

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, 1999

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)

5650 York Street, Commerce City, CO 80022
(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 February 28, 1999:

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
INDEX TO FEBRUARY 28, 1999 FORM 10-QSB

Page

Part I - Financial Information (unaudited)

Balance Sheets - February 28, 1999 and August 31, 1998	3
Statements of Operations - For the three months ended February 28, 1999 and February 28, 1998	4
Statements of Operations - For the six months ended February 28, 1999 and February 28, 1998	5
Statements of Cash Flows - For the six months ended February 28, 1999 and February 28, 1998	6
Notes to Financial Statements	7
Management's Discussion and Analysis of	8

"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
CONSOLIDATED BALANCE SHEETS

ASSETS	February 28 1999 ----- (unaudited)	August 31 1998 -----
Current assets:		
Cash and cash equivalents	\$ 393,419	\$ 423,027
Marketable securities	3,429	3,429
Prepaid expenses and other current assets	7,830	7,830
	-----	-----
Total current assets	404,678	434,286
Investment in water projects:		
Rangeview water rights	13,100,825	12,995,881
Paradise water rights	5,479,520	5,470,606
Rangeview Water System	129,081	114,088
	-----	-----
Total investment in water projects	18,709,426	18,580,575
Note receivable, including accrued interest	321,021	298,269
Equipment, at cost, net of accumulated depreciation of \$16,624 and \$16,095, respectively	614	1,143
Other assets	22,596	22,596
	-----	-----
	\$ 19,458,335	\$ 19,336,869
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 50,398	\$ 4,049
Construction deposits (Note 2)	158,800	--
Accrued liabilities	--	45,809
	-----	-----
Total current liabilities	209,198	49,858
Long-term debt - related parties, including accrued interest (Note 2)	3,887,072	3,786,981
Other non-current liabilities	124,553	120,983
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 A - 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	
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	24,216,244	24,126,744
Accumulated deficit	(20,336,679)	(20,105,144)
	-----	-----
Total stockholders' equity	4,146,882	4,288,417
	-----	-----
	\$ 19,458,335	\$ 19,336,869
	=====	=====

[FN]

See Accompanying Notes to the Consolidated Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	February 28 1999	February 28 1998
	-----	-----
Water service revenue		
Water usage fees	\$ 3,265	\$ 8,136
	-----	-----
	3,265	8,136
Expenses		
Water service operating expense	(1,200)	(1,000)
General, administrative and marketing	(100,937)	(136,225)
Interest		
Related party	(50,046)	(50,046)
Other	(1,785)	(1,785)
	-----	-----
	(153,968)	(189,056)
Interest income	11,786	7,961
	-----	-----
Net Loss	\$ (138,917)	\$ (172,959)
	=====	=====
Loss per common share	\$ --*	\$ --*

* less than \$.01 per share

[FN]

See Accompanying Notes to the Consolidated Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Six Months Ended	
	February 28 1999	February 28 1998
	-----	-----
Water service revenue		
Water usage fees	\$ 9,636	\$ 13,744
	-----	-----
	9,636	13,744
Expenses		
Water service operating expense	(2,400)	(1,000)
General, administrative and marketing	(157,941)	(190,801)
Interest		
Related party	(100,091)	(100,091)
Other	(3,570)	(3,570)
	-----	-----
	(264,002)	(295,462)

Interest income	22,831	17,194
	-----	-----
Net Loss	\$ (231,535)	\$ (264,524)
	=====	=====
Loss per common share	\$ --*	\$ --*

* less than \$.01 per share

[FN]

See Accompanying Notes to the Consolidated Financial Statements

PURE CYCLE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	February 28 1999	February 28 1998
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (231,535)	\$ (264,524)
Adjustments to reconcile net loss to net cash provided (used in) operating activities:		
Depreciation and amortization	529	1,332
Noncash compensation expense for the repricing of options and warrants	--	51,383
Increase in accrued interest on note receivable	(22,752)	(11,752)
Increase in accrued interest and other non-current liabilities	103,661	103,661
Changes in operating assets and liabilities:		
Accounts payable	540	(3,993)
Construction deposits	158,800	--
	-----	-----
Net cash used in operating activities	9,243	(123,893)
Cash flows from investing activities-		
Investments in water rights	(113,858)	(71,950)
Investment in rangeview water system	(14,993)	(13,876)
	-----	-----
Net cash used in investing activities	(128,851)	(85,826)
Cash flows from financing activities:		
Proceeds from sale of stock	90,000	--
Net cash provided by (used in) financing activities	-----	-----
	90,000	--
	-----	-----
Net decrease in cash and cash equivalents	(29,608)	(209,719)
Cash and cash equivalents beginning of period	423,027	370,426
	-----	-----
Cash and cash equivalents end of period	\$393,419	\$160,707
	=====	=====

[FN]

See Accompanying Notes to the Consolidated Financial Statements

PURE CYCLE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The consolidated balance sheet as of February 28, 1999 and August 31, 1998, the consolidated statements of operations for the three months and six months ended February 28, 1999 and February 28, 1998 and the consolidated statements of cash flows for the six months ended February 28, 1999 and February 28, 1998, 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 February 28, 1999 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 1998 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

In August 1998, the Company entered into an agreement 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 purchased 201 equivalent residential water taps at \$8,165 per tap (or \$1,641,165), and 156 equivalent residential wastewater taps at \$4,000 per tap (or \$624,000, collectively \$2,265,165). Pursuant to its Service Agreements, the Company will receive \$1,372,014 from the water tap revenue, and \$624,000 from the sewer tap revenues for a combined total of \$1,996,014. The Company will design, construct, operate and maintain the water and wastewater system to deliver water and sewer service to the Model Facility. During the six months ended February 28, 1999, the Company received construction deposits of \$459,800 to construct a water and wastewater system to service the Model Facility. Costs incurred on behalf of the model facility during the six months ending February 28, 1999 applied to these deposits totaled approximately \$301,000.

NOTE 3 - STOCKHOLDERS' EQUITY

In August 1998, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 3,200,000 shares of Series C Convertible Preferred Stock to the Company's President, Mr. Thomas Clark, in exchange for 3,200,000 shares of common stock owned by Mr. Clark. The Series C Convertible Preferred Stock converts into an equivalent number of shares of Common stock at the election of Mr. Clark provided the Company has authorized and unissued shares of Common Stock available. The Company sold 3,200,000 shares of the Company's Common Stock at \$.125 per share to four accredited investors who have previously invested in the Company. Proceeds to the Company were \$400,000.

In January 1999, the Company entered into a Plan of Recapitalization and a Stock Purchase Agreement whereby the Company issued 500,000 shares of Series C-1 Convertible Preferred Stock to the Company's President, Mr. Thomas Clark, in exchange for 500,000 shares of common stock owned by Mr. Clark. The Series C-1 Convertible Preferred Stock converts into an equivalent number of shares of Common stock at the election of Mr. Clark provided the Company has authorized and unissued shares of Common Stock available. The Company sold 500,000 shares of the Company's Common Stock at \$.18 per share to an accredited investor. Proceeds to the Company were \$90,000.

In December of 1997, the Company agreed to adjust the exercise price of its outstanding options and warrants totaling approximately 48,672,000 shares held by certain directors, officers, and investors of the Company from \$.25 per share to \$.18 per share. The options and warrant repricing was based on the market closing price on December 2, 1997 of \$.18 per share. The Company has recognized a non-cash compensation expense of \$51,000 which reflects the change in value of the options and warrants based on the price of the Company's outstanding shares at the date of repricing. The options and warrants expire during 2002.

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

Results of Operations

General and administrative and marketing expenses for the six months ended February 28, 1999 were approximately \$33,000 lower than for the period ended February 28, 1998, primarily because of a non-cash compensation expense incurred in 1998. Interest expense increased for the six months ended February 28, 1999 by approximately \$1,000 compared to the period ended February

28, 1998 primarily because of a higher average outstanding balance of notes payable for the six months of fiscal 1999 compared to the same period in fiscal 1998. Net loss for the six months ended February 28, 1999 decreased approximately \$33,000 compared to the six month ended February 28, 1998 primarily because of the non-cash compensation expense during the six months ended February 28, 1998.

During the six months ended February 28, 1999, the Company generated water service revenues of \$9,636 compared to \$13,744 for the period ended February 28, 1998 and incurred approximately \$2,400 in operating costs compared to \$1,000 for the period ended February 28, 1998 associated with the water service revenues. The water service revenues were generated from the sale of water to customers within the Company's Service Area.

Liquidity and Capital Resources

At February 28, 1999, current assets exceed current liabilities by \$195,480 and, the Company had cash and cash equivalents of \$404,678.

The Company is aggressively pursuing the sale and development of its water rights. The Company cannot provide any assurances that it will be able to sell its water rights. In the event a sale of the Company's water rights is not forthcoming and the Company is not able to generate revenues from the sale or development of its technology, the Company may sell additional portions of the Company's profit interest pursuant to the WCA, incur short or long-term debt obligations or seek to sell additional shares of Common Stock, Preferred Stock or stock purchase warrants as deemed necessary by the Company to generate operating 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.

Year 2000

The Company has completed its assessment of year 2000 issues on its computer systems and application and developed a remediation plan. Conversion activities are in process and the Company expects conversion and testing to be completed by the end of the fiscal year ended August 31, 1999. The Company expects completion of the project to cost less than \$16,000. The Company believes its non-information technology systems either will not have year 2000 issues or are not material to the Company's operations. While the Company does not believe it has any material year 2000 problem, the failure to correct a material problem or the impact of a year 2000 problem on customers and third-party supplies could result in an interruption in, or failure of normal business activities or operations. Such failure could materially and adversely affect the Company's results of operations, liquidity and financial condition.

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 14, 1999

/S/ Thomas P. Clark

Thomas P. Clark, President

Date:

April 14, 1999

/S/ Mark W. Harding

Mark W. Harding, Chief Financial Officer

<TABLE> <S> <C>

<ARTICLE>

5

<LEGEND>

THIS DOCUMENT CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S 10-QSB DATED FEBRUARY 28, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	AUG-31-1999
<PERIOD-END>	FEB-28-1999
<CASH>	393,419
<SECURITIES>	3,429
<RECEIVABLES>	0
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	404,678
<PP&E>	617
<DEPRECIATION>	16,670
<TOTAL-ASSETS>	19,759,335
<CURRENT-LIABILITIES>	510,198
<BONDS>	0
<COMMON>	261,584
<PREFERRED-MANDATORY>	0
<PREFERRED>	5,733
<OTHER-SE>	3,879,565
<TOTAL-LIABILITY-AND-EQUITY>	19,759,335
<SALES>	9,636
<TOTAL-REVENUES>	9,636
<CGS>	2,400
<TOTAL-COSTS>	157,941
<OTHER-EXPENSES>	59,404
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	103,661
<INCOME-PRETAX>	(231,535)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(231,535)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(231,535)
<EPS-PRIMARY>	(0.01)
<EPS-DILUTED>	0

</TABLE>