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

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended DECEMBER 31, 2000

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________to ______________________

Commission file number 0-7647

HAWKINS CHEMICAL, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA	41-0771293
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

3100 EAST HENNEPIN AVENUE, MINNEAPOLIS, MINNESOTA 55413
(Address of principal executive offices) Zip Code

(612) 331-6910
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT FEBRUARY 9, 2001
Common Stock, par value $.05 per share	10,367,239

HAWKINS CHEMICAL, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HAWKINS CHEMICAL, INC.
CONDENSED BALANCE SHEETS

	DECEMBER 31, 2000 (UNAUDITED)	OCTOBER 1, 2000 (DERIVED FROM AUDITED FINANCIAL STATEMENTS)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		$ 2,185,757
Investments available-for-sale	$ 12,178,229	12,033,866
Trade receivables-net	11,602,058	11,610,606
Notes receivable	160,877	157,701
Inventories	8,803,298	8,929,957
Prepaid expenses and other	2,130,517	2,658,875
Total current assets	34,874,979	37,576,762
PROPERTY, PLANT AND EQUIPMENT-net	25,180,380	23,687,337
NOTES RECEIVABLE-NONCURRENT	2,533,447	2,611,577
OTHER ASSETS	5,973,797	6,018,844
	$ 68,562,603	$ 69,894,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,638,491	$ 5,006,580
Current portion of long-term debt	109,180	102,037
Dividends payable		1,566,036
Other current liabilities	3,438,829	4,788,365
Total current liabilities	9,186,500	11,463,018
LONG-TERM DEBT	116,823	226,003
DEFERRED INCOME TAXES	942,330	937,330
OTHER LONG-TERM LIABILITIES	553,997	596,943
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, par value $.05 per share; issued and outstanding, 10,387,439 and 10,417,739 shares respectively	519,372	520,887
Additional paid-in capital	38,378,364	38,490,313
Retained earnings	18,865,217	17,660,026
Total shareholders' equity	57,762,953	56,671,226
	$ 68,562,603	$ 69,894,520

See accompanying notes to condensed financial statements.

HAWKINS CHEMICAL, INC.
CONDENSED STATEMENTS OF INCOME

	THREE MONTHS ENDED DECEMBER 31	
	2000	1999
	(UNAUDITED)	
NET SALES	$ 24,024,827	$ 21,626,369
COST OF SALES	18,949,791	16,654,017
GROSS PROFIT	5,075,036	4,972,352
SELLING, GENERAL AND ADMINISTRATIVE	3,121,868	2,560,859
INCOME FROM OPERATIONS	1,953,168	2,411,493
OTHER INCOME (DEDUCTIONS):		
Interest income	255,968	287,356
Interest expense	(5,724)	(7,561)
Miscellaneous	966	14,499
TOTAL OTHER INCOME (DEDUCTIONS)	251,210	294,294
INCOME BEFORE INCOME TAXES	2,204,378	2,705,787
PROVISION FOR INCOME TAXES	864,000	1,066,100
NET INCOME	$ 1,340,378	$ 1,639,687
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	10,408,095	10,868,087
EARNINGS PER COMMON SHARE - BASIC AND DILUTED	$ 0.13	$ 0.15

See accompanying notes to condensed financial statements.

HAWKINS CHEMICAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED DECEMBER 31	
	2000	1999
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,340,378	$ 1,639,687
Depreciation and amortization	588,893	510,774
Deferred income taxes	35,000	27,500
Other	(25,824)	(26,024)
Changes in certain current assets and liabilities	(127,006)	1,324,901
Net cash provided by operating activities	1,811,441	3,476,838
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(2,011,065)	(2,392,445)
Purchases of investments	(144,363)	(169,787)
Sale of investments		500,000
Payments received on notes receivable	74,954	73,202
Net cash used in investing activities	(2,080,474)	(1,989,030)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(1,566,036)	(1,314,154)
Acquisition and retirement of stock	(248,651)	(1,085,189)
Debt repayment	(102,037)	(95,362)
Net cash used in financing activities	(1,916,724)	(2,494,705)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,185,757)	(1,006,897)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,185,757	4,778,174
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ -	$ 3,771,277
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 24,729	$ 32,541
Cash paid for income taxes	$ 110,000	$ 322,233

See accompanying notes to condensed financial statements.

1. The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions for Form 10-Q and, accordingly, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended October 1, 2000, previously filed with the Commission. In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments necessary to present fairly the Company's financial position and the results of its operations and cash flows for the periods presented. All adjustments made to the interim financial statements were of a normal recurring nature.

   The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the Company's Annual Report on Form 10-K for the year ended October 1, 2000 filed with the Commission on December 27, 2000.

2. The results of operations for the period ended December 31, 2000 are not necessarily indicative of the results that may be expected for the full year.

3. Inventories, principally valued by the LIFO method, are less than current cost by approximately $1,176,000 at December 31, 2000. Inventory consists principally of finished goods. Inventory quantities fluctuate during the year. No material amounts of interim liquidation of inventory quantities have occurred that are not expected to be replaced by year-end.

4. Cash dividends in the amount of $1,566,036 were paid on October 13, 2000.

5. During the quarter ended December 31, 2000, the Company acquired and retired 30,300 shares of common stock for $248,651.

6. In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. In July 1999, the FASB issued SFAS No. 137 delaying the effective date of SFAS No. 133 for one year to fiscal years beginning after June 15, 2000, with earlier adoption encouraged. This statement, adopted by the Company for the fiscal year beginning October 2, 2000, did not have a material impact on the Company's financial statements.

   In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin No. 101 that provides the staff's views in applying generally accepted accounting principles to selected revenue recognition issues. An amendment in June 2000 delayed the effective date and it is not required to be adopted by the Company until the fourth quarter of fiscal 2001. The Company is reviewing the requirements of this standard and has not yet determined the impact of this standard on its financial statements.

7. The Company has two reportable segments: Industrial and Water Treatment. Reportable segments are defined by product and type of customer. Segments are responsible for the sales, marketing and development of their products and services. The segments do not have separate accounting, administration, customer service or purchasing options.

REPORTABLE SEGMENTS	INDUSTRIAL	WATER TREATMENT	TOTAL
THREE MONTHS ENDED DECEMBER 31, 2000			
Net sales	$ 17,562,683	$ 6,462,144	$ 24,024,827
Gross profit	3,087,399	1,987,637	5,075,036
Operating income	825,159	1,128,009	1,953,168
THREE MONTHS ENDED DECEMBER 31, 1999			
Net sales	$ 15,231,831	$ 6,394,538	$ 21,626,369
Gross profit	2,987,029	1,985,323	4,972,352
Operating income	1,267,412	1,144,081	2,411,493

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THE INFORMATION CONTAINED IN THIS FORM 10-Q INCLUDES FORWARD-LOOKING STATEMENTS AS DEFINED IN SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. FORWARD-LOOKING INFORMATION OR STATEMENTS INCLUDE STATEMENTS ABOUT THE FUTURE OF THE INDUSTRIES REPRESENTED BY OUR OPERATING GROUPS, STATEMENTS ABOUT OUR FUTURE BUSINESS PLANS AND STRATEGIES, THE TIMELINESS OF PRODUCT INTRODUCTIONS AND DELIVERIES, EXPECTATIONS ABOUT INDUSTRY AND MARKET GROWTH DEVELOPMENTS, EXPECTATIONS ABOUT OUR GROWTH AND PROFITABILITY AND OTHER STATEMENTS THAT ARE NOT HISTORICAL IN NATURE. MANY OF THESE STATEMENTS CONTAIN WORDS SUCH AS "MAY", "WILL", "BELIEVE", "INTEND", "ESTIMATE", OR "CONTINUE" OR OTHER SIMILAR WORDS.

THESE FORWARD-LOOKING STATEMENTS INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES, INCLUDING DEMAND FROM MAJOR CUSTOMERS, COMPETITION, CHANGES IN PRODUCT OR CUSTOMER MIX OR REVENUES, CHANGES IN PRODUCT COSTS AND OPERATING EXPENSES AND OTHER FACTORS DISCLOSED THROUGHOUT THIS REPORT. THE ACTUAL RESULTS THAT THE COMPANY ACHIEVES MAY DIFFER MATERIALLY FROM ANY FORWARD-LOOKING STATEMENTS DUE TO SUCH RISKS AND UNCERTAINTIES. THE COMPANY UNDERTAKES NO OBLIGATION TO REVISE ANY FORWARD-LOOKING STATEMENTS IN ORDER TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS REPORT. READERS ARE URGED TO CAREFULLY REVIEW AND CONSIDER THE VARIOUS DISCLOSURES MADE BY THE COMPANY IN THIS REPORT AND IN THE COMPANY'S OTHER REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION THAT ATTEMPT TO ADVISE INTERESTED PARTIES OF THE RISKS AND UNCERTAINTIES THAT MAY AFFECT THE COMPANY'S FINANCIAL CONDITION, RESULTS OF OPERATIONS, AND CASH FLOWS.

CONTINUING OPERATIONS

Net sales increased $2,398,458, or 11.1%, in the first quarter of this fiscal year as compared to the same quarter a year ago, due to an increase of $2,330,852 in Industrial segment sales and an increase of $67,606 in Water Treatment segment sales. The Industrial segment increase is mainly attributable to selling price increases of a single, large-volume product (caustic soda), and increased volumes in several other product lines.

The gross margin, as a percentage of net sales, for the first quarter of fiscal 2001 was 21.1% compared to 23.0% for the same quarter one year ago. For the Industrial segment, gross margin, as a percentage of sales, was 17.6% for the first quarter of fiscal 2001 and 19.6% for the first quarter of fiscal 2000. This decrease is mainly due to higher caustic soda costs, which have increased substantially since October 1, 2000. Due to the large quantities of caustic soda that we had on hand at the beginning of this fiscal year and because we are on the LIFO method of valuing inventories, this increase negatively impacted gross margins in the first quarter of fiscal 2001. The Company was able to implement some caustic soda price increases during the quarter; however, market pressures prevented the Company from recovering all of the increased caustic soda costs. The demand for this product does not fluctuate materially as the cost and selling price increases or decreases. Gross margin, as a percentage of sales, for the Water Treatment segment was 30.8% for the quarter ended December 31, 2000 which was consistent with the 31.0% for the comparable quarter one year ago.

Selling, general and administrative expenses, as a percentage of net sales, for the first quarter of fiscal 2001 was 13.0% compared to 11.8% for the same quarter one year ago, an increase of $561,009, from the prior period. The increase was mainly due to increased employee compensation and benefits associated with the hiring of personnel within both the Industrial and Water Treatment segments and increased operating costs within the Industrial segment. Employee compensation and benefits comprise the majority of the selling, general and administrative expenditures. Most of the remaining expenses in this category are fixed in nature and vary only slightly with sales fluctuations.

Income from operations decreased by $458,325 in the first quarter of fiscal 2001, compared to the first quarter of fiscal 2000. The decrease is mainly due to competitive conditions, primarily in caustic soda prices, which resulted in a negative adjustment to inventory of $.03 per share. Additionally, selling, general and administrative expenses increased from 11.8% to 13.0% of sales due to an increased investment in infrastructure necessary to support the Company's long-term strategic growth plans including expansion into new markets.

OTHER INCOME

Interest income decreased by $31,388, or 10.9%, for the quarter ended December 31, 2000 compared to the same quarter one year ago. This decrease is due to less cash available for investment during the quarter. Interest expense decreased slightly due to the decline in the outstanding amount of long-term debt. Other miscellaneous income decreased by $13,533, as compared to the same period in the previous year due to losses on disposals of fixed assets.

LIQUIDITY AND CAPITAL RESOURCES

For the first quarter ended December 31, 2000, cash provided by operations was $1,811,441 compared to $3,476,838 for the same period one-year ago. This decrease was due mainly to the decrease in net income and changes in certain current asset and liability accounts discussed in the next paragraph below. The decrease in net income is primarily due to higher operating expenses incurred to meet our long-term strategic growth plans. During the three months ended December 31, 2000, the Company invested $2,011,065 in property and equipment additions, which included approximately $1,300,000 for a new building constructed in St. Paul, Minnesota. The new facility opened during the first quarter of fiscal 2001 and is currently occupied by the Minneapolis/St. Paul Water Treatment operations.

Inventories and other current liabilities decreased during the first three months of fiscal 2001. Decreases in these accounts are typical for the first quarter of our fiscal year. Accounts payable increased due to amounts due for construction costs of the new building in St. Paul and timing of payments. The Company did not issue any securities during the quarter ended December 31, 2000.

During the quarter ended December 31, 2000, the Company acquired and retired 30,300 shares of common stock for an aggregate of $248,651.

Cash flows from operations, coupled with the Company's strong financial position, puts the Company in a position to fund both short and long-term working capital and capital investment needs with internally generated funds. Management does not, therefore, anticipate the need to engage in significant financing activities in either the short or long-term. If the need to obtain additional capital does arise, however, management is confident that the Company's total debt to capital ratio puts it in a position to issue debt on favorable terms.

Although management continually reviews opportunities to enhance the value of the Company through strategic acquisitions, other capital investments and strategic divestitures, no material commitments for such investments or divestitures currently exist. Until appropriate investment opportunities are identified, the Company will continue to invest excess cash in conservative investments. Cash equivalents include all liquid debt instruments (primarily cash funds, certificates of deposit and a money market account) purchased with an original maturity of three months or less. Cash equivalents are carried at cost, which approximates market value. Investments classified as available-for-sale securities consist of insurance contracts and variable rate marketable securities (primarily municipal bonds and annuity contracts) that will be held for indefinite periods of time, including securities that may be sold in response to changes in market interest or prepayment rates, needs for liquidity or changes in the availability or yield of alternative investments. These securities are carried at market value, which approximates cost.

Other than as discussed above, management is not aware of any matters that have materially affected the first three months of fiscal 2001, or are expected to materially affect future periods, nor is management aware of other matters not affecting this period that are expected to materially affect future periods.

MARKET RISK

At December 31, 2000, the Company had an investment portfolio of fixed income securities of $1,606,648, excluding $12,647,168 of those classified variable rate securities. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, the Company has the ability to hold its fixed income investments until maturity and therefore the Company would not expect to recognize an adverse impact in income or cash flows.

RECENTLY ISSUED ACCOUNTING STANDARD

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin No. 101 that provides the staff's view in applying generally accepted accounting principles to selected revenue recognition issues. An amendment in June 2000 delayed the effective date and it is not required to be adopted by the Company until the fourth quarter of fiscal 2001. The Company is reviewing the requirements of this standard and has not yet determined the impact of this standard on its financial statements.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As of the date of this filing, the Registrant was not involved in any pending legal proceedings other than ordinary routine litigation incidental to their business, except as follows:

LYNDE COMPANY WAREHOUSE FIRE. The settlement agreement (the "Settlement Agreement") relating to the class action, DONNA M. COOKSEY, ET AL. V. HAWKINS CHEMICAL, INC. AND THE LYNDE COMPANY ("Cooksey"), brought in March 1995 against the Company and its former subsidiary, for damages alleged to be caused by a fire at an office/warehouse facility used by the former subsidiary, was approved by the court on January 30, 1998. Pursuant to the Settlement Agreement, the Company agreed to pay certain of the plaintiffs' costs and expenses as well as certain compensation to the class. Less than 10 claimants remain who have not yet resolved their claims under the Settlement Agreement. The Registrant anticipates that the defense and payment of these remaining claims, which are subject to arbitration, will be covered by its umbrella insurer.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

None.

(b) Reports on Form 8-K.

No reports on Form 8-K have been filed during the fiscal quarter ended December 31, 2000.

SIGNATURE

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.

HAWKINS CHEMICAL, INC.

By /s/ Marvin E. Dee

Marvin E. Dee, Vice President, Chief Financial Officer, Secretary, Treasurer

Dated: February 14, 2001