

Securities and Exchange Commission
Washington, D.C. 20549

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, 2003

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, 2003:

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.

PURE CYCLE CORPORATION
BALANCE SHEETS
(unaudited)

	February 28, August 31,	
ASSETS	2003	2002
Current assets:		
Cash and cash equivalents	\$ 182,747	\$ 287,720
Trade accounts receivable	27,635	50,919
Total current assets	210,382	338,639
Investment in water and systems:		
Rangeview water supply	13,659,643	13,566,777
Paradise water supply	5,494,273	5,491,423
Rangeview water system	148,441	148,411
Total investment in water and systems	19,302,357	19,206,641
Accumulated depreciation & depletion	(8,266)	(4,958)
	19,294,091	19,201,683
Note receivable, including accrued interest	392,882	385,716
Other assets	89,641	102,241
	\$ 19,986,996	\$ 20,028,279

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	1,929	2,384
Accrued liabilities	17,495	19,495
Total current liabilities	19,424	21,879
Long-term debt - related parties, including accrued interest	4,801,798	4,713,270
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 D - 6,455,000 shares issued and outstanding	6,455	6,455
Common stock, par value 1/3 of \$.01 per share; authorized - 135,000,000 shares; 78,236,429 shares issued and outstanding	261,584	261,584
Additional paid-in capital	24,778,989	24,778,989
Accumulated deficit	(20,973,917)	(20,846,561)
Total stockholders' equity	4,066,656	4,202,500
	\$ 19,986,996	\$ 20,028,279

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

Three months Ended
February 28, February 28,
2003 2002

Water service revenue		
Water usage fees	\$ 19,778	\$ 19,299
Wastewater usage fees	14,017	12,500
	33,795	31,799
Water service operating expense	(2,506)	(2,396)
Wastewater service operating expense	(2,113)	(2,396)
Gross Margin	29,176	27,007
General and administrative expense	(74,644)	(58,175)
Depreciation expense	(1,427)	(--)
Depletion expense	(88)	(--)
Other income (expense):		
Interest income	4,119	5,359
Interest expense related parties	(44,264)	(48,077)
Interest expense other	(6,300)	(6,300)
Other	--	13,546
Net loss	\$ (93,428)	\$ (66,640)
Basic and diluted net loss per common share	\$ --*	\$ --*
Weighted average common shares outstanding	78,236,429	78,236,429

* less than \$.01 per share

See Accompanying Notes to the Financial Statements

STATEMENTS OF OPERATIONS
(unaudited)

Six months Ended
February 28, February 28,
2003 2002

Water service revenue			
Water usage revenues	\$	77,225	\$ 39,553
Wastewater usage fees		26,587	25,000
103,812		64,553	
Water service operating expense	(	5,719)	(6,676)
Wastewater service operating expense	(	5,013)	(6,676)
Gross Margin		93,080	51,201
General and administrative expense	(	124,556)	(107,947)
Depreciation expense	(	2,482)	(--)
Depletion expense	(	826)	(--)
Other income (expense):			
Interest income		8,556	12,123
Interest expense related parties	(	88,528)	(98,497)
Interest expense other	(	12,600)	(12,600)
Other		--	13,546
Net loss	\$	(127,356)	\$ (142,174)
Basic and diluted net loss			
per common share	\$	--*	\$ --*
Weighted average common shares			
outstanding		78,236,429	78,236,429

* less than \$.01 per share

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

		Six months Ended	
		February 28,	February 28,
		2003	2002
Cash flows from operating activities:			
Net loss	\$	(127,356)	\$ (142,174)
Adjustment to reconcile			
net loss to net cash provided by			
operating activities:			
Depreciation on water systems	2,482	2,110	
Depletion expense	826	0	
Increase in accrued interest			
on note receivable	(7,166)	(8,170)	
Increase in accrued interest on long			
term debt and other non-current			
liabilities	88,528	98,500	
Changes in operating assets and			

liabilities:

Trade accounts receivable	23,284	3,674	
Other assets	12,600	12,600	
Accounts payable and accrued liabilities	(2,455)	(6,156)	
Net cash used in operating activities	(9,257)	(41,726)	

Cash flows from investing activities:

Investments in water supply	(95,716)	(35,318)	
Investment in Rangeview water system	--	2,110	
Net cash used in investing activities	(95,716)	(33,208)	

Cash flows from financing activities:

Net decrease in cash and cash equivalents	(104,973)	(74,934)	
Cash and cash equivalents beginning of period	287,720	435,660	
Cash and cash equivalents end of period	\$ 182,747	\$ 360,726	

See Accompanying Notes to the Financial Statements

PURE CYCLE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The balance sheet as of February 28, 2003 and the statements of operations and statements of cash flows for the three and six months periods ended February 28, 2003 and February 28, 2002 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, 2003 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 2002 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.

Certain prior period amounts have been reclassified to conform to the current period presentation.

NOTE 2 - STOCKHOLDERS' EQUITY

In August 2001, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 6,455,000 shares of Series D Preferred Stock to the Company's CEO, Mr. Thomas Clark in exchange for 421,666 shares of common stock, 3,200,000 shares of Series C Preferred Stock, 500,000 shares of Series C-1 Preferred Stock, 666,667 shares of Series C-2 Preferred Stock, and 1,666,667 shares of Series C-3 Preferred Stock, all of which were owned by Mr. Clark. None of the Series D Convertible Preferred Stock pay dividends. The Company retired 3,200,000 shares of Series C Preferred Stock, 500,000 shares of Series C-1 Preferred Stock, 666,667 shares of Series C-2 Preferred Stock, and 1,666,667 shares of Series C-3 Preferred Stock. The Company sold 625,000 shares of the Company's Common Stock at \$.16 per share to two accredited investors. Proceeds to the Company were \$100,000. 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 February 28, 2003, the Company delivered approximately 6.5 million gallons of water to customers in the Service Area generating revenues from water sales of \$19,778 compared to the delivery of 3.5 million gallon generating revenues of \$31,799 during the three months ended February 28, 2002. The difference in reported water revenues is attributable to separate accounting for water and wastewater usage revenues, where water revenues reported for the period ending February 28, 2002 included approximately \$12,500 in wastewater usage revenues thus adjusting for wastewater revenues the water usage revenues for the period ending February 28, 2002 were \$19,299. The Company incurred water service operating costs of \$2,506, and wastewater operating costs of \$2,113 to a combined total of \$4,619 for the three months ending February 28, 2003 as compared to combined water and wastewater operating costs of \$4,792 for the six month ending February 28, 2001. In August 2001, the Company entered into an agreement with a third party to provide operation and maintenance support for its water and wastewater operations.

During the six months ended February 28, 2003, the Company delivered approximately 19.3 million gallons of water generated water service revenues of \$77,225 compared to approximately 16.6 million gallons of water generating \$64,553 for the six months ended February 28, 2002. The increase in water service revenues is due to the increase in delivery of potable water during the current year compared to the previous year. The Company incurred water service operating costs of \$5,719, and wastewater service operating costs of \$5,013 for a combined total of \$10,732 for the six months ending February 28, 2003 as compared to \$13,352 for the six month ending February 28, 2002. The decrease in operating costs is due to higher costs incurred due to the initiation of domestic water and wastewater service which were incurred during the period ending February 28, 2002.

General and administrative expenses for the six months ended February 28, 2003 were \$16,609 higher than for the six months ended February 28, 2002, primarily due to an increase in salaries and overhead from the addition of one employee beginning in January 2003. Net loss for the six months ended February 28, 2003 was \$127,356 compared to a net loss of \$142,174 for the six month ended February 28, 2002. The decrease in net loss of \$14,818 was due to additional revenues from the sale of water from the previous year.

Liquidity and Capital Resources

At February 28, 2003, current assets exceed current liabilities by \$190,958 and, the Company had cash and cash equivalents of \$210,382.

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.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. The pronouncement is effective for fiscal years beginning after June 15, 2002. The Company does not believe that adoption of SFAS No. 143 in 2003 will have a significant impact on its financial condition.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The Company adopted SFAS No. 144 on January 1, 2002.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement provides guidance on the classification of gains and losses from the extinguishment of debt and on the accounting for certain specified lease transactions. Management does not believe that SFAS No. 145 will have a material impact on the Company.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," (effective January 1, 2003) which replaces Emerging Issues Task Force (EITF) Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred and states that an entity's commitment to an exit plan, by itself, does not create a present obligation that meets the definition of a liability. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. Management does not believe that SFAS 146 will have a material effect on the Company during fiscal 2003.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." This statement amends FASB Statement No. 123 "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of this statement relating to alternative transition methods and annual disclosure requirements are effective for the year ended December 31, 2002. The provisions of this statement relating to interim financial information are effective for the quarter ending March 31, 2003. The transitional provisions will not have an impact on the Company's financial statements unless it elects to change from the intrinsic value method to the fair value method. The provisions relating to disclosures have been adopted and are reflected herein.

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (the Interpretation), which addresses the disclosure to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. The Interpretation also requires the recognition of a liability by a

guarantor at the inception of certain guarantees. The Interpretation requires the guarantor to recognize a liability for the non-contingent component of the guarantee, this is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The initial measurement of this liability is the fair value of the guarantee at inception. The recognition of the liability is required even if it is not probable that payments will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements. The Company is required to adopt the disclosure provisions of the Interpretation beginning with its fiscal 2003 consolidated financial statements, and will apply the recognition and measurement provisions for all guarantees entered into or modified after December 31, 2002. The impact of the adoption is not expected to have a significant impact on the Company's consolidated financial statements.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46). This interpretation clarifies existing accounting principles related to the preparation of consolidated financial statements when the equity investors in an entity do not have the characteristics of a controlling financial interest or when the equity at risk is not sufficient for the entity to finance its activities without additional subordinated financial support from others parties. FIN No. 46 requires a company to evaluate all existing arrangements to identify situations where a company has a "variable interest" (commonly evidenced by a guarantee arrangement or other commitment to provide financial support) in a "variable interest entity" (commonly a thinly capitalized entity) and further determine when such variable interests require a company to consolidate the variable interest entities" financial statement with its own. The Company is required to perform this assessment by December 31, 2003 and consolidate any variable interest entities for which it will absorb a majority of the entities' expected losses or receive a majority of the expected residual gains. Management has not yet performed this assessment, however it is not aware of any material variable interest entities that it may be required to consolidate.

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 10, 2003 /S/ Thomas P. Clark
Thomas P. Clark,
CEO

Date:

April 10, 2003 /S/ Mark W. Harding
Mark W. Harding,
President

CERTIFICATION

I, Thomas P. Clark, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of PureCycle Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 10, 2003

/s/ Thomas P. Clark

Chief Executive Officer

CERTIFICATION

I, Mark W. Harding, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of PureCycle Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls

and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date April 10, 2003

/s/ Mark W. Harding

President, Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Corporation (the "Company"), on Form 10-QSB for the period ending February 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas P. Clark, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas P. Clark

Chief Executive Officer

April 10, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PureCycle Corporation (the "Company"), on Form 10-QSB for the period ending February 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Harding, President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Mark W. Harding

Chief Financial Officer

April 10, 2003

Exhibit 99.1