MARTIN MIDSTREAM PARTNERS LP
Form 8-K
March 18, 2014

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): March 14, 2014

MARTIN MIDSTREAM PARTNERS L.P.
(Exact name of Registrant as specified in its charter)

DELAWARE	000-50056	05-0527861
(State of incorporation or organization)	(Commission file number)	(I.R.S. employer identification number)

4200 Stone Road
Kilgore, TX 75662
(Address of principal executive offices)(Zip code)

Registrant's telephone number, including area code: (903) 983-6200

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry Into a Material Definitive Agreement.

The information included, or incorporated by reference, in Item 2.03 of this Current Report on Form 8-K (this "Report") is incorporated by reference into this Item 1.01 of this Report.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On March 14, 2014, Martin Midstream Partners L.P. (the "Partnership"), Martin Midstream Finance Corp. ("FinCo" and, together with the Partnership, the "Issuers") and certain subsidiary guarantors (the "Guarantors") entered into a Purchase Agreement (the "Purchase Agreement") with Wells Fargo Securities, LLC, acting as representative (the "Representative") of a group of initial purchasers named therein (the "Initial Purchasers"), pursuant to which the Initial purchasers agreed to purchase $150.0 million in aggregate principal amount of the Issuers' 7.250% senior unsecured notes due 2021 (the "Additional Notes"). The Additional Notes will be issued under the same indenture as the $250.0 million of the Issuers' 7.250% senior notes due 2021 (the "Existing Notes") that were issued on February 11, 2013. The Additional Notes are being issued under the same indenture as the Existing Notes and are part of the same series and will have identical terms, although the Additional Notes will be subject to restrictions on transfer and will bear a different CUSIP number than the Existing Notes until they are exchanged for registered notes.

The Additional Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and unless so registered, the Additional Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuers offered and will sell the Additional Notes only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

The Purchase Agreement contains customary representations and warranties of the parties and indemnification and contribution provisions under which the Issuers and the Guarantors, on one hand, and the Initial Purchasers, on the other, have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. The Issuers also agreed not to issue certain debt securities for a period of 60 days after March 14, 2014 without the prior written consent of Wells Fargo Securities, LLC. In addition, the Purchase Agreement contemplates the execution of a registration rights agreement relating to the Additional Notes.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, a copy of which is filed with this Report as Exhibit 10.1 and is incorporated herein by reference.

The Partnership will use the net proceeds from this offering to repay borrowings under its revolving credit facility that it will borrow to pay the redemption price of approximately $182.8 million on its 8.875% notes due 2018 that have been called for redemption.

Item 8.01. Other Events.

On March 14, 2014, the Partnership issued a press release announcing the launch of the Additional Notes offering. A copy of the Partnership's press release announcing the pricing is filed as Exhibit 99.1 to this Report and is incorporated herein by reference.

On March 14, 2014 the Partnership issued a press release announcing the pricing of the Additional Notes offering. A copy of the Partnership's press release announcing the pricing is filed as Exhibit 99.2 to this Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT NUMBER		DESCRIPTION
10.1	-	Purchase Agreement, dated as of March 14, 2014, by and among the Partnership, FinCo, the Guarantors named therein and the Initial Purchasers named therein.
99.1	-	Press release dated March 14, 2014.
99.2	-	Press release dated March 14, 2014.

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 hereunto duly authorized.

MARTIN MIDSTREAM PARTNERS L.P.

By: Martin Midstream GP LLC,
Its General Partner

Date: March 18, 2014 By: /s/ Robert D. Bondurant
Robert D. Bondurant,
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

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Flexible Solutions Ltd. is the accounting survivor, the consolidated financial statements presented for all periods are those of Flexible Solutions Ltd. The shares issued by Flexible Solutions International Inc. pursuant to the 1998 acquisition have been accounted for as if those shares had been issued upon the organization of Flexible Solutions Ltd. On May 2, 2002, the company established Water$aver Global Solutions Inc. through issuance of 100 shares of common stock. Pursuant to a purchase agreement dated May 26, 2004, the company acquired the assets of Donlar Corporation on June 9, 2004 and created a new company, NanoChem Solutions Inc. The purchase price of the transaction was $6,150,000 with consideration being a combination of cash and debt. Under the purchase agreement and as part of the consideration, the company issued a promissory note bearing interest at 4 % to the vendor to satisfy $3,150,000 of the purchase price. This note is due June 2, 2005 and all of the former Donlar assets are used as security. The following table summarizes the estimated fair value of the assets acquired at the date of acquisition: As at June 9, 2004: Current assets $ 1,126,805 Property and equipment 5,023,195 ----------- 6,150,000 Acquisition costs assigned to property and equipment 314,724 ------------ Total assets acquired $ 6,464,724 ============ On February 7, 2005 the Company incorporated two new subsidiaries in Nevada. SeaHorse Systems Inc. was incorporated to research new applications of our patented dispensing mechanism currently used for Ecosavr. NanoDetect Technologies Inc. is focusing on ways to use our current technologies to detect pathogens. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) --- 2. SIGNIFICANT ACCOUNTING POLICIES: These consolidated financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America applicable to a going concern and reflect the policies outlined below. a) Cash and Cash Equivalents - The company considers all highly liquid investments purchased with an original or remaining maturity of less than three months at the date of purchase to be cash equivalents. Cash and cash equivalents are maintained with several financial institutions. b) Inventory - Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. c) Property, Equipment and Leaseholds - The following assets are recorded at cost and depreciated using the following methods and using the following annual rates: Computer hardware 30% Declining balance Furniture and fixtures 20% Declining balance Manufacturing equipment 20% Declining balance Office equipment 20% Declining balance Building 10% Declining balance Leasehold improvements Over lease term Property and equipment are written down to net realizable value when management determines there has been a change in circumstances which indicates its carrying amount may not be recoverable. No write downs have been necessary to date. d) Impairment of Long Lived Assets - The company assesses the recoverability of its long lived assets by determining whether the carrying value of the long lived assets can be recovered over their remaining lives through undiscounted future operating cash flows using a discount rate reflecting the company's average cost of funds. The assessment of the recoverability will be impacted if estimated future operating cash flows are not achieved. For the year ended December 31, 2004, no impairment charges have been recognized. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS)

-- 2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) e) Foreign Currency - The functional currency of Flexible Solutions Ltd. is the Canadian dollar. The translation of the Canadian dollar to the reporting currency of the U.S. dollar is performed for assets and liabilities using exchange rates in effect at the balance sheet date. Revenue and expense transactions are translated using average exchange rates prevailing during the year. Translation adjustments arising on conversion of the financial statements from the company's functional currency, Canadian dollars, into the reporting currency, U.S. dollars, are excluded from the determination of income and disclosed as other comprehensive income (loss) in stockholders' equity. Foreign exchange gains and losses relating to transactions not denominated in the applicable local currency are included in income if realized during the year and in comprehensive income if they remain unrealized at the end of the year. f) Revenue Recognition - Revenue from product sales is recognized at the time the product is shipped since title and risk of losses is transferred to purchaser upon delivery to the carrier. Shipments are made F.O.B. shipping point. Provisions are made at the time the related revenue is recognized for estimated product returns. Since the company's inception, product returns have been insignificant, therefore no provision has been established for estimated product returns. g) Stock Issued in Exchange for Services - The valuation of the common stock issued to non-employees in exchange for services is valued at an estimated fair market value as determined by officers and directors of the company based upon trading prices of the company's common stock on the dates of the stock transactions. h) Stock Based Compensation - The company applies the fair value based method of accounting prescribed by the Statement of Financial Accounting Standards ("SFAS") No. 123 in accounting for stock issued in exchange for services. i) Comprehensive Income - Other comprehensive income refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net income as these amounts are recorded directly as an adjustment to stockholders' equity. The company's other comprehensive income is primarily comprised of unrealized foreign exchange gains and losses. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) -- 2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) j) Income (Loss) Per Share - Income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding. Diluted income (loss) per share is computed by giving effect to all potential dilutive options that were outstanding during the year. For the years ending December 31, 2004, 2003 and 2002 all outstanding options were anti-dilutive. k) Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact the results of operations and cash flows. l) Financial Instruments - i) Fair Values - The fair market value of the financial instruments comprising cash, short-term investment, accounts receivable, loan receivable, accounts payable and accrued liabilities, and short-term loan payable were estimated to approximate their carrying values due to immediate or short-term maturity of these financial instruments. ii) Foreign Exchange and Interest Rate Risks - The company is exposed to foreign exchange and interest rate risk to the extent that market value rate fluctuations materially differ from financial assets and liabilities subject to fixed long-term rates. m) Recent Accounting Pronouncements - i) In June 2001, the Financial Accounting Standards Board (FASB) issued FAS 142, Goodwill and Other Intangible Assets. Under FAS 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed at least annually for impairment. The amortization provisions of FAS 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the company adopted FAS 142 effective January 1, 2002. Application of the non-amortization provisions of FAS 142 for goodwill did not have any impact on its financial reporting. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) -- 2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED) ii) In October 2001, the FASB issued Statement of Financial Accounting Standards for FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS 144 addresses significant issues relating to the implementation of FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and develops a single accounting model, based on the framework established in FAS 121 for long-lived assets to be disposed of by sale, whether such assets are or are not deemed to be a business. FAS 144 also modifies the accounting and disclosure rules for discontinued operations. The standard was adopted on January 1, 2002 and did not have any impact on the financial statements. iii) In November 2001, the FASB issued EITF Issue No. 01-14,. "Income Statement Characterization of Reimbursements Received for "Out of Pocket" Expenses Incurred." This guidance requires companies to recognize the recovery of reimbursable expenses such as travel costs on service contracts as revenue. These costs are not to be netted as a reduction of cost. This guidance was implemented January 1, 2002. The company does not expect this guidance to have a material impact on the financial statements. 3. LOAN RECEIVABLE: 2005 2004 --------- ---------- 5% loan receivable due on demand $ 38,286 $ 38,570 ========= ========== 4. PREPAID EXPENSES: 2005 2004 --------- ---------- Security deposit and prepaids $ 117,969 $ 131,280 ========= ========== FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) -- 5. PROPERTY, EQUIPMENT AND LEASEHOLDS: Accumulated 2005 2004 Cost Amortization NET Net ----------- ----------- ----------- ----------- Buildings $ 3,144,259 $ 303,488 $ 2,840,771 $ 2,987,046 Computer hardware 44,302 18,068 26,234 27,511 Furniture and fixtures 15,265 4,674 10,591 11,515 Office equipment 28,322 12,233 16,089 18,421 Manufacturing equipment 2,141,071 491,376 1,649,695 1,785,858 Trailer 1,865 912 953 1,146 Leasehold improvements 30,560 13,786 16,774 14,533 Trade Show Booth 6,985 1,885 5,100 6,130 Patents 20,408 - 20,408 - Land 398,186 - 398,186 398,186 ----------- ---------- ----------- ----------- $ 5,831,223 $ 846,422 $ 4,984,801 $ 5,250,346 =========== ========== =========== =========== 6. INVESTMENT: 2005 2004 --- Tatko Inc. - Option to purchase 20% interest in common stock $ 271,000 Air Water Interface Delivery & Detection Inc. 76,000 - $ 347,000 $ 271,000 === On May 31, 2003 the company acquired an option to purchase a 20% interest in the outstanding shares of Tatko Inc. for consideration of the issuance of 100,000 shares of Flexible Solutions International Inc. common stock. The option to purchase the shares of Taiko Inc. expires on May 31, 2008. The cost of the investment has been accounted for based on the original fair market value of Flexible Solutions International Inc. stock on May 31, 2003. See Contingencies (Note 11d) On 2005, NanoDetect Technologies Inc., a new subsidiary of Flexible Solutions International Inc., purchased 25.3 shares in Air Water Interface Delivery and Detection Inc. for a total cost of $76,000. This investment represents only 2.5% of the issued and outstanding shares of AWD, and accordingly will be accounted for under the cost method. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) -- 7. STOCK OPTIONS: The company may issue stock options and stock bonuses for common stock of the company to provide 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. The following table summarizes stock option activity for the years ended December 31, 2004 and 2003 and the six months ended March 31, 2005: Number Exercise price Weighted average of shares 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 Granted 30,000 $3.85 $3.85 Exercised (2,000) $1.40 $1.40 -------------------------- ------------ ------------ ------------------ Balance, June 30, 2005 1,269,740 $1.00 - $4.60 $3.19 == ============== ================= The fair value of each option grant is calculated using the following weighted average assumptions: 2004 2003 2002 -- Expected life - years 5.0 5.0 5.0 Interest rate 3.50% 2.87% 3.00% Volatility 49.0% 49.0% 72.3% Dividend yield - % - % - % During the previous year, the company granted 275,400 (2003 - 205,000) stock options to consultants and have been recognized applying SFAS 123 using the Black-Scholes Option Pricing Model which resulted in additional consulting expense of $299,345 (2003 - $122,570). During the year ended December 31, 2003, the company cancelled 2,000,000 stock options to consultants pursuant to the terms of the contract, resulting in a recovery of consulting expense of $2,480,200. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) --- 8. CAPITAL STOCK: During the six months ended June 30, 2005: i) issued 2,000 shares of common stock at $1.40 upon exercise of options (ii) issued 900,000 shares of common stock with 900,000 warrants attached for the price of 3.75 a share (iii) issued 87,400 shares of common stock with 87,400 warrants attached for the price of $3.75 a share to allow a shareholder to maintain their position after the capital raising During the year ended December 31, 2004 the company: (i) 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 Inc. (Note 7); and (ii) issued 124,000 shares of common stock at prices ranging from $0.25 to $2.28 per share upon exercise of stock options. 9. 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: The first line consists of a liquid swimming pool blanket which saves energy and water by storing evaporation from the pool surface. The second line consists of a 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: Biodegradable polymers are used within the petroleum, chemical, utility and mining industries to prevent corrosion and scaling in water piping. 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 sales in the United States of America and abroad amounted to 79% (2003 - 28%). The remainder was earned in Canada. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) --- The long-lived assets are located in Canada and the United States as follows: 2005 2004 -------------------------- ------------- ------------- Canada $ 273,130 $ 238,807 United States 4,711,671 5,011,539 -------------------------- ------------- ------------- Total $ 4,984,801 $ 5,250,346 ========================== ============= ============= 10. COMMITMENTS: Property and Premises Leases - The company is committed to minimum rental payments for property and premises aggregating approximately $326,538 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 $ 67,145 2006 114,752 2007 55,169 2008 55,654 2009 33,818 11. CONTINGENCIES: a) On November 13, 2003, Patrick Grant filed a lawsuit in the Circuit Court of Cook County, Illinois against the Company, Water$avr 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 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 Mr. Grant is not determinable. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2005 AND 2004 (US DOLLARS) ---
--- 11. CONTINGENCIES: (CONTINUED) b) 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 return of 100,000 shares of the Company's common stock and 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. c) On May 28, 2004, Sunsolar Energy Technologies Inc. ("SET"), filed a lawsuit in the Federal Court of Canada, against the Company, Flexible Solutions, Ltd., the Company's wholly-owned subsidiary ("FSL"), and Mr. O'Brien. SET is seeking: (a) a declaration that the trademark "Tropical Fish" is available for use by SET; (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, FSL 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, FSL and Mr. O'Brien filed their defense and filed a counterclaim against SET. The counterclaim seeks: (x) injunctive relief against further use of the "Tropical Fish" trademark by SET; (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. FLEXIBLE SOLUTIONS INTERNATIONAL INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2005 AND 2004 (US DOLLARS) --- 11. CONTINGENCIES: (CONTINUED) d) On July 23, 2004, the Company filed a breach of contract suit in the Circuit Court of Cook County, Illinois against Tatko Biotech Inc. ("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. e) The Company is the plaintiff in a lawsuit filed in the Court of the Queen's Bench of Alberta, where the subsidiary Flexible Solutions Ltd. is inter-provincially registered. The company is seeking undetermined damages resulting from breach of contract against Calgary Diecast Corporation. The contract was never completed and the Company's raw materials remain in the possession Calgary Diecast Corp. On April 25th, 2005, the Court ordered a judgment in favor of Flexible Solutions Ltd. in the amount of $48,723 and FSL intends to collect using all available means. 12. COMPARATIVE FIGURES: Certain of the comparative figures have been reclassified to conform with the current year's presentation.