

Form 10-QSB

(Mark One)

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

For the quarterly period ended February 28, 2001

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

For the transition period from _____ to _____

Commission file number 0-8814

PURE CYCLE CORPORATION
(Exact name of small business issuer as specified in its charter)

Delaware 84-0705083
(State of incorporation) (I.R.S. Employer
Identification Number)

8451 Delaware St., Thornton, CO 80260
(Address of principal executive offices) (Zip Code)

Registrant's telephone number (303) 292 - 3456

N/A
(Former name, former address and former fiscal year, if changed
since last report.)

Check whether the registrant (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 ; NO

State the number of shares outstanding of each of the issuer's
classes of common equity, as of February 28, 2001:

Common Stock, 1/3 of \$.01 par Value	78,236,429
(Class)	(Number of Shares)

Transitional Small business Disclosure Format (Check one): Yes
; No

PURE CYCLE CORPORATION
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"SAFE HARBOR" STATEMENT UNDER THE UNITED STATES PRIVATE
SECURITIES LITIGATION REFORM ACT OF 1995

Statements that are not historical facts contained in this
Quarterly Report on Form 10-QSB are forward looking statements
that involve risk and uncertainties that could cause actual

results to differ from projected results. Factors that could cause actual results to differ materially include, among others: general economic conditions, the market price of water, changes in applicable statutory and regulatory requirements, changes in technology, uncertainties in the estimation of water available under decrees and timing of development, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, delays in the anticipated permit and start-up dates, environmental risks, and the results of financing efforts.

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PURE CYCLE CORPORATION
BALANCE SHEETS
(unaudited)

	February 28, 2001	August 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 484,404	\$ 821,124
Trade accounts receivable	1,900	18,619
Accounts receivable - stock subscriptions	--	114,500
Prepaid expenses and other current assets	11,259	11,259
Total current assets	497,563	965,502
Investment in water and systems:		
Rangeview water supply	13,457,596	13,422,134
Paradise water supply	5,487,433	5,484,868
Rangeview water system	126,611	126,611
Total investment in water and systems	19,071,640	19,033,613
Note receivable, including accrued interest	358,628	347,162
Other assets	1,441	1,441
	\$ 19,927,372	\$ 20,347,718

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	12,156	6,955
Billings in excess of costs and estimated earnings (Note 2)	178,167	772,500
Accrued liabilities	8,800	21,692
Total current liabilities	199,123	801,147

Long-term debt - related parties,
including accrued interest 4,404,099 4,287,251

Participating interests in Rangeview
water rights 11,090,630 11,090,630

Stockholders' equity:		
Preferred stock, par value \$.001 per share; authorized - 25,000,000 shares:		
Series A1 - 1,600,000 shares issued and outstanding	1,600	1,600
Series B - 432,514 shares issued and outstanding	433	433
Series C - 3,200,000 shares issued and outstanding	3,200	3,200
Series C1 - 500,000 shares issued and outstanding	500	500
Series C2 - 666,667 shares issued and outstanding	667	667
Series C3 - 1,666,667 shares issued and outstanding	1,667	1,667
Common stock, par value 1/3 of \$.01 per share; authorized - 135,000,000 shares; 78,439,763 shares issued and 78,236,429 shares outstanding		
Additional paid-in capital	24,583,910	24,583,910
Accumulated deficit	(20,587,641)	(20,549,371)
Treasury stock at cost; 203,334 shares	(30,500)	(135,500)
Total stockholders' equity	4,233,520	4,168,690
	\$ 19,927,372	\$ 20,347,718

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

Three months Ended
February 28, February 29,
2001 2000

Water service revenue			
Water construction revenues	\$ 19,536	\$	301,349
Water usage fees	24,521	10,449	
	44,057	311,798	

Construction costs incurred (Note 2) (15,000) (233,719)
Water service operating expense (1,887) (1,300)

Gross Margin 27,170 76,779

General and administrative expense (70,836) (83,519)

Other income (expense):
Interest income 9,801 13,442
Interest expense:
Related parties (53,928) (60,112)
Other -- --
Net income (loss) \$(87,793) \$(53,410)

Basic and diluted net loss per
common share \$ --* \$ --*

Weighted average common shares
outstanding 78,236,429 78,439,763

* less than \$.01 per share

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

Six months Ended
February 28, February 29,
2001 2000

Water service revenue			
Water construction revenues	\$ 594,334	\$	613,461
Water usage fees	42,430	17,321	
	636,764	630,782	

Construction costs incurred
(Note 2) (456,320) (475,786)
Water service operating expense (4,103) (2,600)

Gross Margin 176,341 152,396

General and administrative expense (121,845) (139,494)

Other income (expense):
Interest income 24,083 29,938
Interest expense:
Related parties (116,848) (118,661)
Other -- 15,374
Net income (loss) \$(38,269) \$(60,447)

Basic and diluted net loss per
common share \$ --* \$ --*

Weighted average common shares
outstanding 78,236,429 78,439,763

* less than \$.01 per share

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

Six months Ended

February 28, February 29,
2001 2000

Cash flows from operating activities:

Net income (loss)	\$(38,269)	\$(60,447)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Disposal of other assets	--	21,155
Increase in accrued interest on note receivable	(11,466)	(12,039)
Increase in accrued interest on long term debt and other non-current liabilities	116,848	118,661
Changes in operating assets and liabilities:		
Accounts receivable	16,719	6,106
Billings in excess of costs and estimated earnings	(594,334)	(613,461)
Accounts payable and accrued liabilities	(7,691)	61,189
Net cash provided by (used in) operating activities	(518,193)	(478,836)

Cash flows from investing activities:

Investments in water supply	(38,028)	(42,567)
Investment in Rangeview water system	--	--
Net cash used in investing activities	(38,028)	(42,567)

Cash flows from financing activities:

Proceeds from sale of common stock	219,500	120,000
Net cash provided by financing activities	219,500	120,000

Net increase (decrease) in cash and cash equivalents	(336,721)	(401,403)
Cash and cash equivalents beginning of period	821,124	981,025
Cash and cash equivalents end of period	\$ 484,403	\$ 579,622

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheet as of February 28, 2001 and the statements of operations and statements of cash flows for the three and six months periods ended February 28, 2001 and February 29, 2000 have been prepared by the Company and have not been audited. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows at February 28, 2001 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's fiscal year 2000 Annual Report on Form 10-KSB. The results of operations for interim periods presented are not necessarily indicative of the operating results for the full year.

NOTE 2 - CONSTRUCTION DEPOSITS

Pursuant to its Service Agreements, the Company is obligated to provide water and wastewater service to a 400 acre development which will include the construction of a 500-bed Academic Model Juvenile Facility ("Model Facility"). The Model Facility paid Water System Development and Water Resources Charges to fund construction of water and wastewater systems.

Pursuant to its Service Agreements, the Company has received \$1,998,014 of the total charges of \$2,013,495 to be paid by the Model Facility. Additionally, the Company has received \$154,800 from the State of Colorado for the construction of additional facilities related to the wastewater plant undertaken by the Company on behalf of the State of Colorado. The Company has completed construction of the water facilities and has substantially completed (with the exception of holding retainage) all of the construction of wastewater facilities. The Model Facility is projected to open in July 2001. Projected cost for construction of the combined water and sewer capital project costs of \$1,652,895.

At February 28, 2001, the estimated period to complete the remaining work for the wastewater facility is approximately one month, and the Company expects to collect substantially all related accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts as of February 28, 2001 within one year.

NOTE 3 - STOCKHOLDERS' EQUITY

In December 2000, the Company sold and two accredited investors purchased, a total of 700,000 shares of common stock, at \$.15 per share, generating proceeds to the Company of \$105,000. The 700,000 shares were sold from treasury stock.

In August 2000, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 1,666,667 shares of Series C-3 Preferred Stock to Mr. Thomas Clark in exchange for 1,666,667 shares of common stock owned by Mr. Clark.

In August 2000, the Company committed to issue, and four accredited investors committed to purchase, a total of 763,333 shares of common stock, at \$.15 per share.

In September 1999, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 666,667 shares of Series C-2 Preferred Stock to Mr. Thomas Clark in exchange for 666,667 shares of common stock owned by Mr. Clark. The Company sold 666,667 shares of the Company's Common Stock at \$.18 per share to three accredited investor. Proceeds to the Company were \$120,000. The shares were issued under Section 4(2) of the Securities Act of 1933.

6 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

During the quarter ended February 28, 2001, the Company delivered approximately 2.7 million gallons of water to customers in the Service Area generating revenues from water sales of \$24,521 compared to the delivery of 2.3 million gallon generating revenues of \$10,449 during the three months ended February 29, 2000. The Company incurred water service operating costs of \$1,887 for the three months ending February 28, 2001 as compared to \$1,300 for the six month ending February 29, 2000, due to an increase in water deliveries. During the three months ended February 28, 2001, the Company recognized construction revenues of \$19,536 compared to \$301,349 for the three months ended February 29, 2000 based on the percentage-of-completion of the project for the Model Facility. The Company incurred construction costs of \$15,000 during the three months ended February 28, 2001 compared to \$233,719 during the three months ended February 29, 2000 and has remaining construction deposits totaling \$178,167 as of February 28, 2001.

During the six months ended February 28, 2001, the Company generated water service revenues of \$42,430 compared to \$17,321 for the six months ended February 29, 2000 due primarily to increased water sales to the Model Facility. The Company incurred water service operating costs of \$4,103 for the six months ending February 28, 2001 as compared to \$2,600 for the six month ending February 29, 2000, due to an increase in water deliveries. During the six months ended February 28, 2001, the Company recognized construction revenues of \$594,334 compared to \$613,461 for the six months ended February 29, 2000 based on the percentage-of-completion of the project for the Model Facility. The Company incurred construction costs of \$456,320 during the six months ended February 28, 2001 compared to \$475,786 during the six months ended February 29, 2000 and has remaining construction

deposits totaling \$178,167 as of February 28, 2001. The Company recognized revenues from construction based on percentage-of-completion methodology. As of February 28, 2001, construction of the water and wastewater facilities for the Model Facility were approximately 98% complete.

General and administrative expenses for the six months ended February 28, 2001 were approximately \$17,649 lower than for the period ended February 29, 2000, primarily because of a decrease in space costs. The Company has occupied office space at no cost owned by a related party since December 2000. Net loss for the six months ended February 28, 2001 was \$38,269 compared to a net loss of \$60,447 for the six month ended February 29, 2000 primarily because of the sale of more water to the Model Facility.

Liquidity and Capital Resources

At February 28, 2001, current assets exceed current liabilities by \$298,440 and, the Company had cash and cash equivalents of \$497,563.

The Company believes it has sufficient working capital and available credit to fund its operations for the next year or longer. There can be no assurances, however, that the Company will be successful in marketing the water from its two primary water projects in the near term. In the event sales are not achieved, the Company may sell additional participating interests in its water projects, incur additional short or long-term debt or seek to sell additional shares of common or preferred stock or stock purchase warrants, as deemed necessary by the Company, to generate working capital.

Development of any of the water rights that the Company has, or is seeking to acquire, will require substantial capital investment by the Company. Any such additional capital for the development of the water rights is anticipated to be financed through the sale of water taps and water delivery charges to a city or municipality. A water tap charge refers to a charge imposed by a municipality to permit a water user to access a water delivery system (i.e. a single-family home's tap into the municipal water system), and a water delivery charge refers to a water user's monthly water bill generally based on a per 1,000 gallons of water consumed.

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PURE CYCLE CORPORATION
SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PURE CYCLE CORPORATION

Date:

April 16, 2001 /S/ Thomas P. Clark
Thomas P. Clark,
President

Date:

April 16, 2001 /S/ Mark W. Harding
Mark W. Harding,
Chief Financial Officer

