

DENNEDY JIM
Form 4
July 10, 2012

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DENNEDY JIM

(Last) (First) (Middle)
425 WALNUT STREET, SUITE 1800
(Street)

CINCINNATI, OH 45202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
AGILYSYS INC [AGYS]

3. Date of Earliest Transaction (Month/Day/Year)
07/10/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Shares, Without Par Value	07/10/2012		P	A	\$ 8.49	165,047 ⁽¹⁾	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DENNEDY JIM 425 WALNUT STREET SUITE 1800 CINCINNATI, OH 45202	X		President & CEO	

Signatures

/s/ Derrick D. Anderson via Power of Attorney for James H. Dennedy. 07/10/2012

____Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The purchase reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by Mr. Dennedy effective August 22, 2011

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ----- 2004 Basic net income \$ (1,257,543) 11,827,734 \$ (0.11) 2003 Basic net income \$ (476,888) 11,734,880 \$ (0.04) 2002 Basic net income \$ (378,445) 10,555,754 \$ (0.04) ----- Options to purchase 1,241,740 shares of common stock at prices ranging from \$1.00 to \$4.60 per share were outstanding during the year ended December 31, 2004 (2003: options to purchase 1,711,000 shares of common stock at prices ranging from \$1.00 to \$4.25 per share; and 2002: options to purchase 3,686,000 shares of common stock at prices ranging from \$0.25 to \$3.50 per share), but were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the Company's common stock. There were no preferred shares issued and outstanding for the years ended December 31, 2004, 2003 or 2002. 11. STOCK OPTIONS. The Company may issue stock options and stock bonuses for shares of its common stock to provide

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incentives to directors, key employees and other persons who contribute to the success of the Company. The exercise price of all incentive options are issued for not less than fair market value. F-16 The following table summarizes the Company's stock option activity for the years ended December 31, 2004 and 2003:

		Number of shares	
Exercise price	Weighted average per share exercise price		Balance,
December 31, 2002	3,686,800 \$0.25 - \$3.50 \$3.79	Granted 256,000 \$3.60 - \$4.25 \$3.61	Exercised (124,000) \$0.25 - \$2.28 \$0.48
Expired (2,107,800)	\$0.25 - \$5.50 \$4.72		Balance,
December 31, 2003	1,711,000 \$1.00 - \$4.25 \$2.84	Granted 572,740 \$3.00 - \$4.60 \$3.46	Exercised (37,000) \$1.00 - \$2.50 \$1.55
Expired (5,000)	\$4.25 \$4.25	Cancelled (1,000,000)	\$1.50 - \$3.50 \$2.50
			Balance, December 31, 2004
			1,241,740 \$1.00 - \$4.60 \$2.87

The Company applies APB Opinion No. 25 and related interpretations in accounting for its stock options granted to employees, and accordingly, compensation expense of nil (2003 - nil) was recognized as wages expense. Had compensation expense been determined as provided in FAS No. 123 using the Black-Scholes option-pricing model, the pro forma effect on the Company's net income (loss) and per share amounts would be as follows:

	2003	2002	As Restated	As
Restated 2004 (Note 3)	(Note 3)			Net income (loss), as reported
				\$ (1,257,543)
				Net income (loss), pro forma
				(1,647,491) (557,767) (1,000,296)
				Net income (loss) per share,
				as reported (0.11) (0.04) (0.04)
				Net income (loss) per share, pro forma
				(0.14) (0.05) (0.09)

The fair value of each option grant is calculated using the following weighted average assumptions:

	2004	2003	2002
Expected life - years	5.00	5.00	5.00
Interest rate	3.50%	2.87%	3.00%
Volatility	49.00%	49.00%	72.30%
Dividend yield	--%	--%	--%

During the year ended December 31, 2004, the Company granted 275,400 (2003 - 205,000) stock options to consultants and has applied FAS No. 123 using the Black-Scholes option-pricing model, which resulted in additional consulting expense of \$299,345 (2003 - \$122,570). 12. CAPITAL STOCK. During the year ended December 31, 2004, the Company issued 37,000 shares of common stock at prices ranging from \$1.00 to \$2.50 per share upon exercise of stock options. During the year ended December 31, 2003, the Company (i) issued 100,000 shares of common stock valued at \$271,000 to acquire an option to purchase a 20% interest in Tatko (see Note 7); and (ii) F-17 issued 124,000 shares of common stock at prices ranging from \$0.25 to \$2.28 per share upon exercise of stock options. 13. SEGMENTED, SIGNIFICANT CUSTOMER INFORMATION AND ECONOMIC DEPENDENCY. The Company operates in two segments: (a) Development and marketing of two lines of energy and water conservation products (as shown under the column heading "EWCP" below), which consists of a (i) liquid swimming pool blanket which saves energy and water by storing evaporation from the pool surface, and (ii) food-safe powdered form of the active ingredient within the liquid blanket and is designed to be used in still or slow moving drinking water sources. (b) Manufacture of biodegradable polymers and chemical additives used within the petroleum, chemical, utility and mining industries to prevent corrosion and scaling in water piping (as shown under the column heading "BPCA" below). Chemical additives are manufactured for use in laundry and dish detergents, as well as in products to reduce levels of insecticides, herbicides and fungicides. The accounting policies of the segments are the same as those described in Note 2 to the Company's consolidated financial statements, Significant Accounting Policies. The Company evaluates performance based on profit or loss from operations before income taxes, not including nonrecurring gains and losses and foreign exchange gains and losses. The Company's reportable segments are strategic business units that offer different, but synergistic products and services. They are managed separately because each business requires different technology and marketing strategies.

	EWCP	BPCA	Total
Revenue	\$ 1,015,018	\$ 2,377,919	\$ 3,392,937
Interest revenue	34,258	--	34,258
Interest expense	341	68,043	68,384
Depreciation and amortization	47,103	340,968	388,071
Segment profit (loss)	(1,525,461)	267,916	(1,257,545)
Segment assets	235,785	5,014,561	5,250,346
Expenditures for segment assets	130,744	2,165	132,909

There is no segment data

for fiscal 2003 as our additional segment was added in June 2004. The sales generated in the United States of America and Canada are as follows: ----- 2004
 2003 ----- Canada \$ 712,517 \$ 1,671,206 United States and abroad 2,680,420 649,914
 ----- Total \$ 3,392,937 \$ 2,321,120

----- F-18 The Company's long-lived assets are located in Canada and the United States as follows:

----- 2004 2003 -----
 ----- Canada \$ 238,807 \$ 167,589 United States 5,011,539 -- ----- Total \$ 5,250,346 \$ 167,589 -----

14. COMMITMENTS. The Company is committed to minimum rental payments for property and premises aggregating approximately \$393,683 over the term of two leases, the last expiring on June 30, 2009. Commitments in each of the next five years are approximately as follows: ----- 2005 \$ 134,290 2006 114,752 2007 55,169 2008 55,654 2009 33,818 -----

15. CONTINGENCIES. On May 1, 2003, the Company filed a lawsuit in the Supreme Court of British Columbia, Canada, against John Wells and Equity Trust, S.A. seeking the return of 100,000 shares of the Company's common stock and the repayment of a \$25,000 loan, which were provided to defendants for investment banking services consisting of securing a \$5 million loan and a \$25 million stock offering. Such services were not performed and in the proceeding the Company seeks return of such shares after defendant's failure to both return the shares voluntarily and repay the note. On May 7, 2003, the Company obtained an injunction freezing the transfer of the shares. On May 24, 2004, there was a hearing on defendant's motion to set aside the injunction, which motion was denied by the trial court on May 29, 2004. The proceeding is still in a discovery phase. On the date of issuance, the share transaction was recorded as shares issued for services at fair market value, a value of \$0.80 per share. No amounts have been recorded as receivable in the Company's consolidated financial statements as the outcome of this claim is not determinable. On November 13, 2003, Patrick Grant, an ex-employee, filed a lawsuit in the Circuit Court of Cook County, Illinois against the Company, WaterSavr Global Solutions Inc. ("WGS"), the wholly-owned subsidiary of the Company, and Daniel B. O'Brien, the Company's Chief Executive Officer. The plaintiff claims damages for breach of contract, tortious interference with an agreement and various wrongful discharge claims. The plaintiff seeks monetary damages in excess of \$1,020,000 for the breach of contract and tortious interference claims and unspecified compensatory and punitive damages in the wrongful discharge claims. The parties completed mandatory mediation ordered by the Circuit Court and will next appear in court for case management, at which time the court will set discovery deadlines. The Company considers the case without merit and is planning to dispute the matter vigorously. In addition, the Company intends to file counterclaims against the plaintiff for failure to repay financial obligations owed to the Company of almost \$40,000, as well as unspecified damages arising out of the plaintiff's disclosure of confidential information to a client during his employment at WGS. No amounts have been recorded as receivable and no accrual has been made for any loss in the Company's consolidated financial statements as the outcome of the claim filed by the plaintiff is not determinable.

F-19 On May 28, 2004, Sun Solar Energy Technologies, Inc. ("Sun Solar"), filed a lawsuit in the Federal Court of Canada, against the Company, Flexible Ltd., and Mr. O'Brien. Sun Solar is seeking: (a) a declaration that the trademark "Tropical Fish" is available for use by Sun Solar; (b) injunctive relief against further use of the "Tropical Fish" trademark by the Company; and (c) monetary damages exceeding \$7,000,000 for the alleged infringement by the Company, Flexible Ltd. and Mr. O'Brien of the "Tropical Fish" trademark, as well as any other "confusingly similar trademarks" or proprietary trade dresses. On August 9, 2004, the Company, Flexible Ltd. and Mr. O'Brien filed their defense and filed a counterclaim against Sun Solar. The counterclaim seeks: (x) injunctive relief against further use of the "Tropical Fish" trademark by Sun Solar; (y) a declaration that the "Tropical Fish" trademark is owned by the Company, or, in the alternative, is not distinctive and should be struck from the trademark registry; and (z) monetary damages exceeding \$50,000. The parties have completed documentary discovery, and examinations for discovery of all parties have been scheduled for July 2005. No amounts have been recorded as receivable in the Company's consolidated financial statements and no amounts have been accrued as potential losses as the outcome of this claim is not determinable. On July 23, 2004, the Company filed a breach of contract suit in the Circuit Court of Cook County, Illinois against Tatko. The action arises out of a joint product development agreement entered into between the Company and Tatko in which the Company agreed to invest \$10,000 toward the product development venture and granted to Tatko 100,000 shares of the Company's restricted common stock. In return, Tatko granted the Company a five-year option to purchase 20% of Tatko's

outstanding capital stock. Tatko has since refused to collaborate on the agreement and the Company seeks declaratory relief stating that Tatko is not entitled to the 100,000 shares of the Company's restricted common stock. The litigation is still pending at this time. In addition, Tatko filed its own suit on September 24, 2004 in the Circuit Court of Cook County, Illinois seeking declaratory relief of its entitlement to the Company's restricted common stock. On May 23, 2005, the Tatko suit was dismissed with prejudice by the District Court. No amounts have been recorded as receivable in the Company's consolidated financial statements and no amount has been accrued as a loss as the outcome of the claim against Tatko is not determinable.

16. SUBSEQUENT EVENTS. On April 14, 2005, the Company announced that it had raised \$3.375 million dollars pursuant to a private placement of up to 1,800,000 shares of its common stock. The investors collectively purchased 900,000 shares of the Company's common stock at a per share purchase price of \$3.75, together with warrants to purchase up to 900,000 additional shares of the Company's common stock. The warrants have a four-year term and are immediately exercisable at a price of \$4.50 per share. The purpose of the transaction was to provide sufficient working capital for the Company to retire the debt remaining from its acquisition of certain assets from Donlar Corporation in June 2004.

17. COMPARATIVE FIGURES. Certain of the comparative figures have been reclassified to conform with the current year's presentation.

F-20 Item 8. Changes in and Disagreements With Accountants On Accounting and Financial Disclosure. None.

Item 8A. Controls and Procedures. Disclosure Controls and Procedures We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports to the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure control objectives. As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) that is required to be included in our periodic reports. The prior accounting treatment of our stock-based compensation expense was done in consultation and in accordance with the advice of our independent accountants. Accordingly, management does not believe that this restatement of our Annual Report indicates or results from a material weakness with respect to our disclosure controls and procedures or our internal controls over financial reporting.

Changes in Internal Control Over Financial Reporting There was no change in our internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 8B. Other Information. None.

26 PART III Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(A) of the Exchange Act. DIRECTORS AND EXECUTIVE OFFICERS The following table sets forth our directors and officers and their respective ages and positions:

Name	Age	Position
Daniel B. O'Brien	48	President, Director
John H. Bientjes	51	Director
Dr. Robert N. O'Brien	83	Director
Dale Friend	48	Director
Eric Hodges	56	Director

Daniel B. O'Brien has served as the President and Chief Executive Officer, as well as a director, of our company since June 1998. He has been involved in the swimming pool industry since 1990, when he founded our subsidiary, Flexible Ltd., which was purchased by us in 1998. From 1990 to 1998, Mr. O'Brien was also a teacher at Brentwood College where he was in charge of outdoor education. John H. Bientjes has been a member of our board of directors since February 2000. Since 1984, Mr. Bientjes has served as the manager of the Commercial Aquatic Supplies Division of D.B. Perks & Associates, Ltd., located in Vancouver, British Columbia, a company that markets supplies and equipment to commercial swimming pools which are primarily owned by municipalities. Mr. Bientjes graduated in 1976 from Simon Fraser University in Vancouver, British Columbia with a Bachelor of Arts Degree in Economics and Commerce. Dr. Robert N. O'Brien has been a member of our board of directors since June 1998. Dr. O'Brien was a Professor of Chemistry at the University of Victoria from 1968 until 1986 at which time he was given the designation of Professor Emeritus. He held various academic positions since 1957 at the University of Alberta, the University of California at Berkley, and the University of Victoria. While teaching, Dr. O'Brien acted as a consultant and served on

the British Columbia Research Council from 1968 to 1990. In 1987, Dr. O'Brien founded the Vancouver Island Advanced Technology and Research Association. Dr. O'Brien received his Bachelor of Applied Science in Chemical Engineering from the University of British Columbia in 1951; his Masters of Applied Science in Metallurgical Engineering from the University of British Columbia in 1952; his Ph.D. in Metallurgy from the University of Manchester in 1955; and was a Post Doctoral Fellow in Pure Chemistry at the University of Ottawa from 1955 through 1957. Dr. Robert N. O'Brien and Daniel B. O'Brien are father and son. Dale Friend was elected a director in December 2002. Ms. Friend has served as the company comptroller for a Lock and Security firm in Vancouver since August 2004. She was a Senior Trust Analyst for Alderwoods Group, a company engaged in funeral and mortuary services, from August 2002 to February 2003. She also served as an Advanced Accountant for such firm from 1999 to August 2002. From 1979 to 1998, Ms. Friend was with Telus in various accounting, auditing and financial planning positions. Eric Hodges was elected a director in September 2004. Mr. Hodges is an accountant from Victoria who has over three decades of experience. He received his financial education from the University of Washington in Seattle where he played for the Huskies football program. Mr. Hodges continued playing football after college, with a successful, multiyear professional career with the British Columbia Lions of the Canadian Football League. In the past five years, Mr. Hodges has owned and 27 operated Eric G. Hodges & Associates, a Victoria-based accounting firm with both Canadian and U.S. clientele. Eric is extremely familiar with both Canadian and United States generally accepted accounting principles ("GAAP"), since he has clients in both countries. Furthermore, his wide range of experience with small and quickly growing companies will be an asset to the board of directors. Directors are elected annually and hold office until the next annual meeting of our stockholders and until their successors are elected and qualified. We reimburse directors for any expenses incurred in attending board of directors meetings. We also compensate directors \$1,000 annually and grant the three independent directors an option to purchase 5,000 common shares each year that they serve. There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors. All executive offices are chosen by the board of directors and serve at the board's discretion. BOARD COMMITTEES Our board of directors has established an Audit Committee and a Compensation Committee. Audit Committee Our Audit Committee, consisting of John Bientjes, Dale Friend and Eric Hodges, all of whom are independent directors and have strong financial backgrounds, facilitates and maintains open communications among our board of directors, our Audit Committee, senior management and our independent auditors. Our Audit Committee also serves as an independent and objective party to monitor our financial reporting process and internal control system. In addition, our Audit Committee reviews and appraises the efforts of our independent auditors. Our Audit Committee meets periodically with management and our independent auditors. The Audit Committee held four meetings in fiscal 2004 and all members participated. Our board of directors has determined that Mr. Bientjes meets the SEC's definition of audit committee financial expert. Each of the members of the Audit Committee are "independent," as such term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended. Compensation Committee Our Compensation Committee, consisting of Dr. Robert O'Brien and John Bientjes, establishes salary, incentive and other forms of compensation for our Chief Executive Officer, and administers our stock option programs. Our Compensation Committee meets periodically with management and our independent auditors. The Compensation Committee held one meeting in fiscal 2004 and both of the members participated. CODE OF ETHICS Between the year ended December 31, 2003 and July 2005, we had not adopted a written Code of Ethics applicable to our senior management and senior financial staff. However, effective as of August 2005, our board of directors has adopted a Code of Ethics that applies to our Chief Executive Officer, our Chief Financial Officer and our Principal Accounting Officer, as well as to the other senior management and senior financial staff of our company. Our Code of Ethics complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules and regulations issued thereunder for codes of ethics applicable to such officers. Our board of directors has reviewed and will continue to evaluate its role and responsibilities with respect to the new legislative and other requirements of the SEC. Interested persons can obtain a copy of our Code of Ethics, without charge and upon request, by writing to: Investor Relations, c/o Flexible Solutions International, Inc. 615 Discovery St., Victoria, British Columbia, V8T 2S5, CANADA. Interested persons may also obtain a copy of our Code of Ethics by printing it from the "Investor Info--Insider Trading Reports" page of our website, at <http://www.flexiblesolutions.com>. SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE Based solely upon a review of our records, we are not aware of any of our officers, directors or beneficial owners of more than 10% of our securities that failed to timely file one or more reports disclosing beneficial ownership of our securities as required under Section

16(a) of the Securities Exchange Act of 1934, as amended, during the fiscal year ended December 31, 2004. Item 10. Executive Compensation. EXECUTIVE COMPENSATION SUMMARY COMPENSATION TABLE The following table sets forth certain information about the compensation paid or accrued to the person who was our Chief Executive Officer (the "named executive officer") during the fiscal year ended December 31, 2004.

----- ANNUAL
COMPENSATION LONG-TERM COMPENSATION AWARDS ----- Awards Payouts -----
----- Year Salary Bonus Other Restricted Securities All LTIP Other Annual Stock Underlying
Payouts Compensation Compensation Awards Option/SARS -----
----- (\$) (\$) (\$) (\$) (\$) (\$) (\$) Daniel B. O'Brien 2004 40,000 -- -- -- 50,000 -- --
President, Chief 2003 40,000 -- -- -- 20,000 -- -- Executive Officer 2002 40,000 -- -- -- 50,000 -- --

----- OPTION/SAR
GRANTS IN LAST FISCAL YEAR (INDIVIDUAL GRANTS) The following table provides certain information about the stock options granted to the named executive officer in the year ended December 31, 2004.

----- No. of Securities
Percent of Total Underlying Options Options/SARS Granted to Exercise or Base Name Granted #) Employees in
Fiscal Year Price (\$/share) Expiration Date -----
----- Daniel B. O'Brien 50,000 shares 15.3% \$3.00 December 31, 2009
----- 29

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES The following table sets forth certain information about stock options exercised in fiscal 2004 and the value of unexercised stock option held as of December 31, 2004 by the named executive officer.

----- Value of
Unexercised Number of Unexercised Options In-The Money at FY-End (#) Options at FY-End (\$) Value of
----- Shares Value Acquired on Realized Name Exercise (#) (\$) Value of
Exercisable Unexercisable Exercisable Unexercisable -----
----- Daniel B. O'Brien 170,000 50,000 \$391,500 0

----- DIRECTOR
COMPENSATION We have agreed to issue to our non-employee directors options to purchase 5,000 shares of our common stock annually for serving as a director. However, Dr. Robert N. O'Brien will not receive director options in any year in which he receives options for other services. We currently pay Dr. O'Brien additional options for assisting in research and development and patent prosecution. The amount of such options are determined annually by the board of directors with Dr. O'Brien abstaining from the vote on such matter. In fiscal 2004, Dr. O'Brien received the following options for such services and he did not receive director options: -----

----- Option Price No. of Options Expiration Date
----- \$3.00 25,000 December 31, 2009 -----
----- Our outside directors received the following options
in 2004: ----- Name
Option Price No. of Options Expiration Date ----- John H. Bientjes \$3.00 5,000
December 31, 2009 Dale Friend \$3.00 5,000 December 31, 2009 Eric Hodges \$3.00 5,000 December 31, 2009

----- EMPLOYMENT
CONTRACTS AND CHANGE IN CONTROL ARRANGEMENTS We have not entered into any employment agreements or change in control agreements with the named executive officer. 30 Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 11, 2005 by (i) each stockholder who is known by us to own beneficially more than five percent of our outstanding common stock, (ii) each member of our board of directors, (iii) the named executive officer, and (iv) by all of our executive officers and directors as a group. The information as to each person or entity has been furnished by such person or group.

----- Shares Beneficially Owned
(1) Common Stock Percentage ----- Daniel B. O'Brien (2)(3)
4,816,200 40.7% Dr. Robert N. O'Brien (2)(3) 1,825,000 15.5% -----

----- As a group (2 persons) 6,641,200 56.2% -----

----- (1) Applicable percentage of ownership at March 11, 2005, is based upon 11,831,916 shares of Common Stock outstanding. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares shown as beneficially owned. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days of March 11, 2005, are deemed outstanding for computing the shares and percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage ownership of any other person or entity. (2) Address for this shareholder is 2614 Queenswood Drive, Victoria, C, V8N 1X5, CANADA. (3) Includes shares which may be acquired on the exercise of stock options as follows. ----- Exercise Name

No. of Options	Price	Expiration Date	-----	Exercise Name
100,000	\$1.40	December 31, 2006	-----	Daniel O'Brien
50,000	\$1.40	December 31, 2006	-----	Dr. Robert O'Brien
20,000	\$3.60	December 31, 2007	-----	John Bientjes
25,000	\$4.25	December 31, 2007	-----	Dale Friend
25,000	\$3.60	December 31, 2007	-----	Eric Hodges
5,000	\$4.25	December 31, 2008	-----	
5,000	\$3.60	December 31, 2008	-----	
5,000	\$4.25	December 31, 2008	-----	
5,000	\$3.60	December 31, 2008	-----	

----- 31 The total does not include the following shares which may be acquired on the exercise of stock options which are not exercisable until December 31, 2005 and must also be approved at the annual general meeting. -----

Exercise Name	No. of Options	Price	Expiration Date	-----
Daniel O'Brien	50,000	\$3.00	December 31, 2009	-----
John H. Bientjes	5,000	\$3.00	December 31, 2009	-----
Dr. Robert O'Brien	25,000	\$3.00	December 31, 2009	-----
Dale Friend	5,000	\$3.00	December 31, 2009	-----
Eric Hodges	5,000	\$3.00	December 31, 2009	-----

Item 12. Certain Relationships and Related Transactions. Our director, Dr. Robert N. O'Brien, developed our substantially all of products and has assigned his patent rights to such products to us. We have no agreement with Dr. O'Brien requiring him to conduct any research and development activities for us, but we anticipate that any future inventions which may be of interest to us will continue to be assigned to us by Dr. O'Brien, although he has no legal obligation to do so. Dr. O'Brien does not receive any salary or royalties from us for any research and development activities, although our board of directors does consider such activities undertaken by Dr. O'Brien when it grants stock options to Dr. O'Brien. Dr. O'Brien is a member of our board of directors, but abstains from all proceedings of the board concerning his stock option grants. See Item 10 above for further information. Dr. O'Brien is the father of our Chief Executive Officer, Daniel B. O'Brien. Item 13. Exhibits. Number Description -----

3.1 Articles of Incorporation of the Registrant. (1) 3.2 Bylaws of the Registrant. (1) 21.1 Subsidiaries. (2) 23.1 Consent of Independent Accountants.* 31.1 Certification of Principal Executive Officer Pursuant to ss.302 of the Sarbanes-Oxley Act of 2002.* 31.2 Certification of Principal Financial Officer Pursuant to ss.302 of the Sarbanes-Oxley Act of 2002.* 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. ss.1350 and ss.906 of the Sarbanes-Oxley Act of 2002.* 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. ss.1350 and ss.906 of the Sarbanes-Oxley Act of 2002.* ----- * Filed herewith. (1) Previously filed as an exhibit to the Company's

Registration Statement on Form 10-SB filed with the Commission on February 22, 2000, and incorporated herein by reference. (2) Previously filed as an exhibit to the Company's Registration Statement on Form SB-2 filed with the Commission on January 22, 2003, and incorporated herein by reference. Item 14. Principal Accountant Fees and Services. Cinnamon Jang Willoughby & Company, Certified Public Accountants ("CJW"), are our independent auditors and have examined our financial statements for each of the fiscal years ended December 31, 2004 and 2003. 32 AUDIT FEES CJW was paid aggregate fees of \$23,240 and \$19,293 for the for the fiscal year ended December 31, 2004 and 2003, respectively, for professional services rendered for the audit of our annual financial statements and for the reviews of the financial statements included in our quarterly reports on Form 10-QSB during these fiscal years. AUDIT-RELATED FEES CJW was not paid any additional fees for the fiscal years ended December 31, 2004 and 2003 for assurance and related services reasonably related to the performance of the audit or review of our financial statements. TAX FEES CJW was paid aggregate fees of \$2,075 and \$1,400 for the fiscal years ended December 31, 2004 and 2003, respectively, for professional services rendered for tax compliance, tax advice and tax planning. The nature of these services were calculation and filing of the income tax returns for the fiscal years ended December 31, 2004 and 2003. OTHER FEES CJW was paid no other fees for professional services during the fiscal years ended

December 31, 2004 and 2003. AUDIT COMMITTEE PRE-APPROVAL POLICIES Rules adopted by the SEC in order to implement requirements of the Sarbanes-Oxley Act of 2002 require public company audit committees to pre-approve audit and non-audit services. Effective as of December 2002, our Audit Committee has adopted a policy for the pre-approval of all audit, audit-related and tax services, and permissible non-audit services provided by our independent auditors. The policy provides for an annual review of an audit plan and budget for the upcoming annual financial statement audit, and entering into an engagement letter with the independent auditors covering the scope of the audit and the fees to be paid. The Audit Committee may also from time-to-time review and approve in advance other specific audit, audit-related, tax or permissible non-audit services. In addition, the Audit Committee may from time-to-time give pre-approval for audit services, audit-related services, tax services or other non-audit services by setting forth such pre-approved services on a schedule containing a description of, budget for, and time period for such pre-approved services. The policies require the Audit Committee to be informed of each service, and the policies do not include any delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated will report any pre-approval decisions to the Audit Committee at its next scheduled meeting. During the year ended December 31, 2004, the Audit Committee approved 100% of the total fees that were paid to CJW. The Audit Committee has determined that the rendering of all other non-audit services by CJW is compatible with maintaining CJW's independence. During the year ended December 31, 2004, none of the total hours expended on our financial audit by CJW were provided by persons other than CJW's full-time permanent employees. 33 SIGNATURES In accordance with the requirements of Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Dated: December 5, 2005. FLEXIBLE SOLUTIONS INTERNATIONAL, INC. By:/s/ DANIEL B. O'BRIEN ----- Name: Daniel B. O'Brien Title: President and Chief Executive Officer In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated: Signature Title Date ----- /s/ DANIEL B. O'BRIEN President and Chief Executive December 5, 2005 ----- Officer (principal executive Daniel B. O'Brien officer), Interim Chief Financial Officer (principal accounting officer), Director Director ----- John H. Bientjes /s/ ROBERT N. O'BRIEN Director December 5, 2005 ----- Robert N. O'Brien /s/ DALE FRIEND Director December 5, 2005 ----- Dale Friend /s/ ERIC G. HODGES Director December 5, 2005 ----- Eric G. Hodges

34