

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES ACT OF 1934

For the quarterly period ended March 31, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-29649

Flexible Solutions International Inc.

(Name of small business issuer in its charter)

Nevada, USA _____ 91-
1922863 _____ (State or other Jurisdiction of Incorporation or Organization)
(IRS Employer Identification No.)

2614 Queenswood Drive, Victoria, British Columbia, Canada V8N 1X5
(Address of principal executive offices)

Issuer's Telephone Number: 250-477-9969

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock \$0.001 par value.

(Title of Class)

Indicate the number of shares outstanding of each of the issuer's classes of common stock,
as of March 31, 2002: Common Stock, \$0.001 par value – 9,519,816 Shares.

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

PART 1
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Attached hereto and incorporated herein by reference

**ITEM 2. MANAGEMENT'S 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.

Overview

Gross sales increased \$25,173 during the first quarter of Fiscal 2002 as compared to the first quarter of Fiscal 2001. During the first quarter of Fiscal 2002, the Company experienced a decrease in net income of \$79,985 as compared to the first quarter of Fiscal 2001. The decrease in net income was the result of an increase in the cost of sales and an increase in operating expenses as discussed below.

Results of Operations

Flexible Solutions is an environmental biotechnology company active in energy and water conservation products. The Company believes that its patented and patent-pending products are effective. All of the Company's products are biodegradable. The Company's corporate headquarters is located in Victoria, British Columbia. It has two manufacturing centers. One located in Calgary, Alberta and the second located in Ontario Canada.

For the first quarter of the current fiscal year, ending March 31, 2002, sales increased 7.2% to \$376,620 compared to \$351,447 for the same quarter of the previous year. The Company experienced a higher volume of sales during the first quarter Fiscal 2002 as its "Tropical Fish" product gained greater acceptance in the market place. Management expects that this trend will continue in the future.

General and administrative expenses for the Company were \$155,309 for the first quarter up from \$75,799 for the first quarter of last year. The increase in operating expenses was the result of the growth in the Company both in its Water\$avr Division and its "Heat\$aver" Division. Notable increases included: wages up 28% (\$31,755 compared to \$24,781); administrative salaries and benefits up 90% (\$25,014 compared to \$13,164); advertising up 908% (\$15,329 compared to only \$1,520); professional fees up 540% (\$26,952 compared to \$4,213); and, rent up 268% (\$15,772

compared to \$4,288) Increases also occurred in depreciation; miscellaneous items; insurance; entertainment; utilities; telecommunications; office; shipping; and, subcontracting.

Management attributes the increase in general and administrative expenses to the fact that the Company has expanded the manufacturing and sales of its “WaterSavr” product and its “HeatSaver” product .

Subsequent to the conclusion of the first quarter of Fiscal 2001, the Company hired a new President for the “WaterSaver” division and marketing efforts within this division have grown significantly as evidenced by the letters of intent for the purchase of this product from a multinational company located in India and from the Ministry of Water of the Peoples Republic of China and the National Engineering Research Center for Water Saving and Irrigation at Yang Ling. Management expects that sales from these sources will begin in the latter portion of Fiscal 2002.

Also contributing to the increase in expenses, a new facility was put into place after the first quarter of Fiscal 2001 to expand the manufacturing and distribution of the “Tropical Fish” product. This facility is located in Calgary, Alberta and augments the manufacturing and distribution activities taking place at the Company’s facility located in the province of BC.

Within the category of operating expenses, decreases did occur in the categories of travel; commissions; stock promotion and transfer agent fees.

Net income for the quarter was \$21,019 which represents a 79% decrease over the first quarter of last year when net income was \$101,004. As stated earlier, the decrease in net income was due primarily to an increase in the activities of the WaterSavr Division and the expansion of facilities which occurred within the “HeatSaver” Division.

Earnings per share (fully diluted) were \$0.00 for the first quarter of Fiscal 2002 compared to \$0.01 for the first quarter of fiscal 2001.

Liquidity and Capital Resources

As of March 31, 2002, the Company had working capital of \$534,827 which represented an increase of \$108,299 as compared to the working capital position of \$426,528 on March 31, 2001. The increase in working capital was due to an increase in cash and cash equivalents of \$73,752; an increase in accounts receivable of \$4,437; an increase in inventory of \$13,634; an increase in prepaid expenses of \$6,329; and, an increase in income tax installments of \$27,544.

Accounts Receivable and Inventory represented 75.6% of current assets and both continue to turn over at acceptable rates.

Based on the Company’s current working capital position and its policy of retaining earnings, the Company has adequate working capital to meet its needs during the current fiscal year.

On April 30, 2002, the Company announced the closing of a private placement that raised \$1,000,000 through the sale of 400,000 common shares at \$2.50. The proceeds of this private placement will be used to accelerate the sales initiatives of the Company’s WaterSavr Division of the Company and for general corporate purposes.

**PART II
OTHER INFORMATION**

ITEM 1. LEGAL PROCEEDINGS

In December 2001, the Company filed suit in British Columbia Supreme Court against Equity Trust and John Wells. The Company is claiming that Equity Trust and John Wells did not provide the services for which they were paid 100,000 shares of common stock and loaned \$25,000. The Company is seeking return (and cancellation) of the shares, repayment of the loan, costs and penalties from Equity Trust and John Wells. As of 3/31/2002, the BC Supreme Court has enjoined the defendant against any transaction regarding the shares until trial is complete. The Company has accounted for the loan as un-collectable; the 100,000 shares are included in reported issued/outstanding common stock.

ITEM 2. CHANGES IN SECURITIES

- a. No Disclosure Necessary.
- b. No Disclosure Necessary.
- c. 217,000 shares of common stock issued in 1st Quarter of 2002 upon exercise of employee stock option with proceeds of \$61,141 received.
- d. No Disclosure Necessary.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No Disclosure Necessary.

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

No Disclosure Necessary

ITEM 5. OTHER INFORMATION

No Disclosure Necessary

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No Disclosure Necessary

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.

Flexible Solutions International Inc.

Registrant

Date: _____ /s/ Daniel B. O'Brien
Daniel B. O'Brien, President/Treasurer/Secretary/Director

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

Consolidated Statement of Operations

(Un-audited)

Quarters Ended March 31, 2002

(U.S. Dollars)

	2002	2001
Sales	\$376,620	\$351,447
Cost of Sales (Exclusive of Depreciation)	187,410	112,755
Gross Profit	189,210	238,692
Operating Expenses		
Wages	31,755	24,781
Bad Debt Expense	-410	0
Administrative salaries and benefits	25,014	13,164
Advertising	15,328	1,520
Professional fees	26,952	4,213
Subcontracting	6,035	5,629
Shipping	3,164	1,912
Rent	15,772	4,288
Travel	7,611	8,454
Office	4,892	1,590
Telecommunications	2,257	553
Commission	0	178
Utilities	2,340	0
Entertainment	361	0
Stock promotion and transfer agent fees	3,820	5,471
Insurance	1,227	0
Miscellaneous	5,001	1,362
Water\$avr	0	0
Depreciation	4,188	2,684
	155,309	75,799
Income Before Income Tax	33,901	162,893
Income Tax	12,882	61,889
Net Income	\$21,019	\$101,004
Earnings Per Share	\$0.00	\$0.01
Weighted Average Number of Shares	9,397,816	9,212,247

FLEXIBLE SOLUTIONS INTERNATIONAL INC.**Consolidated Balance Sheets****(Un-audited)****As of March 31, 2002****(U.S. Dollars)**

	2002	2001
Assets		
Current		
Cash	\$109,331	\$35,579
Accounts receivable	415,560	411,123
In Trust	22,552	25,000
Short Term Loans	9,338	0
Inventory	133,621	119,987
Income Tax Installments	27,544	0
Prepaid expenses	8,823	2494
Total Current Assets	726,769	594,183
Property and Equipment	77,560	60,410
Total Assets	\$804,329	\$654,593
Liabilities		
Current		
Accounts payable	78,177	15,158
Accrued liabilities	82,713	0
Income tax payable	31,051	152,497
Total Current Liabilities	191,942	167,655
Stockholders' Equity		
Capital Stock		
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		
9,519,816 & 9,231,316 Common shares	9,520	9,231
Capital in Excess of Par Value	624,966	163,653
Other Comprehensive Income (Loss)	(24,587)	(2,366)
Retained Earnings	2,490	316,420
	612,389	486,938
Total Liabilities and Stockholders' Equity	\$804,331	\$654,593

FLEXIBLE SOLUTIONS INTERNATIONAL INC.

Consolidated Statement of Cash Flow

(Un-audited)

Quarters Ended March 31, 2002

(U.S. Dollars)

	2002	2001
Operating Activities		
Net income	\$21,019	\$100,994
provided by (used in) operating activities		
Depreciation	4,188	2,684
Changes in non-cash working capital		
Accounts receivable	(369,186)	(266,740)
Notes receivable	9,403	(25,000)
Inventory	48,077	(26,474)
Prepaid expenses & deposits	27,916	(3,657)
Income Tax Installments	(27,544)	
Accounts payable & accrued liabilities	140,299	2,736
Income tax payable	25,543	61,899
Cash provided (Used in) Operating Activities	(120,285)	(153,558)
Investing Activities		
Acquisitions and Equipment	(12,355)	(10,030)
Financing Activities		
Funds received for share issues	61,500	
Effect of Exchange Rate Changes on Cash	(9,986)	6,887
		0
Inflow (Outflow) of Cash	(81,126)	(156,701)
Cash, Beginning of Quarter	190,457	192,280
Cash, End of Quarter	\$109,331	\$35,579