

FLEXIBLE SOLUTIONS INTERNATIONAL INC  
Form 10QSB  
August 14, 2006  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-QSB**

(Mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the quarterly period ended June 30, 2006.**

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-29649

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**FLEXIBLE SOLUTIONS INTERNATIONAL, INC.**

(Name of Small Business Issuer as Specified in Its Charter)

**Nevada**  
(State of Incorporation)

**91-1922863**  
(IRS Employer Identification No.)

**615 Discovery Street**

**Victoria, British Columbia, CANADA**  
(Address of Principal Executive Offices)

**V8T 5G4**  
(Zip Code)

**(250) 477-9969**  
(Issuer's Telephone Number, Including Area Code)

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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

**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: The Company had 12,987,316 shares of Common Stock, par value \$0.001 per share, outstanding as of July 31, 2006.

Transitional Small Business Disclosure Format (check one): Yes  No

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements for the purposes of the federal and state securities laws, including, but not limited to any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words may, could, will, estimate, intend, continue, believe, expect or anticipate or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include but are not limited to:

- w Increased competitive pressures from existing competitors and new entrants;
- w Increases in interest rate or our cost of borrowing or a default under any material debt agreement;
- w Deterioration in general or regional economic conditions;
- w Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- w Loss of customers or sales weakness;
- w Inability to achieve future sales levels or other operating results;
- w The unavailability of funds for capital expenditures; and
- w Operational inefficiencies in distribution or other systems.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see Risk Factors in our Annual Report on Form 10-KSB for the year ended December 31, 2005.

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****FLEXIBLE SOLUTIONS INTERNATIONAL, INC.****CONSOLIDATED BALANCE SHEETS**

At June 30, 2006

(U.S. Dollars)

	<b>June 30,</b>	
	<b>2006</b>	<b>December 31,</b>
	<b>(Unaudited)</b>	<b>2005</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$913,251	\$526,292
Accounts receivable	1,320,637	758,463
Income tax	--	28,918
Loan receivable	36,202	35,228
Inventory	1,689,539	2,314,979
Prepaid expenses	117,943	137,315
	4,077,572	3,801,195
<b>Property, equipment and leaseholds</b>	4,376,363	4,657,383
<b>Patents</b>	152,026	143,822
<b>Investment</b>	369,000	369,000
	\$8,974,961	\$8,971,400
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$404,141	\$691,105
	404,141	691,105
<b>Stockholders Equity</b>		
<b>Capital stock</b>		
Authorized		
50,000,000 Common shares with a par value of \$0.001 each		
1,000,000 Preferred shares with a par value of \$0.01 each		
Issued and outstanding		
12,987,316 (2005: 12,981,316) common shares	12,987	12,981
<b>Capital in excess of par value</b>	11,792,417	11,422,219
<b>Other comprehensive income</b>	208,872	153,254
<b>Deficit</b>	(3,443,456 )	(3,308,158 )
<b>Total Stockholders Equity</b>	8,570,820	8,280,295
<b>Total Liabilities and Stockholders Equity</b>	\$9,874,961	\$8,971,400

**Commitments and Contingencies (Notes 14 & 15)**

-- See Notes to Unaudited Consolidated Financial Statements --



**FLEXIBLE SOLUTIONS INTERNATIONAL, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the Three Months Ended June 30, 2006 and 2005**

**(U.S. Dollars -- Unaudited)**

	<b>Three Months Ended June 30,</b>	
	<b>2005</b>	
	<b>2006</b>	<b>(Restated)</b>
		<b>See Note 3</b>
<b>Sales</b>	\$2,250,388	\$1,868,133
<b>Cost of sales</b>	1,431,315	1,053,644
<b>Gross profit</b>	819,073	814,489
<b>Operating expenses</b>		
Wages	322,092	202,388
Administrative salaries and benefits	159,192	71,071
Advertising and promotion	13,437	