

**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 June 30th 2000

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number _____

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

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

NEVADA

(State or other jurisdiction of incorporation or organization) NONE
(IRS Employer Identification No.)

2614 Queenswood Dr. Victoria BC Canada V8N 1X5
(Address of principal executive offices)

(250) 477 - 9969
(Issuer's telephone number)

(Former name, former address and former fiscal year if changed since last report)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant filed all documents and reports required to be filed by Section 12,13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [] No []

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: Common stock \$.001 par value 9131 136 shares as of June 30th 2000.

Transitional Small Business Disclosure Format (Check one): Yes [] No [X]

PART 1 - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

Attached hereto and incorporated herein by reference.

Item 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information contains certain forward looking statements that anticipate future trends or events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks including but not limited to the risks of increased competition in the Company's industry and other risks detailed in the Company's Securities and Exchange Commission filings. Accordingly, actual results may differ, possibly materially, from the predictions contained herein.

During the three months ended June 30th 2000, the Company experienced a net after tax income of \$175 046 as compared to income of \$59 795 for the three months ended June 30th 1999. The increase was due to a significant expansion of operations which began in the first quarter of 2000 and continued through the second quarter. During this period the Company hired additional personnel, expanded corporate headquarters and increased production. The overall result was a net income of \$175 045 for the second quarter of fiscal 2000 and a net income for the first six months of fiscal 2000 of \$202 081.

RESULTS OF OPERATIONS

Reference is made to Item 2, "Management's Discussion and Analysis" included in the Company's registration statement on Form 10-SB for the year ended December 31st 1999, as amended, on file with the Securities and Exchange Commission. The following analysis and discussion pertains to the Company's results of operations for the three month and six month periods ended June 30th 2000, compared to the results of operations for the three month and six month periods ended June 30th 1999, and to changes in the Company's financial condition from December 31st 1999 to June 30th 2000.

THREE MONTHS ENDED June 30th 2000 and 1999

For the second quarter of the current fiscal year ending June 30th 2000, sales were \$539 858 compared to \$259 285 for the same quarter of the previous year. The increase in sales were as a result of our distributors selling to more retail outlets in more geographic areas and selling larger quantities to older accounts.

Operating expenses were \$91 521 for the second quarter, up from \$39 547 for the second quarter of last year. This is as a result of increased costs in all categories of expenses due to the significant expansion in sales. The largest increases were in the areas of wages (\$40 889), sub-contracting fees (\$12 215) and professional fees (\$15 342).

The net income for the quarter was \$175 045 which represents a substantial increase over second quarter last year when the net income was \$59 795. The increase in income was a result of increased sales and lower cost of sales.

The earnings per share (fully diluted) was \$0.02 for the three months ended June 30th 2000 compared to \$0.01 for the three months ended June 30th 1999.

SIX MONTHS ENDED June 30th 2000

Sales in the first six months ended June 30th 2000 were \$800 186 compared to \$309 570 for the six months ended June 30th 1999. As was the case for the three months ended June 30th 2000 the increase in sales were a result of increased numbers of customers and increased sales per customer.

Operating expenses for the Company were \$158 496 for the six months ended June 30th 2000 up from \$60 966 for the six months ended June 30th 1999. The increase in operating expenses in virtually every category are a result of greatly increased production and sales by the Company.

The net income for the six months ended June 30th 2000 was \$202 081 compared to a net income of \$42 283 for the six months ended June 30th 1999. The increase in income was due to the increase in sales and the reduction in cost of sales as a percentage of total sales for the six month period ended June 30th 2000.

The earnings per share (fully diluted) was \$0.02 for the six month period ended June 30th 2000 compared to \$0.00 for the six month period ended June 30th 1999.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its cash flow requirements through retained earnings from sales. Cash provided by net earnings which occurred during the six months ended June 30th was \$202 081. This resulted in a total cash and cash equivalent position of \$ 530 545 at the end of the period.

As of June 30th 2000 the Company had working capital of \$530 545, which represented an increase of \$325 795 as compared to the working capital of June 30th 1999. The increase was a result of retained earnings from the third and fourth quarters of 1999 and the six month period ending June 30th 2000.

The Company has no external sources of liquidity in the form of credit lines from banks.

Management believes that its available cash will be sufficient to fund the Company's working capital requirements through December 31st 2000. Management further believes that available cash will be sufficient to implement the Company's expansion plans. No investment banking agreements are in place and there is no guarantee that the Company will be able to raise capital in the future should that become necessary.

IMPACT OF THE YEAR 2000 ISSUE

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the year 2000 issue that may affect the company including those related to customers, suppliers, or other third parties, have been fully resolved.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS:

The Company does not have any derivative financial instruments as of June 30th 2000. However, the Company is exposed to interest rate risk.

The Company's interest income and expense are most sensitive to changes in the general level of U.S. and Canadian interest rates. In this regard, changes in U.S. and Canadian interest rates affect the interest paid on the Company's cash equivalents as well as the interest paid on debt.

FOREIGN CURRENCY RISK

The Company operates primarily in Canada. Therefore, the Company's business and financial condition is sensitive to currency exchange rates or any other restriction imposed on its currency.

Part II - OTHER INFORMATION

- Item 1. Legal proceedings - None
- Item 2. Changes in Securities - None
- Item 3. Default upon Senior Securities - None
- Item 4. Submission of Matters to a Vote of Securities Holders - None
- Item 5. Other Information - None
- Item 6.(a) Exhibit 27 - Financial Data Schedule
- Item 6.(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements 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.

FLEXIBLE SOLUTIONS INTERNATIONAL INC.
(Registrant)

Dated: July 19 2000

/s/ Dan O'Brien, President and Director

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEET

QUARTERS ENDED MARCH 31 ST 2000	AND 1999	UNAUDITED	
		2000	1999
Assets			
Current			
Cash		3 409	116540
Accounts receivable		228 560	12 743
Inventory		132 558	3 346
<u>Prepaid expenses</u>		Nil	310
Total Current Assets		364 527	132 939
<u>Property and Equipment</u>		52 654	11 766
Total Assets		417 181	144 705
Liabilities			
Current			
Accounts payable		56 806	11 169
Accrued liabilities		Nil	3 370
<u>Income tax payable</u>		73 648	Nil
Total current liabilities		130 454	14 539
Stockholders' Equity			
Capital Stock			
Authorized			
50 000 000 Common shares; par value - .001 each			
1 000 000 Preferred shares; par value - .01 each			
Issued			
9 131 316 Common shares			
		9 131	9 131
Capital in excess of par value		163 653	163 653
Other comprehensive income (loss)		(3 488)	1 287
<u>Retained earnings (deficit)</u>		117 431	(43 905)
Total Liabilities and Stockholders' Equity		417 171	144 705

**FLEXIBLE SOLUTIONS INTERNATIONAL INC.
CONSOLIDATED STATEMENT OF OPERATIONS**

QUARTERS ENDED MARCH 31ST 2000 AND 1999

UNAUDITED

	2000	1999
Sales	\$260 328	\$50 285
Cost of Sales	\$152 317	\$46 378
Gross Profit	\$107 921	\$3 907
Operating Expenses		
Wages	26 657	4 543
Shipping	2 839	1 060
Office	870	91
Professional Fees	18 382	436
Misc.	1 914	783
Rent	2 380	139
Subcontracting Fees	7 848	0
Phone	879	473
Travel	2 206	1 255
Entertainment	124	0
Commissions	263	10 386
Service Charges	82	49
Depreciation	2 534	507
Stock Promotion	0	0
Total Operating Expenses	66 975	21 419
Income (loss)	\$40 976	(\$17 512)
Income tax	\$13 940	Nil
Net income	\$27 036	(\$17 512)
Income per share	\$.00	(\$.002)

Weighted average number of shares outstanding 9 131 316

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED MARCH 31ST 2000 AND 1999

UNAUDITED

	2000	1999
Cash Flows from Operating Activities		
Net Income (loss)	40 976	(17 512)
Adjustments	Nil	Nil
Depreciation	2 534	507
Changes in non cash working capital		
Accounts receivable	(115 721)	(11 212)
Inventory	(132 558)	1 011
Prepaid expenses	Nil	210
Accounts payable	56 806	(10 398)
Accrued liabilities	Nil	Nil
<u>Income tax payable</u>	<u>73 648</u>	<u>Nil</u>
Net cash flows provided by (used in) operating activities	(74 315)	(37 394)
Cash flows used in investing activities		
Acquisition of equipment	(12 670)	(2 535)
Cash flows from financing activities		
Issuance of Capital Stock	Nil	Nil
Share issue costs	Nil	Nil
<u>Advance from (repayment to) shareholder</u>	<u>Nil</u>	<u>Nil</u>
Net cash flows provided by (used in) financing activities	Nil	Nil
Effect of exchange rate changes on cash	10 541	(741)
Inflow (outflow) of cash	(76 444)	(40 670)
Cash - beginning of quarter	59 441	157 210
Cash - end of quarter	3 409	116 540

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

Notes to Financial Statements:

Foreign Currency - Flexible Solutions functions using the Canadian dollar. Translation to US dollars for reporting is done at the average exchange rates during the year. Losses and gains arising from currency translation are disclosed as other comprehensive income (loss) in shareholders equity.

Estimates - The preparation of consolidated financial statements requires management to make estimates that affect the reported assets and liabilities at the date of the statements. Actual results could differ.

Inventory - Inventory is valued at the lower of cost or net realizable value. Cost is determined on a first in-first out basis.

Property and Equipment - Property and equipment are recorded at cost and depreciated using the declining balance with the following annual rates:

Manufacturing equipment	20%
Trailer	30%
Computer hardware	30%
Furniture and Fixtures	20%
Office equipment	20%

Revenue Recognition - Revenue is recognized when product is shipped. Returns have been insignificant since the Company's inception, therefore no allowance has been established for product returns.

Financial instruments - The Company's instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Management opines that there are no significant currency or credit risks from these instruments.

Income (loss) per share calculation - Calculated by dividing net income by the weighted average number of shares outstanding.

Accounts Receivable - No provision has been made for uncollectible accounts. Management believes all are collectible.