Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB

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

For the quarterly period ended May 31, 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 Street, Thornton, Colorado 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 [x]; NO [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of May 31, 2001:

Common Stock, 1/3 of $.01 par Value 78,439,763
(Class) (Number of Shares)

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

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.

PURE CYCLE CORPORATION
BALANCE SHEETS

	(unaudited) May 31, 2001	August 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 394,680	$ 821,124
Trade accounts receivable	2,000	18,619
Accounts receivable - stock subscriptions		114,500
Prepaid expenses and other current assets	11,259	11,259
Total current assets	407,939	965,502
Investment in water projects:		
Rangeview water rights	13,469,870	13,422,134
Paradise water rights	5,487,433	5,484,868
Rangeview water system	126,611	126,611
Total investment in water projects	19,083,914	19,033,613
Note receivable, including accrued interest	364,933	347,162
Other assets	1,441	1,441
	$ 19,858,227	$ 20,347,718
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,918	6,955
Billings in excess of costs and estimated earnings (Note 2)	--	772,500
Accrued liabilities	12,300	21,692
Total current liabilities	23,218	801,147
Long-term debt - related parties, including accrued interest	4,453,339	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 - 432,513 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 outstanding	261,584	261,584
Additional paid-in capital	24,583,910	24,583,910
Accumulated deficit	(20,532,021)	(20,549,371)
Treasury stock at cost; 903,334 and 203,334 shares	(30,500)	(135,500)
Total stockholders' equity	4,291,040	4,046,123
	$ 19,858,227	$ 20,347,718

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended May 31, 2001	May 31, 2000
Water service revenues		
Revenue- Usage fees	$ 6,630	$ 12,279
Revenue - Construction	178,167	--
	184,797	12,279
Construction costs incurred	(32,664)	--
Water service operating expense	(2,573)	(1,380)
Gross margin	149,560	10,899
General, administrative and marketing expenses	(54,463)	(62,498)
Other income (expense)		
Interest income	9,763	10,958
Interest expense		
Related party	(49,240)	(63,237)
Other	--	--
Net income (loss)	$ 55,620	$(103,878)
Basic and diluted net income (loss) per common share	$ --*	$ --*
Weighted average common shares outstanding	78,439,763	78,439,763

* less than $.01 per share

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION

STATEMENTS OF OPERATIONS

(unaudited)

	Nine Months Ended May 31, 2001	May 31, 2000
Water usage fees	$ 49,060	$ 29,600
Water construction revenue	772,500	613,461
	821,561	643,061
Construction costs incurred (Note 2)	(488,983)	(475,786)
Water service operating expense	(6,677)	(3,980)
Gross margin	325,900	163,295
General, administrative and marketing expenses	(176,308)	(201,993)
Other income (expense)		
Interest income	33,846	40,896
Interest expense		
Related party	(166,088)	(181,898)
Other	--	15,374
Net income (loss)	$ 17,350	$(164,326)
Basic and diluted net income (loss) per common share	$ --*	$ --*
Weighted average common shares outstanding	78,439,763	78,439,763

* less than $.01 per share

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended	
	May 31, 2001	May 31, 2000
Cash flows from operating activities:		
Net income (loss)	$ 17,350	$(164,326)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in accrued interest on note receivable	(17,771)	(18,775)
Increase in accrued interest on long-term debt and other non-current liabilities	166,088	181,898
Changes in operating assets and liabilities:		
Accounts receivable	16,619	6,106
Accounts payable and accrued liabilities	(5,429)	(59,097)
Billings in excess of costs and estimated earnings	(772,500)	(613,461)
Change in other assets	--	21,155
Cash used in operating activities	(595,643)	(646,500)
Cash flows from investing activities:		
Investments in water rights	(50,301)	(71,259)
Cash used in investing activities	(50,301)	(71,259)
Cash provided by financing activities - proceeds from sale of stock	219,500	120,000
Net decrease in cash and cash equivalents	(426,444)	(597,759)
Cash and cash equivalents beginning of period	821,124	981,025
Cash and cash equivalents end of period	$ 394,680	$ 383,266

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheet as of May 31, 2001, the statements of operations for the three months and nine months ended May 31, 2001 and May 31, 2000 and the statements of cash flows for the nine months ended May 31, 2001 and May 31, 2000, have been prepared by the Company, without an audit. 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 May 31, 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 consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 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 CONTRACTS

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 and wastewater facilities. Cost for construction of the combined water and sewer capital project totaled $1,652,895. The Model Facility is projected to open in August 2001. Completion of the water facilities by the Company's contractor was approximately 118 days late. The contracts for construction of the water facilities with the contractor included provision for liquidated damages for late completion total $1,000 per day. The Company has settled this matter with the contractor's surety company enabling the Company to retain $95,000 in liquidated damages. This amount has been recorded as construction revenue.

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.

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

Results of Operations

During the quarter ended May 31, 2001, the Company delivered approximately 5.6 million gallons of water to customers in the Service Area generating revenues from water sales of $6,630 compared to the delivery of 6.7 million gallon generating revenues of $12,279 during the three months ended May 31, 2000. The Company incurred water service operating costs of $2,573 for the three months ending May 31, 2001 as compared to $1,380 for the three month ending May 31, 2000. During the three months ended May 31, 2001, the Company recognized construction revenues of $178,167 compared to $0 for the three months ended May 31, 2000 based on the percentage-of-completion of the project for the Model Facility. The Company incurred construction costs of $32,664 during the three months ended May 31, 2001 compared to $0 during the three months ended May 31, 2000.

During nine months ended May 31, 2001, the Company generated water usage revenues from the sale of water to customers within the Company's Service Area of $49,060 compared $29,600 for the nine months ended May 31, 2000, and incurred approximately $6,677 in operating costs compared $3,980 for the nine months ended May 31, 2000.

During the nine months ended May 31, 2001, the Company generated water service revenues of $821,561 of which $772,500 were water construction revenues due primarily to the agreement with the Model Facility. Also during the nine months ended May

31, 2001, Company incurred construction costs of $488,984. Completion of the water facilities by the Company's contractor was approximately 118 days late. The contracts for construction of the water facilities with the contractor included provision for liquidated damages for late completion total $1,000 per day. The Company has settled this matter with the contractor's surety company enabling the Company to retain $95,000 in liquidated damages. This amount has been recorded as construction revenue. The Company recognizes revenue from construction based on percentage-of-completion methodology. As of May 31, 2001, construction of the water and wastewater facilities for the Model Facility are complete.

During the three months ended May 31, 2001, the Company delivered approximately 5.6 million gallons of water to customers in the Service Area. During the nine months ended May 31, 2001, the Company delivered approximately 18.6 million gallons of water to customers in the service area, compared to 16.8 million gallons delivered during the nine months ended May 31, 2000.

General, administrative and marketing expenses for the three months ended May 31, 2001 were approximately $7,900, or approximately 12% lower than for the three months ended May 31, 2000. General, administrative and marketing expenses for the nine months ended May 31, 2001 were approximately $25,700, or approximately 13% lower than for the nine months ended May 31, 2000. Interest expense for the three and nine months ended May 31, 2001 was approximately $14,000 and $15,800 lower than for the respective comparable periods ended May 31, 2000, primarily due to lower interest rates. Net income for the three months ended May 31, 2001 was approximately $55,600 compared to a net loss of approximately $104,000 for the three months ended May 31, 2000, due to the recognition of revenues and the associated profit pursuant to the construction of the water and wastewater systems for the Model Facility. Net income for the nine months ended May 31, 2001 was approximately $17,400 compared to a net loss of approximately $164,000 for the nine months ended May 31, 2000 due to the recognition of revenues and associated the profit pursuant to the construction of the water and wastewater systems for the Model Facility.

Liquidity and Capital Resources

The Company's primary source of liquidity has been sales of common stock as more fully described in Note 3 to of the accompanying Financial Statements and the construction contract profits. The construction project is now complete and the Company anticipates water usage revenues and costs will increase when the Model Facility opens. Cash used in operating activities during each period was primarily due to the payment of construction costs and administrative expenses. The cash from construction project revenues was received in fiscal year 2000. Investing activities consist of investments in the Company's water assets totaled $50,301 and $71,259 during the nine months ended May 31, 2001 and 2000 respectively.

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:

July 14, 2001 /S/ Thomas P. Clark
Thomas P. Clark,
Chief Executive Officer

Date:

July 14, 2001 /S/ Mark W. Harding
Mark W. Harding,
President

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