SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 2004 or Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________.

Commission File No. 0-9143

HURCO COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Indiana	35-1150732
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Technology Way Indianapolis, Indiana	46268
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (317) 293-5309

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to the filing requirements for the past 90 days:

Yes X No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

The number of shares of the Registrant's common stock outstanding as of March 1, 2004 was 5,693,340.

HURCO COMPANIES, INC.
January 2004 Form 10-Q Quarterly Report

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PART I - FINANCIAL INFORMATION

Item 1. CONDENSED FINANCIAL STATEMENTS

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended January 31 2004	2003
	(unaudited)	
Sales and service fees	$ 22,718	$ 15,953
Cost of sales and service	16,187	11,959
Gross profit	6,531	3,994
Selling, general and administrative expenses	4,927	4,428
Operating income (loss)	1,604	(434)
Interest expense	144	159
Variable options expense	255	--
Other (income) expense, net	170	(116)
Income (loss) before taxes	1,035	(477)
Provision for income taxes	366	105
Net income (loss)	$ 669	$ (582)
Earnings (loss) per common share		
Basic	$ 0.12	$ (0.10)
Diluted	$ 0.12	$ (0.10)
Weighted average common shares outstanding		
Basic	5,588	5,583
Diluted	5,753	5,583

The accompanying notes are an integral part of the condensed consolidated financial statements.

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	January 31 2004	October 31 2003
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,604	$ 5,289
Cash - restricted	1,092	622
Accounts receivable	12,734	12,823
Inventories	23,250	22,247
Other	1,730	1,409
Total current assets	44,410	42,390
Property and equipment:		
Land	761	761
Building	7,242	7,239
Machinery and equipment	10,809	10,568
Leasehold improvements	602	544
	19,414	19,112
Less accumulated depreciation and amortization	(11,018)	(10,730)
	8,396	8,382
Software development costs, less amortization	2,113	1,922
Investments and other assets	5,357	5,264
	$ 60,276	$ 57,958

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	$ 13,843	$ 9,461
Accrued expenses	9,406	10,048
Bank debt	998	--
Current portion of long-term debt	310	645
Total current liabilities	24,557	20,154
Non-current liabilities:		
Long-term debt	5,155	8,577
Deferred credits and other obligations	538	486
Total non-current liabilities	30,250	29,217
Shareholders' equity:		
Preferred stock: no par value per share; 1,000,000 shares authorized; no shares issued	--	--
Common stock: no par value; $.10 stated value per share; 12,500,000 shares authorized, and 5,650,687 and 5,575,987 shares issued, respectively	565	557
Additional paid-in capital	45,025	44,695
Accumulated deficit	(9,042)	(9,711)
Accumulated other comprehensive income	(6,522)	(6,800)
Total shareholders' equity	30,026	28,741
	$ 60,276	$ 57,958

The accompanying notes are an integral part of the condensed consolidated financial statements.

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	Three Months Ended January 31	
	2004	2003
Cash flows from operating activities:		
Net income (loss)	$ 669	$ (582)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Restructuring and other expense	--	(96)
Depreciation and amortization	331	349
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	634	896
(Increase) decrease in inventories	368	(288)
Increase (decrease) in accounts payable	4,099	788
Increase (decrease) in accrued expenses	(2,505)	(1,535)
Other	(98)	(307)
Net cash provided by (used for operating activities	3,498	(775)
Cash flows from investing activities:		
Purchase of property and equipment	(207)	(102)
Software development costs	(264)	(66)
Change in restricted cash	(470)	(1,176)
Other investments	(46)	(8)
Net cash used for investing activities	(987)	(1,352)
Cash flows from financing activities:		
Advances on bank credit facilities	13,118	6,200
Repayment on bank credit facilities	(15,629)	(5,366)
Repayment on first mortgage	(27)	(25)
Repayment of term debt	(337)	--
Proceeds from exercise of common stock options	338	--
Net cash provided by (used for) financing activities	(2,537)	809
Effect of exchange rate changes on cash	341	192
Net increase (decrease) in cash and cash equivalents	315	(1,126)
Cash and cash equivalents at beginning of period	5,289	4,358
Cash and cash equivalents at end of period	$ 5,604	$ 3,232

The accompanying notes are an integral part of the condensed consolidated financial statements.

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended January 31, 2004 and 2003

	Common Stock					
	Shares Issued & Outstanding	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
			(Dollars in thousands)			
Balances, October 31, 2002	5,583,158	$ 558	$ 44,717	$ (10,173)	$ (7,085)	$ 28,017
Net loss	--	--	--	(582)	--	(582)
Translation of foreign currency financial statements	--	--	--	--	648	648
Unrealized loss on derivative instruments	--	--	--	--	(768)	(768)
Comprehensive loss	--	--	--	--	--	(702)
Balances, January 31, 2003	5,583,158	$ 558	$ 44,717	$ (10,755)	$ (7,205)	$ 27,315
Balances, October 31, 2003	5,575,987	$ 557	$ 44,695	$ (9,711)	$ (6,800)	$ 28,741
Net income	--	--	--	669	--	669
Translation of foreign currency financial statements	--	--	--	--	869	869
Unrealized loss on derivative instruments	--	--	--	--	(591)	(591)

Comprehensive income................	--	--	--	--	--	947
Exercise of common stock options....	74,700	8	330	--	--	338
Balances, January 31, 2004	5,650,687	$ 565	$ 45,025	$ (9,042)	$ (6,522)	$ 30,026

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. GENERAL

The unaudited Condensed Consolidated Financial Statements include the accounts of Hurco Companies, Inc. and its consolidated subsidiaries. We design and produce computerized machine tools, interactive computer control systems and software for sale through our distribution network to the worldwide metal cutting market. We also provide software options, computer control upgrades, accessories and replacement parts for our products, as well as customer service and training support.

The condensed financial information as of January 31, 2004 and for the three months ended January 31, 2004 and January 31, 2003 is unaudited; however, in our opinion, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results and financial position for the interim periods. We suggest that you read these condensed consolidated financial statements in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended October 31, 2003.

2. HEDGING

We enter into foreign currency forward exchange contracts periodically to hedge certain forecast inter-company sales and forecast inter-company and third-party purchases of product denominated in foreign currencies (primarily Pound Sterling, Euro and New Taiwan Dollar). The purpose of these instruments is to mitigate the risk that the U.S. Dollar net cash inflows and outflows resulting from the sales and purchases denominated in foreign currencies will be adversely affected by changes in exchange rates. These forward contracts have been designated as cash flow hedge instruments, and are recorded in the Condensed Consolidated Balance Sheet at fair value in Other Current Assets and Accrued Expenses. Gains and losses resulting from changes in the fair value of these hedge contracts are deferred in Accumulated Other Comprehensive Income and recognized as an adjustment to Cost of Sales in the period that the sale of the related hedged item is recognized, thereby providing an offsetting economic impact against the corresponding change in the U.S. dollar value of the inter-company sale or purchase item being hedged.

At January 31, 2004, we had $2,405,000 of losses related to cash flow hedges deferred in Accumulated Other Comprehensive Income. Of this amount, $1,657,000 represents unrealized losses related to future cash flow hedge instruments that remain subject to currency fluctuation risk. These deferred losses will be recorded as an adjustment to Cost of Sales in the periods through March 2005, in which the sale of the related hedged item is recognized, as described above. Net losses on cash flow hedge contracts which we reclassified from Other Comprehensive Income to Cost of Sales in the quarters ended January 31, 2004 and 2003 were $941,000 and $158,000, respectively.

We also enter into foreign currency forward exchange contracts to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. These derivative instruments are not designated as hedges under Statement of Financial Accounting Standards No. 133, "Accounting Standards for Derivative Instruments and Hedging Activities" (SFAS 133), and, as a result, changes in fair value are reported currently as Other Income (Expense), Net in the Consolidated Statement of Operations consistent with the transaction gain or loss on the related foreign denominated receivable or payable. Such net transaction losses were $148,000 for the quarter ended January 31, 2004 and net gains of $37,000 for the quarter ended January 31, 2003.

3. STOCK OPTIONS

At January 31, 2004, we had two stock-based compensation plans for employees and non-employee directors, which is described more fully in the notes to the consolidated financial statements included in our 2003 annual report on Form 10-K. We account for those plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock based compensation cost is reflected in net earnings related to those plans, except for certain non-qualified options subject to variable plan accounting, as all stock options granted had exercise prices equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock Based Compensation," to the above plans.

	Three Months Ended January 31	
	2004	2003
Net income, as reported............................	$ 669	$ (582)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(24)	(49)

Pro forma net income (loss)	$ 645	$ (631)
Earnings per share:		
Basic as reported	$ 0.12	$ (0.10)
Basic pro forma	0.12	(0.11)
Diluted as reported	$ 0.12	(0.10)
Diluted pro forma	0.11	(0.11)

On November 11, 2001, our former CEO was granted 110,000 options at $2.11 and all of his previous option grants were cancelled. These options are subject to variable plan accounting, which resulted in a charge to expense in the quarter ended January 31, 2004 of $255,000. No expense was recognized during the quarter ended January 31, 2003. During the first quarter for fiscal 2004, 60,000 options were exercised.

4. EARNINGS PER SHARE

Basic and diluted earnings per common share are based on the weighted average number of our shares of common stock outstanding. Diluted earnings per common share give effect to outstanding stock options using the treasury method. The impact of stock options for the three months ended January 31, 2004 was 165,000, while the impact for the three months ended January 31, 2003 was excluded from the computation of diluted earnings per share because their effect would be anti-dilutive.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $826,000 as of January 31, 2004 and $630,000 as of October 31, 2003.

6. INVENTORIES

Inventories, priced at the lower of cost (first-in, first-out method) or market, are summarized below (in thousands):

	January 31, 2004	October 31, 2003
Purchased parts and sub-assemblies	$ 4,467	$ 3,452
Work-in-process	2,961	2,029
Finished goods	15,822	16,766
	$ 23,250	$ 22,247

7. SEGMENT INFORMATION

We operate in a single segment: industrial automation systems. We design and produce computerized machine tools, interactive computer control systems and software for sale through our distribution network to the worldwide machine tool metal cutting market. We also provide software options, computer control upgrades, accessories and replacement parts for our products, as well as customer service and training support.

8. RESTRUCTURING EXPENSE AND OTHER EXPENSE, NET

We previously occupied a facility located in England under a lease that expired in April 2002. The lease required that, following expiration of the lease, we make certain repairs to the facility resulting from deterioration of the facility during the lease term. On September 30, 2003, we settled this claim with the lessor for (pound)684,000 (approximately $1.2 million), which we had previously accrued. The settlement payment was due and paid in the first quarter of fiscal 2004.

Description	Balance 10/31/03	Provision	Charges to Accrual	Balance 1/31/04
Foreign lease termination liability	1,189	--	(1,189)	--
Total	$ 1,189	$ --	$ (1,189)	$ --

9. GUARANTEES

From time to time, our European subsidiaries guarantee third party lease financing residuals in connection with the sale of certain machines in Europe. At January 31, 2004 there were 25 third party guarantees totaling approximately $1.4 million. A retention of title clause allows us to obtain the machine if the customer defaults on its lease. We believe that the proceeds obtained from liquidation of the machine would cover our exposure.

We provide warranties on our products with respect to defects in material and workmanship. The terms of these warranties are generally one year for machines and shorter periods for service parts. We recognize a reserve with respect to this obligation at the time of product sale, with subsequent warranty claims recorded against the reserve. The amount of the warranty reserve is determined based on historical trend experience and any known warranty issues that could cause future warranty costs to differ from historical experience. A reconciliation of the changes in our warranty reserve is as follows (in thousands):

	Warranty Reserve
Balance at October 31, 2003	$ 1,016
Provision for warranties during the period	535
Charges to the accrual	(446)
Impact of foreign currency translation	52
Balance at January 31, 2004	$ 1,157

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto appearing elsewhere herein. Certain statements made in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, changes in general economic and business conditions that affect market demand for machines tools and related computer control systems, software products, and replacement parts, changes in manufacturing markets, adverse currency movements, innovations by competitors, quality and delivery performance by our contract manufacturers and governmental actions and initiatives including import and export restrictions and tariffs.

EXECUTIVE OVERVIEW

Hurco Companies Inc. is an industrial technology company operating in a single segment. We design and produce computerized machine tools, featuring our proprietary computer control systems and software, for sale through our own distribution network to the worldwide metal working market. We also provide software options, control upgrades, accessories and replacement parts for our products, as well as customer service and training support.

Our computerized metal cutting machine tools are manufactured in Taiwan to our specifications by our wholly owned subsidiary, Hurco Manufacturing Limited (HML), and an affiliate. We sell our products through approximately 200 independent agents and distributors in approximately 40 countries throughout North America, Europe and Asia. We also have our own direct sales and service organizations in England, France, Germany, Italy, Singapore and China.

The machine tool industry is highly cyclical and changes in demand can occur abruptly. Beginning in the third quarter of fiscal 1998 and continuing through the third quarter of fiscal 2003, we experienced the adverse effects of a significant decline in global demand. For example, our customer orders during the first quarter of fiscal 2003 were at their lowest level in ten years. During the downturn, we took actions to discontinue the production and sale of underperforming products, refocus on our core product lines and significantly reduce our operating costs. We also introduced new product models in late fiscal 2002 and throughout 2003, which, together with an improvement in worldwide manufacturing activity, and a consequent improvement in demand for machine tools, that began in the fourth quarter of fiscal 2003, contributed to a significant increase in our sales in the fourth quarter of fiscal 2003 and the first quarter of fiscal 2004.

Approximately 89% of worldwide demand for machine tools comes from outside the United States. During fiscal 2003, approximately 70% of our sales and service fees were attributable to customer located abroad. Our sales to foreign customers are denominated, and payments by those customers are made, in the prevailing currencies--primarily the Euro and Pound Sterling--in the countries in which those customers are located, and our product costs are incurred and paid primarily in the New Taiwan Dollar and U.S. dollars. Changes in currency exchange rates can have a material effect on our operating results when sales made and expenses incurred in foreign currencies are translated to U.S. dollars for financial reporting purposes. For example, when a foreign currency increases in value relative to the U.S. dollar, sales made (and expenses incurred) in that currency, when translated to U.S. dollars for reporting in our financial statements, are higher than would be the case when that currency has a lower value relative to the U.S. dollar. For this reason, in our comparison of period-to-period results, we customarily set forth not only the increases or decrease in those results as reported in our financial statements (which reflect translation to U.S. dollars at actual prevailing exchange rates), but also on a "constant dollar" basis in which items of foreign currency-denominated revenue or expense are translated to U.S. dollars at the same rate of exchange in both periods.

Although our high levels of foreign manufacturing and sales also subject us to cash flow risks due to fluctuating currency exchange rates, we mitigate those risks through the use of various hedging instruments - principally foreign currency forward exchange contracts.

The volatility of demand for machine tools can significantly impact our working capital requirements and, therefore, our cash flow from operations and operating profits. Because our products are manufactured in Taiwan, manufacturing and ocean transportation lead times require that we schedule machine tool production based on forecasts of customer orders for a future period of four or five months. We continually monitor order activity levels and rebalance future production schedules to changes in demand, but a significant unexpected decline in customer orders from forecasted levels can temporarily result in excess finished goods inventories and a resulting increase in our need for working capital

RESULTS OF OPERATIONS

Three Months Ended January 31, 2004 Compared to Three Months Ended January 31, 2003

For the first quarter of fiscal 2004, we reported net income of $669,000, or $.12 per share, compared to a net loss of $582,000, or $.10 per share, for the corresponding period one year ago. We attribute our return to profitability to a substantial increase in our sales of computerized machine tools particularly in Europe, which reflected an improvement in industry demand and our recent introduction of an array of new machine tool products, as well as the benefits of more favorable exchange rates when translating sales made in Euros and Pound Sterling to U.S. dollars.

Sales and service fees for the first quarter of fiscal 2004 were $22.7 million, an increase of $6.7 million, or 42%, from the $16.0 million reported for the first fiscal quarter of 2003. When measured at constant exchange rates, sales and service fees for the 2004 first quarter increased $4.6 million, or 29%, from the amount reported for the corresponding 2003 period. As noted below, approximately 64% of our sales and service fees in the first quarter of fiscal 2004 were derived from European markets. Because of continued weakness of the U.S. dollar in relation to major European currencies, the weighted average exchange rate between the Euro and the U.S. dollar during the first quarter of fiscal 2004 was $1.22 per (euro)1.00, as compared to $1.03 per (euro)1.00 for the first quarter of fiscal 2003, an increase of 18%.

The following tables set forth net sales (in thousands) by geographic region and product category for the first quarter of 2004 and 2003:

Net Sales and Service Fees by Geographic Region

	January 31,			
	2004		2003	
North America	$ 7,175	31.6%	$ 5,989	37.5%
Europe	14,543	64.0%	9,720	60.9%
Asia Pacific	1,000	4.4%	244	1.6%
Total	$22,718	100.0%	$15,953	100.0%

Sales and service fees in North America benefited from increased unit sales of 42% for our new entry-level VM product line and 16% for our large VMX machining center product line. These increases are attributable to new models introduced in fiscal 2003, an improving domestic economy and the desire of U.S. manufacturers to take advantage of year-end capital equipment tax incentives.

The nearly 50% increase in our sales and service fees in Europe reflect a 46% increase in unit sales, which was experienced most strongly in Germany, due in large measure to continuing acceptance of and demand for our new product models, as well as the previously discussed impact of an increasingly strong Euro relative to the U.S. dollar when translating European sales for financial reporting purposes. When measured in constant dollars, sales and service fees in Europe increased $2.7 million, or 28%, from the amount reported for the first quarter of fiscal 2003.

The increase in sales and service fees in Asia is the result of strengthening market demand for machine tools as well as improvements made to our distribution network and selling organization in the region.

Net Sales and Service Fees by Product Category

	Three Months Ended January 31,			
	2004		2003	
Computerized Machine Tools*	$ 19,220	84.6%	$ 12,871	80.7%
Service Fees, Parts and Other	3,498	15.4%	3,082	19.3%
Total	$ 22,718	100.0%	$ 15,953	100.0%

* When measured in constant exchange rates, sales of computerized machine tools increased by $4.4 million, or 34%.

Consolidated unit sales of computerized machine tools increased 44% in the first quarter of fiscal 2004 compared to the prior year period. The average net selling price per unit (when measured in constant exchange rates) during the same periods declined 7% due to the higher percentage of sales of units of the more moderately priced VM product line in the total product mix during the 2004 period. However, when measured using current rates, the average net selling price increased 3% when translating foreign sales for financial reporting purposes.

New order bookings for the first quarter of fiscal 2004 were $23.5 million, an increase of 70% from the $13.9 million reported for the first fiscal quarter of 2003. When measured in constant dollars, new order bookings in the first quarter of 2004 increased $7.5 million, or 54%, over those in the first quarter of fiscal 2003, with increases in the United States, Europe and Asia of $2.1 million, $4.6 million and $802,000, respectively. Backlog was $9.5 million at January 31, 2004, compared to $8.2 million at October 31, 2003.

Gross margin for the first quarter of 2004 was 28.7%, a substantial increase over the 25.0% margin realized in the corresponding 2003 period, due principally to increased sales, the favorable effect of stronger European currencies and a greater percentage of higher-margin European shipments in the total sales mix.

Selling, general and administrative expenses during the first quarter of 2004 increased approximately $500,000, or 11%, from the amount reported for the 2003 period, due to currency translation effects and the increased commissions to European selling agents associated with the increase in European sales.

Variable option expense of $255,000 is related to certain stock options that are subject to variable plan accounting. Sixty thousand of the 110,000 options subject to variable option expense were exercised in the first quarter of fiscal 2004, and as of March 1, 2004, the remaining options were subsequently exercised. The expense recognized during the second quarter of fiscal 2004 related to those options exercised is expected to be approximately $75,000.

Other (income) expense, net in the first quarter of fiscal 2004 includes currency exchange losses on inter-company receivables and payables denominated in foreign currencies, net of gains or losses on related forward contracts, and other non-operating income and expense items. Other income (expense), net in the prior year consisted primarily of earnings from two affiliates accounted for using the equity method.

The provision for income taxes is related to the earnings of two foreign subsidiaries. In the United States and certain other foreign jurisdictions, we have net operating loss carryforwards for which we have a 100% valuation reserve at January 31, 2004. The provision for income tax increased in fiscal 2003 because of increased earnings from our taxable foreign subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2004, we had cash and cash equivalents of $5.6 million, exclusive of $1.1 million of restricted cash related to derivative instruments, compared to $5.3 million and $622,000, respectively, at October 31, 2003. Cash generated from operations totaled $3.5 million for the quarter ended January 31, 2004, compared to cash used by operations of $775,000 in the prior year period.

The weakening of the U.S. dollar in relation to European currencies results in a temporary increase in restricted cash related to derivative instruments, pending the liquidation of forward contracts in the normal course. Anticipated cash losses on these forward contracts will be funded by the increased U.S. dollar value of the related inter-company sales that are being hedged by those contracts. As a result, we do not expect cash flow from operations to be adversely affected.

Working capital, excluding short-term debt, was $21.2 million at January 31, 2004, compared to $22.9 million at October 31, 2003. During the first quarter of fiscal 2004, cash flow from operations benefited by $4.1 million from an increase in accounts payable, primarily to increased manufacturing activity. This was accomplished without increasing inventory. Cash flow from operations was unfavorably impacted by a $2.5 million reduction in accruals resulting from a $1.2 million payment for a foreign lease liability in the United Kingdom and the timing of payments for normal year-end accruals. We expect our working capital requirements to increase in fiscal 2004, as our sales increase.

Capital investments during the first quarter consisted of normal expenditures for software development projects and purchases of equipment. We funded these expenditures with cash flow from operations.

Total debt at January 31, 2004 was $6.5 million, representing 18% of our total capitalization, compared to $9.2 million, or 24% of our total capitalization, at October 31, 2003. We were in compliance with all loan covenants and had unused credit availability of $9.9 million at January 31, 2004. We believe that cash flow from operations and borrowings available to us under our credit facilities will be sufficient to meet our anticipated cash requirements for the balance of fiscal 2004.

NEW ACCOUNTING PRONOUCEMENTS

In the first quarter of fiscal 2004, we adopted the Financial Accounting Standards Board Interpretation No. 46 (FIN 46) Consolidation of Variable Interest Entities. This Interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties. The adoption of this standard did not have a material effect on the Consolidated Financial Statements.

In December 2003, the Financial Accounting Standards Board issued Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of SFAS No. 123, Accounting for Stock-Based Compensation" (SFAS 148). The Standard provides for (1) alternative methods of transition for an entity that voluntarily changes to the fair-value method of accounting for stock-based compensation; (2) requires more prominent disclosure of the effects of an entity's accounting policy decisions with respect to stock-based compensation on reported income; and (3) amends APB Opinion No. 28, "Interim Financial Reporting", to require disclosure of those effects in interim financial information. SFAS No. 148 is effective for fiscal years ending after December 15, 2003, and for financial reports containing condensed financial statements for interim periods beginning after December 15, 2003. We do not expect the adoption of SFAS 148 to have a material impact on our financial position or results of operations.

CRITICAL ACCOUNTING POLICIES

Our accounting policies, which are described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2003, require our management to make significant estimates and assumptions using information available at the time the estimates are made. These estimates and assumptions significantly affect various reported amounts of assets, liabilities, revenues and expenses. If our future experience differs materially from these estimates and assumptions, our results of operations and financial condition could be affected. There were no material changes to our critical accounting policies during the first quarter of 2003.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There have been no material changes from the information provided in our Annual Report on Form 10-K for the fiscal year ended October 31, 2003.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest on our bank borrowings is affected by changes in prevailing U.S. and European interest rates. At January 31, 2004, outstanding borrowings under our bank credit facilities were $1.7 million and our total indebtedness was $6.5 million.

Foreign Currency Exchange Risk

In the first quarter of fiscal 2004, approximately 70% of our sales and service fees were derived from foreign markets. All of our computerized machine tools and computer numerical control systems, as well as certain proprietary service parts, are sourced by our U.S.-based engineering and manufacturing division and re-invoiced to our foreign sales and service subsidiaries, primarily in their functional currencies.

Our products are sourced from foreign suppliers or built to our specifications by either our wholly owned subsidiary in Taiwan or contract manufacturers overseas. These purchases are predominantly in foreign currencies and in many cases our arrangements with these suppliers include foreign currency risk sharing agreements, which reduce (but do not eliminate) the effects of currency fluctuations on product costs. The predominant portion of our exchange rate risk associated with product purchases relates to the New Taiwan Dollar.

We enter into forward foreign exchange contracts from time to time to hedge the cash flow risk related to forecast inter-company sales, and forecast inter-company and third-party purchases denominated in, or based on, foreign currencies. We also enter into foreign currency forward exchange contracts to provide a natural hedge against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes.

Forward contracts for the sale or purchase of foreign currencies as of January 31, 2004 which are designated as cash flow hedges under SFAS No. 133 were as follows:

			Contract Amount at Forward Rates in U.S. Dollars		
Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg Forward Rate	At Date of Contract	January 31, 2004	Maturity Dates
Sale Contracts:					
Euro	14,500,000	1.1442	16,590,900	18,001,261	February 2004 - December 2004
Sterling	1,720,000	1.6535	2,844,020	3,090,952	February 2004 - December 2004

Forward contracts for the sale of foreign currencies as of January 31, 2004, which were entered into to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies were as follows:

Contract Amount at
Forward Rates in

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg Forward Rate	U.S. Dollars At Date of Contract	U.S. Dollars January 31, 2004	Maturity Dates
Sale Contracts:					
Euro	3,369,088	1.2501	4,211,697	4,193,819	February 2004 - April 2004
Singapore Dollar	2,615,231	1.7015*	1,537,015	1,545,333	February 2004 - May 2004
Sterling	745,800	1.8099	1,349,823	1,352,760	February 2004 - April 2004
Purchase Contracts:					
New Taiwan Dollar	32,700,000	33.16*	986,128	983,543	February 2004

* per U.S. Dollars

Item 4. CONTROLS AND PROCEDURES

We carried out an evaluation under the supervision and with participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of January 31, 2004 pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of the evaluation date.

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended January 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in various claims and lawsuits arising in the normal course of business. We believe it is remote that any of these claims will have a material adverse effect on our consolidated financial position or results of operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

11 Statement re: Computation of Per Share Earnings

31.1 Certification by the Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as amended.

31.2 Certification by the Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as amended.

32.1 Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2003.

32.2 Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2003.

(b) Reports on Form 8-K:

Report filed on December 10, 2003 furnishing items under Item 12, Results of Operations and Financial Condition. A copy of a press release containing information on earnings for the fiscal year ended October 31, 2003 was included as an exhibit.

SIGNATURES

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

HURCO COMPANIES, INC.

By:/s/ Roger J. Wolf

Roger J. Wolf
Senior Vice President and
Chief Financial Officer

By:/s/ Stephen J. Alesia

Stephen J. Alesia
Corporate Controller and
Principal Accounting Officer

March 11, 2004

Exhibit 11

Statement Re: Computation of Per Share Earnings

(in thousands, except per share data)	Three Months Ended January 31, 2004		2003	
	Basic	Diluted	Basic	Diluted
Net income (loss)...	$ 669	$ 669	$ (582)	$ (582)
Weighted average shares outstanding..	5,588	5,588	5,583	5,583
Dilutive effect of stock options............................	--	165	--	--
	5,583	5,753	5,583	5,583
Earnings (loss) per common share............................	$ 0.12	$ 0.12	$ (0.10)	$ (0.10)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Michael Doar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hurco Companies, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Doar
Michael Doar
Chairman & Chief Executive Officer
March 9, 2004

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Roger J. Wolf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hurco Companies, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Roger J. Wolf
Roger J. Wolf
Senior Vice President & Chief Financial Officer
March 9, 2004

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Quarterly Report of Hurco Companies, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to ss. 906 of the Sarbanes-Oxley Act of 2003, 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 results of operations of the Company.

/s/ Michael Doar
Michael Doar
Chairman & Chief Executive Officer
March 9, 2004

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Quarterly Report of Hurco Companies, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to ss. 906 of the Sarbanes-Oxley Act of 2003, 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 results of operations of the Company.

/s/ Roger J. Wolf
Roger J. Wolf
Senior Vice President & Chief Financial Officer
March 9, 2004