

**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 Sept. 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 _____ NONE
or organization) (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 9,131,136 shares as of Sept. 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 Sept. 30th 2000, the Company experienced a net after tax loss of \$25,241 as compared to income of \$68,047 for the three months ended Sept. 30th 1999. The loss was a result of three factors. Most significant was the poor summer weather in northeastern Canada and the USA. This resulted in a shortened season for outdoor pools and an earlier production slowdown compared to the previous year. Sales to the area were much higher than the year earlier period but higher production rates in second quarter 2000 caused the Company to fill demand in fewer months. Secondly, the Company engaged in research and development of a new consumer product (custom printed cold packs) in a pro-active effort to have a sideline product available in the event of future poor weather in our summer markets. Finally, more capital was expended to continue the development of AWater\$avr@ in order to speed entry into that market.

RESULTS OF OPERATIONS

Reference is made to Item 2, AManagement'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 nine month periods ended Sept. 30th 2000, compared to the results of operations for the three month and nine month periods ended Sept. 30th 1999, and to changes in the Company's financial condition from December 31st 1999 to Sept. 30th 2000.

THREE MONTHS ENDED Sept. 30th 2000 and 1999

For the third quarter of the current fiscal year ending Sept. 30th 2000, sales were \$143,102 compared to \$357,531 for the same quarter of the previous year. The decrease in sales were as a result of the bad

weather in the northeastern USA and Canada, our main market during this quarter.

Operating expenses were \$61,819 for the third quarter, up from \$46,033 for the third quarter of last year. This is as a result of increased spending on research and development for Water\$avr and cold packs. The largest increases were in the areas of wages (\$34,171), and sub-contracting fees (\$7880).

The net loss for the quarter was \$25,241 which represents a substantial decrease from third quarter last year when the net income was \$68,047. The decrease in income was a result of decreased sales and higher operating expenses.

The earnings per share (fully diluted) was \$0.00 for the three months ended Sept. 30th 2000 compared to \$0.01 for the three months ended Sept. 30th 1999.

NINE MONTHS ENDED Sept. 30th 2000

Sales in the first nine months ended Sept. 30th 2000 were \$943,288 compared to \$667,101 for the nine months ended Sept. 30th 1999. As was the case for the six 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 \$220,317 for the six months ended Sept. 30th 2000 up from \$105,302 for the nine months ended Sept. 30th 1999. The increase in operating expenses in virtually every category are a result of greatly increased production and sales by the Company and increased research and product development costs.

The net income for the nine months ended Sept. 30th 2000 was \$185,468 compared to a net income of \$117,337 for the nine months ended Sept. 30th 1999. The increase in income was due to the increase in sales compared to the year earlier period.

The earnings per share (fully diluted) was \$0.02 for the nine month period ended Sept. 30th 2000 compared to \$0.01 for the nine month period ended Sept. 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 nine months ended Sept. 30th was \$185,468. This resulted in a total cash and cash equivalent position of \$475,502 at the end of the period.

As of Sept. 30th 2000 the Company had working capital of \$475,502 which represented an increase of \$203,279 as compared to the working capital of Sept. 30th 1999. The increase was a result of retained earnings from the fourth quarter of 1999 and the nine 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 Sept. 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: November 11 2000

/s/ Dan O'Brien, President and Director

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEET

QUARTERS ENDED SEPT. 30TH 2000 AND 1999	UNAUDITED	
	2000	1999
Assets		
Current		
Cash	\$228,986	\$55,865
Accounts receivable	138,332	87,990
Inventory	105,484	127,809
Prepaid expenses	1,700	359
Total Current Assets	475,502	272,023
<u>Property and Equipment</u>	<u>50,011</u>	<u>39,421</u>
Total Assets	524,513	311,444
Liabilities		
Current		
Accounts payable	16,001	Nil
Sales Taxes Payable	5,200	(8,679)
Accrued Liabilities	0	Nil
Income tax payable	58,080	35,054
Total current liabilities	79,281	26,375
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)	10,822	(2,537)
	<u>Retained earnings (deficit)</u>	<u>261,626</u>	<u>114,822</u>
	<u>Total Stockholders Equity</u>	<u>445,232</u>	<u>285,069</u>
	Total Liabilities and Stockholders= Equity	524,513	311,444

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

QUARTERS ENDED SEPT. 30TH 2000 AND 1999 UNAUDITED

	2000	1999
Sales	\$143,102	\$357,531
<u>Cost of Sales</u>	<u>106,526</u>	<u>208,134</u>
Gross Profit	36,576	149,134
Operating Expenses		
Wages	34,171	20,384
Shipping	3,297	3,956
Office	1,055	882
Professional Fees	1,161	1,046
Misc.	533	1,902
Rent	3,037	1,088
Subcontracting Fees	7,880	3,720
Phone	1,065	414
Travel	5,735	1,182
Entertainment	277	0
Commissions	283	10,300
Service Charges	773	114

Depreciation	2,552	1,045
Stock Promotion	0	0
Total Operating Expenses	61,819	46,033
Gross Income	(25,241)	103,101
Income Tax	0	35,054
Net Income (loss)	(25,241)	68,047
Income per share	0.00	0.01
Weighted average number of shares outstanding		9,131,316

FLEXIBLE SOLUTIONS INTERNATIONAL INC

CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPT. 30TH 2000 AND 1999 UNAUDITED

	2000	1999
Sales	943,288	667,101
Cost of Sales	<u>441,959</u>	<u>383,915</u>
Gross Profit	501,329	283,186
Operating Expenses		
Wages	101,717	37,802
Shipping	10,806	6,327
Office	4,834	1,572
Professional Fees	34,885	8,517
Misc.	5,960	4,217
Rent	9,157	2,350
Subcontracting Fees	27,943	5,740
Phone	3,466	1,716
Travel	10,739	3,569
Entertainment	597	0
Commissions	1,514	31,079
Service Charges	939	273

	<u>Depreciation</u>	7,760	2,140
Total Operating Expenses		220,317	105,302
Gross Income		281,012	177,844
<u>Income Tax</u>		<u>95,544</u>	<u>60,467</u>
Net Income		185,468	117,377
Income per Share		0.02	0.01
Weighted Average Number of Shares Outstanding			9,131,316

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED SEPT. 30th 2000 AND SEPT. 30th 1999	UNAUDITED	
	2000	1999
Cash Flows from Operating Activities		
Net Income (loss)	(25,241)	68,047
Adjustments	Nil	Nil
Depreciation	2,552	1,045
Changes in non cash working capital		
Accounts receivable	(163,505)	(5,066)
Inventory	53,546	(74,263)
Prepaid expenses	1,058	(185)

Accounts payable	3,023	(2,731)
Sales tax payable	14,880	8,679
<u>Income tax payable</u>	<u>46,035</u>	<u>(35,054)</u>
Net cash flows provided by (used in) operating activities	(67,652)	(39,528)
Cash flows used in investing activities		
Acquisition of equipment	(2,286)	(20,212)
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	(2,991)	(1,249)
Inflow (outflow) of cash	72,929	(60,989)
Cash - beginning of quarter	156,057	116,854
Cash - end of quarter	228,986	55,865

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.