

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 November 30, 2000

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 [x];
NO []

State the number of shares outstanding of each of the issuer's classes of
common
equity, as of November 30, 2000:

Common Stock, 1/3 of \$.01 par Value	77,536,429
(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.

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PURE CYCLE CORPORATION
BALANCE SHEETS
(unaudited)

November 30,		August 31,	
ASSETS 2000		2000	
Current assets:			
Cash and cash equivalents	\$ 608,636	\$ 821,124	
Trade accounts receivable	10,165	18,619	
Accounts receivable - stock subscriptions	--	114,500	
Prepaid expenses and other current assets	11,259		11,259
Total current assets	630,060	965,502	
Investment in water and systems:			
Rangeview water supply	13,444,746	13,422,134	
Paradise water supply	5,484,868	5,484,868	
Rangeview water system	126,611	126,611	
Total investment in water and systems	19,056,225		19,033,613
Note receivable, including accrued interest	353,755		347,162
Other assets	1,441	1,441	
\$ 20,041,481	\$ 20,347,718		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	179,465	6,955	
Billings in excess of costs and estimated earnings (Note 2)	197,703		
	772,500		
Accrued liabilities	5,300	21,692	
Total current liabilities	382,468	801,147	
Long-term debt - related parties, including accrued interest	4,350,171		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 77,536,429 shares outstanding
 261,584
 261,584
 Additional paid-in capital 24,583,910 24,583,910
 Accumulated deficit (20,499,849) (20,549,371)
 Treasury stock at cost; 903,334 shares (135,500)
 (135,500)
 Total stockholders' equity 4,218,212 4,168,690
 \$ 20,041,481 \$ 20,347,718

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
 STATEMENTS OF OPERATIONS
 (unaudited)

Three Months Ended
 November 30, November 30,
 2000 1999

Water service revenue		
Water construction revenues	\$ 574,798	\$ 312,112
Water usage fees	17,909	6,871
	592,707	318,983
Construction costs incurred (Note 2)	(441,320)	(242,066)
Water service operating expense	(2,219)	(1,300)
Gross Margin	149,168	75,617
General and administrative expense	(51,008)	(55,975)
Other income (expense):		
Interest income	14,282	16,496
Interest expense:		
Related parties	(62,920)	(58,549)
Other	-- 15,374	
Net income (loss)	\$49,522	\$(7,037)

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

Weighted average common shares outstanding 77,536,429
 77,536,429

* less than \$.01 per share

See Accompanying Notes to the Financial Statements

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PURE CYCLE CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

Three Months Ended	November 30, 2000	November 30, 1999
Cash flows from operating activities:		
Net income (loss)	\$49,522	\$(7,037)
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	(6,593)	(
5,876)		
Increase in accrued interest on long term debt and other non-current liabilities	62,920	58,549
Changes in operating assets and liabilities:		
Accounts receivable	8,454	6,106
Billings in excess of costs and estimated earnings	(574,797)	(312,112)
Accounts payable and accrued liabilities	156,118	
87,247		
Net cash provided by (used in) operating activities	(304,376)	
(151,966)		
Cash flows from investing activities:		
Investments in water supply	(22,612)	(18,453)
Investment in Rangeview water system	-	
--		
--		
Net cash used in investing activities	(22,612)	(18,453)
Cash flows from financing activities:		
Proceeds from sale of common stock	114,500	
120,000		
Net cash provided by financing activities	114,500	120,000
Net increase (decrease) in cash and cash equivalents	(212,488)	(50,421)
Cash and cash equivalents beginning of period	821,124	
981,025		
Cash and cash equivalents end of period	\$ 608,636	\$ 930,604

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 November 30, 2000 and the statements of operations for the three months ended November 30, 2000 and 1999 and the statements of cash flows for the three months ended November 30, 2000 and 1999, 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 November 30, 2000 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 May 2001. Projected cost for construction of the combined water and sewer capital project costs of \$1,652,895.

At November 30, 2000, the estimated period to complete the remaining work for the wastewater facility is approximately 2 months, 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 November 30, 2000 within one year.

NOTE 3 - STOCKHOLDERS' EQUITY

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. As of August 31, 2000, the Company has not issued these shares, nor received payment from the investors. Payment was received from these investors subsequent to year end as follows: \$10,000 on September 28, \$4,500 on October 2, \$50,000 on October 26, and \$50,000 on October 27.

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 three months ended November 30, 2000, the Company generated water service revenues of \$17,909 compared to \$6,871 for the three months ended November 30, 1999 due primarily to increased water sales to the Model Facility. During the quarter ended November 30, 2000, the Company delivered approximately 12.1 million gallons of water to customers in the Service Area generating revenues from water sales of \$17,909 compared to the delivery of 5.5 million gallon generating revenues of \$6,871 during the three months ended November 30, 1999. The Company incurred water service operating costs of \$2,217 for the three months ending November 30, 2000 as compared to \$1,300 for the three month ending November 30, 1999, due to an increase in water deliveries. During the three months ended November 30, 2000, the Company recognized construction revenues of \$574,798 compared to \$312,112 for the three months ended November 30, 1999 based on the percentage-of-completion of the project for the Model Facility. The Company incurred construction costs of \$441,320 during the three months ended November 30, 2000 compared to \$242,066 during the three months ended November 30, 1999 and has remaining construction deposits totaling \$197,703 as of November 30, 2000. The Company recognized revenues from construction based on percentage-of-completion methodology. As of November 30, 2000, construction of the water and wastewater facilities for the Model Facility were approximately 91% complete.

General and administrative expenses for the three months ended November 30, 2000 were approximately \$11,000 higher than for the period ended November 30, 1999, primarily because of an increase in professional fees. Net income for the three months ended November 30, 2000 was \$49,522 compared to a net loss of \$7,037 for the three month ended November 30, 1999 primarily because of the revenues recognized pursuant to the percentage-of-completion of the construction of the water and wastewater systems for the Model Facility.

Liquidity and Capital Resources

At November 30, 2000, current assets exceed current liabilities by \$247,592 and, the Company had cash and cash equivalents of \$630,060.

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:

January 12, 1999 /S/ Thomas P. Clark
Thomas P. Clark,
President

Date:

January 12, 1999 /S/ Mark W. Harding
Mark W. Harding,
Chief Financial Officer