabilities and deficiency in stockholders' equity	\$ 234,801	\$ 144,040

See accompanying notes to the unaudited condensed consolidated financial information

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**LARGO VISTA GROUP, LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS**  
**OF COMPREHENSIVE OPERATIONS**  
**(Unaudited)**

	For the three months ended September		For the nine months ended September	
	30,		30,	
	2005	2004	2005	2004
Revenue	\$ 98,000	\$ 69,180	\$ 259,773	\$ 295,226
Cost of sales	88,475	62,151	245,325	261,037
Gross profit (loss)	9,525	7,029	14,448	34,189
Operating expenses:				
Selling general and administrative	107,934	95,009	295,328	261,645
Depreciation	772	762	2,296	2,285
	108,706	95,771	297,624	263,930
Loss from operations	(99,181)	(88,742)	(283,176)	(229,741)
Other income (expenses):				
Other income, net	-	7,380	-	18,333
Interest income (expense)	(12,403)	(7,872)	(27,384)	(23,614)
Total other income (expenses)	(12,403)	(492)	(27,384)	(5,281)
Loss from operations before income taxes	(111,584)	(89,234)	(310,560)	(235,022)
Provision for income taxes	-	-	-	-
Net loss	(111,584)	(89,234)	(310,560)	(235,022)
Other comprehensive income: foreign currency translation loss	(4,320)	-	(4,320)	-
Comprehensive (loss)	\$ (115,904)	\$ (89,234)	\$ (314,880)	\$ (235,022)
Loss per common share (basic and assuming diluted)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding	277,635,403	268,773,115	277,270,091	269,963,856

See accompanying notes to the unaudited condensed consolidated financial information







Common stock issued in exchange  
for due to related parties

See accompanying notes to the unaudited condensed consolidated financial information

LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SEPTEMBER 30, 2005  
(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 and nine-month period ended September 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated December 31, 2004 financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

**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., and Largo Vista International Corp. 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. The Company also has operations through DBA (Doing Business As) agreements with Zunyi Jiahong Gas Co., Ltd. ("Jiahong"). Jiahong is registered under the Chinese laws in 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.

**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, 2004 and has adopted the interim disclosure provisions for its financial reports for the subsequent periods. The Company has no awards of stock-based employee compensation outstanding at September 30, 2005.

LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SEPTEMBER 30, 2005  
(UNAUDITED)

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Stock Based Compensation (Continued)**

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123R (revised 2004), "Share-Based Payment" which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation". Statement 123R supersedes APB opinion No. 25, "Accounting for Stock Issued to Employees", and amends FASB Statement No. 95, "Statement of Cash Flows". Generally, the approach in Statement 123R is similar to the approach described in Statement 123. However, Statement 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro-forma disclosure is no longer an alternative. On April 14, 2005, the SEC amended the effective date of the provisions of this statement. The effect of this amendment by the SEC is that the Company will have to comply with Statement 123R and use the Fair Value based method of accounting no later than the first quarter of 2006. Management has not determined the impact that this statement will have on Company's consolidated financial statements.

**Revenue Recognition**

For revenue from product sales, the Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, REVENUE RECOGNITION ("SAB104"), which superseded Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

SAB 104 incorporates Emerging Issues Task Force 00-21 ("EITF 00-21"), MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS. EITF 00-21 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The effect of implementing EITF 00-21 on the Company's consolidated financial position and results of operations was not significant.

The Company generally recognizes revenue upon delivery of LPG to the customer. Revenue associated with shipments of petroleum products is recognized when title passes to the customer. There are no significant credit transactions.

In February 2002, the Company entered into an agreement ("Agreement") with Zunyi Municipal Government ("Government") to design and install LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Agreement provides for the Company to be the sole LPG supplier for those households. Pursuant to the Agreement, Government had paid to the Company 50% of the total contracted installation fees, and the Company has to collect the remaining 50% of contract price directly from the

customers. The Company substantially completed the installation of the LPG pipeline as of December 31, 2002 and recognized revenues in the amount of fees collected from Government. The Company's management has determined that the collectibility and length of time to collect the amount due from customers can not be reasonably assured. Accordingly, revenues are recognized as collected in connection with the portion of the contracted price to be collected from customers.

LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SEPTEMBER 30, 2005  
(UNAUDITED)

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)**Revenue Recognition (Continued)  
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In May 2003, the Company entered into its Second Agreement ("Second Agreement") with Government to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China on behalf of Government. In exchange for installing the pipeline, the Second Agreement provides for the Company to be the sole LPG supplier for those households. Pursuant to the Second Agreement, Government is obligated to pay to the Company 50% of the total contracted installation price, and the Company has to collect the remaining 50% of contracted price directly from the customers. During the year ended December 31, 2003, the Company did not receive any payments from Government and thus delayed the installation of pipelines. During the year ended December 31, 2004, the Company received 50% of the total contracted price from Government and substantially completed the installation project. The Company recognized revenues in the amount of fees collected from Government during the year ended December 31, 2004. The Company management has determined that the collectibility and length of time to collect the remaining contracted price due from customers can not be reasonably assured. Accordingly, revenues will be recognized as collected in connection with the portion of contracted price to be collected from customers.

Foreign Currency Translation  
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The Company translates the foreign currency financial statements of its Chinese subsidiary in accordance with the requirements of Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." Assets and liabilities are translated at the rates of exchange at the balance sheet date, and related revenue and expenses are translated at average monthly exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' equity. Foreign currency transaction gains and losses are included in the statement of income.

Reclassifications  
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Certain reclassifications have been made in prior year's financial statements to conform to classifications used in the current year.

**NOTE B - INVENTORIES**

Inventories are stated at the lower of cost or market determined by the first-in, first-out (FIFO) method. Inventories consist primarily of liquid petroleum gas available for sale to contract clients and the public. Components of inventories as of September 30, 2005 and December 31, 2004 are as follows:

	September 30, 2005	December 31, 2004
Liquid petroleum gas	\$ 2,125	\$ 2,860
Packaging bottles	9,536	4,428
Supplies	599	1,546
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Total	\$ 12,260	\$ 8,834
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LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SEPTEMBER 30, 2005  
(UNAUDITED)

**NOTE C - CAPITAL STOCK**

The Company has authorized 25,000,000 shares of Series A Preferred Stock, with a par value of \$.001 per share. As of September 30, 2005 and December 31, 2004, the Company has no Series A Preferred Stock issued and outstanding. The company has authorized 400,000,000 shares of common stock, with a par value of \$.001 per share. As of September 30, 2005 and December 31, 2004, the Company has 277,635,403 and 269,963,856 shares of common stock issued and outstanding, respectively.

In December 2004, one of the Company's significant shareholders agreed to subscribe 1,230,546 shares of common stock in exchange for \$15,000 of notes payable and \$3,458 of accrued interest due to the shareholder. The Company accounted for the common shares to be issued as stock subscription payable at December 31, 2004. In January 2005, the 1,230,546 shares of common stock were issued.

During the nine months ended September 30, 2005, the Company issued an aggregate of 4,923,963 shares of common stock to consultants for in exchange for accrued services fees in the amount of \$84,000. All valuations of common stock issued for services were based upon the value of the services rendered, which did not differ materially from the fair value of the Company's common stock during the period the services were rendered. Additionally, the Company issued an aggregate of 1,517,038 shares of common stock to related parties in exchange for \$24,222 of expenses previously paid by the related parties on behalf of the Company.

During the nine months ended September 30, 2005, the Company Chairman and significant shareholders contributed cash of \$40,979 to the Company as working capital.

**NOTE D - AGREEMENT TO SELL STOCK TO SHANGHAI OFFSHORE OIL GROUP**

On March 18, 2005, The Company signed an Agreement and Assignment of Certain Contractual Rights and Benefits (the "Agreement"), with Shanghai Offshore Oil Group (HK) Co., Ltd. ("Shanghai Oil"). Under the Agreement, Shanghai Oil assigned to The Company all of its rights to receive payments under a prior contract with Asiacorp Investment Holding Ltd. ("Asiacorp"), under which Shanghai Oil would purchase from Asiacorp fuel oil produced in Russia and deliver it to entities in The People's Republic of China at a rate of thirty thousand (30,000) metric tons per month for three (3) months and continue for the following thirty-three (33) months at a rate of two hundred thousand (200,000) metric tons per month, for a total of six million, six hundred ninety thousand (6,690,000) metric tons (the "Asiacorp Contract"). The Agreement states that deliveries under the Asiacorp Contract were to begin no later than May 18, 2005.

The Agreement provides that The Company will receive all of the profit realized by Shanghai Oil from the sale of fuel oil it acquires under the Asiacorp Contract, after the deduction of costs associated with the purchase, transportation and sale of the fuel oil, with a minimum payment of two dollars (\$2.00) per metric ton. In exchange for the assignment of the Asiacorp contract and subject to the receipt of payment(s) from Shanghai Oil, The Company agreed to issue to Shanghai Oil one hundred million (100,000,000) shares of The Company's common stock, deliverable in three equal increments over the term of the Agreement, which amounts may be reduced based upon the amount, if any, of Shanghai Oil's actual payments from its sale of the fuel oil. However, The Company has not received any payments from Shanghai Oil under the Agreement, and cannot give absolute assurances that any fuel oil will be



delivered under the Asiacorp Contract.

Payments received by The Company based upon Shanghai Oil's sale of the fuel oil, if any, will be accounted for as a capital transaction as The Company's transaction with Shanghai Oil represents, in substance, a stock subscription under which The Company would receive approximately \$0.13 per share if the total projected amount of fuel oil is sold and the minimum guaranteed profit margin is paid to The Company.

LARGO VISTA GROUP, LTD.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
SEPTEMBER 30, 2005  
(UNAUDITED)

**NOTE D - AGREEMENT TO SELL STOCK TO SHANGHAI OFFSHORE OIL GROUP (Continued)**

During June of 2005, Shanghai Oil notified The Company that it had not received any fuel oil under the Asiacorp Contract. As The Company had not received any payments from Shanghai Oil, it did not release any of its shares of common stock to Shanghai Oil. On approximately July 1, 2005, The Company sent Shanghai Oil a written "Demand to Cure Delayed-Performance" giving Shanghai Oil until July 18, 2005, later extended to August 31, 2005, to make its first payment to The Company under the Agreement. Although Shanghai Oil has indicated to The Company that it intends to deliver payment pursuant to the Agreement, either through performance under the Asiacorp Contract or through another contract in its place, investors should understand that delivery is far from certain. As of September 30, 2005, the Company has not received any payments from Shanghai Oil nor has it released any of the shares deliverable to Shanghai Oil.

The Company will continue to pursue amicable remedies with Shanghai Oil. Although any resolution with Shanghai Oil is highly uncertain, The Company believes that continuing to pursue a business relationship with Shanghai Oil is in the best interest of the Company. Should Shanghai Oil deliver any payments to The Company, pursuant to the terms of the Agreement, the management of The Company will determine the number of shares of its common stock, if any, to deliver to Shanghai Oil.

**NOTE E - NOTES PAYABLE TO RELATED PARTIES**

Notes payable to related parties at September 30, 2005 and December 31, 2004 consists of the following:

	September 30, 2005	December 31, 2004
Note payable on demand to Company's Chairman; interest payable monthly at 7% per annum; unsecured.	\$ 537,400	\$ 434,782
Total	537,400	434,782
Less: current portion	(537,400)	(434,782)
	\$ -	\$ -

**NOTE F - RELATED PARTY TRANSACTIONS**

In addition to notes payable to related parties described in Note E, a consultant (shareholder and former employee) of the Company has advanced funds to the Company as working capital of its Vietnam representative office. No formal repayment terms or arrangements exist. The net amount of advances due the consultant at September 30, 2005 and December 31, 2004 was \$61,326 and \$14,708, respectively.

The Company's Chief Financial Officer has advanced funds to the Company for working capital purpose. No formal repayment terms or arrangements exist. The net amount of advances due the Chief Financial Officer at September 30, 2005 and December 31, 2004 was \$6,193 and \$11,326, respectively.

The Company's Chairman has advanced funds to the Company for working capital purposes. No formal repayment terms or arrangements exist. The net amount of advances due the Company's Chairman at September 30, 2005 and December 31, 2004 was \$155,561 and \$131,359, respectively.

The Company's shareholders and former employees advanced the Company funds to meet working capital needs. Interest is accrued at a rate of 7% per annum. The net amount of advances due as of September 30, 2005 and December 31, 2004 was \$10,000 and \$-0-, respectively.

During the nine months ended September 30, 2005, the Company Chairman and significant shareholders contributed cash of \$40,979 to the Company as working capital.

## 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

Largo Vista Group, Ltd. ("Largo Vista" or the "Company") was formed under the laws of the State of Nevada on January 16, 1987 under the name, "The George Group". On January 9, 1989, The George Group acquired Waste Service Technologies, Inc. ("WST"), an Oregon corporation, and filed a name change in Nevada and changed its name to WST, listed its stock, and began trading on OTC bulletin Board.

On April 15, 1994, WST acquired Largo Vista, Inc., a California corporation, and filed a name change in Nevada to change WST's name to Largo Vista Group, Ltd., OTC bulletin Board symbol "LGOV". Largo Vista originally planned to develop housing in China, but after shipping two factory built homes to China, never fully implemented plans due to unanticipated financing, environmental and regulatory complications.

Unless the context otherwise requires, all references to the Company include its wholly-owned subsidiaries, Largo Vista, Inc., an inactive California corporation, Largo Vista Construction, Inc., an inactive Nevada corporation, and Largo Vista International, Corp., an inactive Panama corporation. Largo Vista also has operations through Doing Business As ("DBA") agreement with Jiahong Gas Co., Ltd. ("Jiahong"), registered under the Chinese laws in the Peoples Republic of China, Guizhou Province.

Through DBA agreements with Jiahong, Largo Vista is engaged in the business of purchasing and reselling liquid petroleum gas ("LPG") in the retail and wholesale markets to both residential and commercial consumers. Largo Vista operated a storage depot and has an office headquarters in the City of Zunyi. Largo Vista has found the storage depot operations to be unprofitable; and therefore has terminated those operations in order to concentrate its resources on supplying LPG in bottles and through pipelines.

In February 2002, Largo Vista's China operations entered into an agreement with the Zunyi Municipal Government to design and install LPG pipeline systems in residential areas in the city of Zunyi. In exchange for installing the pipeline, the agreement provides for the Largo Vista to be the sole LPG supplier for those households for 40 years. Largo Vista substantially completed the installation of the LPG pipeline in 2002 and continues to operate the pipeline.

In May 2003, Largo Vista's China operations entered into its second agreement with Zunyi Municipal Government to design and install more LPG pipeline systems in residential areas in the city of Zunyi, China. The pipeline project was substantially completed in December of 2004. These two pipelines currently serve approximately 620 customers. Additionally, in July of 2005 we completed our pipeline Number 3 which will provide service to 42 condominiums. When natural gas becomes available to the area, these pipelines will be in place to deliver that commodity to the same customers.

In addition, Largo Vista has contracted with a private developer to construct four additional pipelines in the same area. Number 4 will serve 60 condominiums. Construction schedules are being developed. Pipeline Number 5 will serve 1,067 condominiums with completion expected by December of 2005. Pipeline Number 6 will serve 5,000 condominiums and is currently in the architectural development stage. All of these pipelines will be operated by Largo Vista under exclusive 40-year supply contracts.

The contracts that Largo Vista has with the Zunyi Municipal Government grant to the Company the exclusive right to supply liquid petroleum gas (LPG) to certain building projects and to construct or have constructed pipeline systems

to deliver the LPG. These building projects are similar to large apartment or condominium complexes in the United States. The Company contracts with independent third parties for all of the design and construction of the pipelines. Generally, a central supply station will be built close to the building project to be served. LPG will be stored in this facility and gasified before entering the pipeline system. The Company operates these central supply stations and manages the relationships with the individual customers in the building projects.

The Zunyi Municipal Government (“Zunyi”) agreed in its contracts with the Company to reimburse the Company for the costs of constructing the LPG pipelines, fifty percent (50%) after the signing of each contract and the remaining fifty percent (50%) upon completion of each pipeline project. Zunyi did pay the Company the first fifty percent (50%); but failed to pay the Company the remaining fifty percent (50%) upon completion of the first two (2) pipeline projects. Zunyi took the position that the Company should collect the balance from the customers as they subscribe for LPG delivery. The Company has been collecting that amount as a connection or subscription fee and accounting for that revenue as it is received.

Largo Vista continues to engage in the petroleum supply business in Vietnam.

In addition, Largo Vista has two representative offices in the Far East area, one in Wuhan, China and another in Ho Chi Minh City, Vietnam, to supervise LPG and gas oil trading operations in China and Vietnam, respectively. Largo Vista continues to evaluate the acquisition of other possible business opportunities in the Far East.

### **Agreement To Sell Stock To Shanghai Offshore Oil Group**

On March 18, 2005, Largo Vista signed an Agreement and Assignment of Certain Contractual Rights and Benefits (the “Agreement”), with Shanghai Offshore Oil Group (HK) Co., Ltd. (“Shanghai Oil”). Under the Agreement, Shanghai Oil assigned to Largo Vista all of its rights to receive payments under a prior contract with Asiacorp Investment Holding Ltd. (“Asiacorp”), under which Shanghai Oil would purchase from Asiacorp fuel oil produced in Russia and deliver it to entities in The People’s Republic of China at a rate of thirty thousand (30,000) metric tons per month for three (3) months and continue for the following thirty-three (33) months at a rate of two hundred thousand (200,000) metric tons per month, for a total of six million, six hundred ninety thousand (6,690,000) metric tons (the “Asiacorp Contract”). The Agreement states that deliveries under the Asiacorp Contract were to begin no later than May 18, 2005.

The Agreement provides that Largo Vista will receive all of the profit realized by Shanghai Oil from the sale of fuel oil it acquires under the Asiacorp Contract, after the deduction of costs associated with the purchase, transportation and sale of the fuel oil, with a minimum payment of two dollars (\$2.00) per metric ton. In exchange for the assignment of the Asiacorp contract and subject to the receipt of payment(s) from Shanghai Oil, Largo Vista agreed to issue to Shanghai Oil one hundred million (100,000,000) shares of Largo Vista’s common stock, deliverable in three equal increments over the term of the Agreement, which amounts may be reduced based upon the amount, if any, of Shanghai Oil’s actual payments from its sale of the fuel oil. However, Largo Vista has not received any payments from Shanghai Oil under the Agreement, and cannot give absolute assurances that any fuel oil will be delivered under the Asiacorp Contract.

Payments received by Largo Vista based upon Shanghai Oil’s sale of the fuel oil, if any, will be accounted for as a capital transaction as Largo Vista’s transaction with Shanghai Oil represents, in substance, a stock subscription under which Largo Vista would receive approximately \$0.13 per share if the total projected amount of fuel oil is sold and the minimum guaranteed profit margin is paid to Largo Vista.

During June of 2005, Shanghai Oil notified Largo Vista that it had not received any fuel oil under the Asiacorp Contract. As Largo Vista had not received any payments from Shanghai Oil, it did not release any of its shares of common stock to Shanghai Oil. On approximately July 1, 2005, Largo Vista sent Shanghai Oil a written “Demand to Cure Delayed-Performance” giving Shanghai Oil until July 18, 2005, later extended to August 31, 2005, to make its first payment to Largo Vista under the Agreement. Although Shanghai Oil has indicated to Largo Vista that it intends to deliver payment pursuant to the Agreement, either through performance under the Asiacorp Contract or through another contract in its place, investors should understand that delivery is far from certain. As of the date of filing of

this Amendment, Largo Vista has not received any payments from Shanghai Oil nor has it released any of the shares deliverable to Shanghai Oil.

Largo Vista will continue to pursue amicable remedies with Shanghai Oil. Although any resolution with Shanghai Oil is highly uncertain, Largo Vista believes that continuing to pursue a business relationship with Shanghai Oil is in the best interest of the Largo Vista. Should Shanghai Oil deliver any payments to Largo Vista, pursuant to the terms of the Agreement, the management of Largo Vista will determine the number of shares of Largo Vista common stock, if any, to deliver to Shanghai Oil.

## **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 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, 2005 the Company realized \$98,000 of revenue compared to \$69,180 for the same period in the prior year, a 42% increase. During the nine months ended September 30, 2005 revenues from operations were \$259,773 as compared with \$295,226 for the same period last year. The increase of 42% in revenue in the quarter ended September 30, 2005 compared with the same period last year is due to added customers with the pipeline operations. The decrease in the nine month period ended September 30, 2005 of 12% compared with the nine month ended September 30, 2004 is primarily attributable to the decrease in revenues from the unprofitable depot operations closed in the second quarter 2004.

### **COSTS AND EXPENSES**

The Company incurred costs of sales of \$88,475 in connection with the LPG revenues during three months ended September 30, 2005, compared to \$62,151 for the three months ended September 30, 2004; an increase of \$26,324 or 42.4%. Cost of sales for the nine month period ended September 30, 2005 is \$245,325; a decrease of \$15,712 or 6% as compared with the same period last year (\$261,037). The increase in cost of sales during the quarter ended September 30, 2005 is the result of improved sales coupled with a 1% margin drop with our LPG sales. The nine month decrease in cost of sales of \$15,712 from September 30, 2005 as compared with the same last year is primarily attributable to the decrease in related revenues from the unprofitable depot operations closed in 2004.

During the quarter ended September 30, 2005 the Company incurred \$108,706 of total operating expenses compared to \$95,771 for the same period in the prior year.; a \$12,935 or 13.5% increase. For the nine month period ended September 30, 2005 total operating expenses were \$297,624 compared with \$263,930 for the same period last year; an increase of \$33,694 or 12.8%. The increase is due primarily to increases in professional, consulting and other related administrative services.

## **LIQUIDITY AND CAPITAL RESOURCES**



As of September 30, 2005, we had a working capital deficit of \$1,091,793. As a result of our operating losses for the nine month period ended September 30, 2005, we generated a cash flow deficit of \$248,922 from operating activities. . We met our cash requirements during this period through loans, net of repayments, from related parties totaling \$194,097 and \$40,979 from capital contributions from the Company's officers, principal shareholders and third parties.

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. We currently have no commitments for financing and there is no guarantee that we will be successful in raising the funds required. Certain shareholders and related parties have advanced funds and contributed capital to the Company in the past. There is no guarantee advances or contributions will continue into the future.

If we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations liquidity and financial condition.

The Company's independent certified public accountant has stated in his report included in the Company's December 31, 2004 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.

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.

### **CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS**

Our annual report on Form 10-KSB for the year ended December 31, 2004 includes a detailed list of cautionary factors that may affect future results. Management believes that there have been material changes to the factors so listed, and as such should reflect positively on future results. That annual report can be accessed in the EDGAR section of the SEC website.

### **ITEM 3. CONTROLS AND PROCEDURES**

- a) Evaluation of Disclosure Controls and Procedures. As of September 30, 2005, our management carried out an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our system of disclosure controls and procedures pursuant to the Securities and Exchange Act, Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.
- b) Changes in internal controls. There were no changes in internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

None

**ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS**

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

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

None

**ITEM 5. OTHER INFORMATION**

None

**ITEM 6. 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
32.1	Certification of Deng Shan Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Albert Figueroa Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**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 21, 2005	LARGO VISTA GROUP, LTD.
	/S/ DENG SHAN
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	DENG SHAN
	CHIEF EXECUTIVE OFFICER