FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

EARTH SCIENCES INC

CIK:**30985**| IRS No.: **840503749** | State of Incorp.:**CO** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-06088** | Film No.: **1696686**
SIC: **6795** Mineral royalty traders

Mailing Address
8100 SOUTH PARKWAY B-2
LITTLETON CO 80120-4525

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8100 SOUTHPARK WAY
B-2
LITTLETON CO 80120
303-734-1727

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2001

______ TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File Number: 0-6088

EARTH SCIENCES, INC.
(Exact name of small business issuer as specified in its charter)

Colorado	84-050374
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8100 SouthPark Way, B-2, Littleton, Colorado	80120
(Address of principal executive offices)	(Zip Code)

(303)734-1727
(Issuer's telephone number)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X_ ; No____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 32,510,430 Shares of Common Stock, one cent par value outstanding as of July 25, 2001.

Transitional Small Business Disclosure Format: Yes______ ; No __X_

PART I

Item 1. FINANCIAL STATEMENTS

Earth Sciences, Inc. and Subsidiaries
Consolidated Balance Sheet
June 30, 2001

ASSETS	UNAUDITED
	(amounts in thousands)
CURRENT ASSETS:	
Cash, and cash equivalents	$ 122
Trade receivables, net of allowance for doubtful accounts of $11	515
Factored receivables	67
Inventories	112
Prepaid expenses and other	145
Total current assets	961
PROPERTY, PLANT AND EQUIPMENT, at cost	11,932
Less accumulated depreciation and amortization	(4,061)
Net property and equipment	7,871
INTANGIBLE ASSETS, net of $1,371 in amortization	2,282
OTHER ASSETS	7
TOTAL ASSETS	$ 11,121

LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Account payable	$ 224
Notes payable:	
Receivables sold with recourse	67
Related party	200
Other	23
Accrued expenses	190
Other current liabilities	213
Total current liabilities	917
LONG-TERM LIABILITIES:	
Contingent net profits royalty on Calgary plant	4,850
Notes to related parties	1,050
Other liabilities	842
	6,742
STOCKHOLDERS' EQUITY:	
Common stock $.01 par value	325
Additional paid-in capital	28,483
Foreign currency translation adjustment	(1,837)
Accumulated deficit	(23,509)
Total stockholders' equity	3,462
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,121

See accompanying notes.

Earth Sciences, Inc. and Subsidiaries

Consolidated Statements of Operations
Three and Six Months Ended June 30, 2001 and 2000

UNAUDITED

(amounts in thousands, except shares and per share amounts)

	2001 3 Months	2001 6 Months	2000 3 Months	2000 6 Months
NET REVENUES:				
Sales	$1,186	2,526	916	1,982
COST AND EXPENSES:				
Operating	609	1,340	390	854
General and administrative	473	949	493	1,048
Research & development	15	31	36	61
Depreciation and amortization	227	471	292	581
Total expenses	1,324	2,791	1,211	2,544
OPERATING LOSS	(138)	(265)	(295)	(562)
OTHER INCOME (EXPENSE):				
Interest expense	(51)	(108)	(77)	(162)
Other, net	(1)	2	3	95
	(52)	(106)	(74)	(67)
NET LOSS	$ (190)	(371)	(369)	(629)
NET LOSS PER COMMON Share (Basic and Diluted):	$(.01)	(.01)	(.01)	(.02)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:	32,329,000	32,282,000	29,688,000	28,225,000

Earth Sciences, Inc. and Subsidiaries
Consolidated Statements of Accumulated Deficit
Six Months Ended June 30, 2001 and 2000

UNAUDITED

(amounts in thousands)

	2001	2000
Accumulated deficit as of January 1	$ (23,138)	(19,737)
Net loss for the period	(371)	(629)
Accumulated deficit as of June 30	$ (23,509)	(20,366)

See accompanying notes.

Earth Sciences, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2001 and 2000

UNAUDITED

	2001	2000

	(amounts in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (371)	$ (629)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	471	581
Expenses paid with stock	75	107
Change in operating assets and liabilities	(132)	(73)
Net decrease in other assets and liabilities	(11)	(28)
Net cash provided(used)by operating activities	32	(42)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of land	-	148
Capital expenditures	(78)	(178)
Net cash used by investing activities	(78)	(30)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(74)	(133)
Proceeds from issuance of common stock	16	42
Proceeds from notes payable	33	143
Net cash provided by financing activities	(25)	52
Net decrease in cash and cash equivalents	(71)	(20)
Cash and cash equivalents at beginning of period	193	143
Cash and equivalents at end of period	$ 122	$ 123
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 105	$ 158

See accompanying notes.

Earth Sciences, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
June 30, 2001

(1) General
The accompanying consolidated financial statements were prepared in accordance with generally accepted accounting principles and reflect all adjustments which are, in the opinion of management, necessary for fair representation of the financial results for the interim periods shown. Such statements should be considered in conjunction with Registrant's 2000 Form 10-KSB.

(2) Business Segment Information
Corporate headquarter activities are part of the ESI operating segment.The segment assets of the ESI and ADA segments are located in the US while the assets of ESEC are located in Canada. All significant customers are US

companies.

(amounts in thousands)
Six months ended June 30, 2001

	ESI	ESEC	ADA	Eliminating Entries	Consolidated
Revenue from external customers	$ -	$ -	$2,526	$ -	$ 2,526
Intersegment revenues	-	-	-	-	-
Total revenue	$ -	$ -	$2,526	$ -	$ 2,526
Segment assets	$ 409	$7,266	$3,446	-	$ 11,121
Segment profit (loss)	$ (66)	$ (290)	$ (15)	*	$ (371)

Six months ended June 30, 2000

	ESI	ESEC	ADA	Eliminating Entries	Consolidated
Revenue from external customers	$ -	$ -	$1,982	$ -	$ 1,982
Intersegment revenues	7	-	-	(7)	-
Total revenue	$ 7	$ -	$1,982	$ (7)	$ 1,982
Long lived assets	$ 501	$14,418	$ 783	-	$ 15,702
Segment profit (loss)	$ (80)	$ (480)	$ (69)	*	$ (629)

* There were no profits on intersegment revenues.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This Quarterly Report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors including those set forth below or under the heading "Description of Business" contained in the Company's Annual Report on Form 10KSB for the year ended December 31, 2000.

Liquidity and Capital Resources

Registrant had a working capital of $43,000 at 6/30/01. Working capital has increased during the six months from a deficit of ($18,000) at 12/31/00. Management expects to further increase working capital through continued and improved cash flow at ADA-ES. Management is currently seeking an industry partner for funding of activities at Calgary to a level expected to yield positive cash flow. However, there can be no assurances that investment funds for the Calgary plant will be found or that the positive cash flow that has been achieved at ADA-ES will continue.

For ADA-ES, the continuation of positive cash flow is dependent upon the successful ongoing operation of the units currently in-place in Wisconsin, Louisiana, Kentucky, Iowa and Oregon. Unsatisfactory operations at any of the units operating could frustrate such continuation. ADA-ES is also performing services under two DOE contracts, which are expected to produce an estimated $1.8 million in revenues in 2001. Income recognized under those contracts during the first six months of 2001 amounted to $1,257,000. Currently funding has been approved for approximately $1.5 million of the estimated amount. In April 2001, ADA-ES received an order to install new systems to treat flue gas from over 1100 mega watts of power. Final negotiations are also underway to install new systems to treat flue gas from an additional 1,950 mega watts of power. These new jobs represent a 130 percent increase above the capacity of plants using ADA-ES flue gas conditioning chemicals at the end of 2000.

Planned capital expenditures for ADA-ES to sustain and improve ongoing operations for 2001 are estimated at $150,000. Registrant expects to fund these requirements out of existing working capital. Capital expenditure in the first six months of 2001 amounted to $78,000.

In effort to reduce cash flow deficits from the Calgary facility, as of August 31, 1999, management suspended production. Based on current estimates, the Calgary facility may require as much as U.S. $5,000,000 to re-start production and finalize modification for the production of food grade phosphoric acid. Registrant is seeking to finance those requirements from arrangements with industry partners. The timing of a re-start of production and modification is uncertain and is not expected until an arrangement can be reached with a third party. Discussions have been initiated with several interested parties, but all such discussions remain at preliminary stages at this time. Alternative uses of the facility are also being sought, but discussions to date have not yet yielded substantial results.

In December 2000 ESEC signed an agreement with Hongkong Bank of Canada ("HSBC") to settle approximately $400,000 of debt in default related to the previous operations at the facility. Under the agreement, a final payment of $50,000 was made in the first quarter of 2001.

Cash flow provided from operations totaled $32,000 for the first six months of 2001 compared to use of ($42,000) for the same period in 2000. The provision in 2001 resulted primarily from the operating loss plus non-cash charges for depreciation and amortization, and changes in operating assets and liabilities. Cash flow from investing activities for 2001 includes a use for capital expenditures of $78,000. Cash flow from financing activities in the first six months of 2001 consisted of payments on notes payable of $74,000 and proceeds from a note payable of $33,000. Cash flow from investing activities for first six months of 2000 includes a use for capital expenditures of $178,000 and proceeds from the sale of land of $148,000. Cash flow from financing activities in the first six months of 2000 consisted of proceeds from the exercise of stock options of $42,000, payments on notes payable of $133,000 and proceeds from a note payable of $143,000.

Results of Operations

Revenues from sales totaled $2,526,000 in 2001 versus $1,982,000 in 2000. In both periods, all revenues were generated by ADA-ES. Revenues increased from 2000 due to increasing work on government contracts. Typically, ADA-ES' flue gas conditioning (FGC) sales are less in the first and second quarters of each year as its utility customers plan maintenance down-times during such periods.

Operating expenses increased in the first six months 2001 as compared to the same period in 2000 as a result of increased work on government contracts corresponding to the increased revenues recognized.

Consolidated research and development decreased in the first six months of 2001 to $31,000 from $61,000 for the same period in 2000. Future consolidated research and development expenses, except for those anticipated to be funded by the recently awarded DOE contract and others that may be awarded, are expected to be approximately $100,000 per year for the next several years.

General and administrative expenses decreased by a net of approximately $99,000 in the first six months of 2001 from the same period in 2000 primarily as a result of reduced costs at the parent company level.

Registrant's interest expense totaled approximately $108,000 for the first six months of 2001 as compared to $162,000 for the same period in 2000. Interest expense includes approximately $15,000 and $28,000 in 2001 and 2000, respectively, from the consolidation of ESEC results.

Other non-operating income in 2000 includes a gain of $76,000 recognized upon the sale of a depleted mineral property.

PART II. OTHER INFORMATION

Item 2. Changes in Securities - None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - No change from Item 13 of Registrant's 2000 Form 10-KSB.

(b) Forms 8-K - None.

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 thereunto duly authorized.

Earth Sciences, Inc.
Registrant

Date: August 3, 2001 /s/ Mark H. McKinnies

Mark H. McKinnies

President and Chief Financial Officer