SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 2001 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

The number of shares of the Registrant's common stock outstanding as of February 28, 2001 was 5,693,758.

HURCO COMPANIES, INC.
January 2001 Form 10-Q Quarterly Report

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended January 31, 2001	2000
	(Unaudited)	
Sales and service fees	$ 25,933	$ 24,524
Cost of sales and service	19,318	17,803
Gross profit	6,615	6,721
Selling, general and administrative expenses	6,086	5,820
Operating income	529	901
License fee income, net	334	71
Interest expense	181	292
Other income (expense), net	88	(54)
Income before income taxes	770	626
Provision for income taxes	203	167
Net Income	$ 567	$459
Earnings per common share		
Basic	$ .10	$ .08
Diluted	$ .10	$ .08
Weighted average common shares outstanding		
Basic	5,867	5,952
Diluted	5,905	6,008

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

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

	January 31, 2001	October 31, 2000
ASSETS	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	$ 5,192	$ 3,384
Accounts receivable	21,583	17,842
Inventories	28,056	26,176

Other	1,794	1,793
Total current assets	56,625	49,195
Property and equipment:		
Land	761	761
Building	7,162	7,162
Machinery and equipment	11,033	11,000
Leasehold improvements	1,031	992
Less accumulated depreciation and amortization	(11,240)	(11,122)
	8,747	8,793
Software development costs, less amortization	3,223	3,326
Investments and other assets	4,119	3,710
	$ 72,714	$ 65,024
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,502	$ 13,593
Accrued expenses	8,947	7,545
Current portion of long-term debt	200	1,986
Total current liabilities	24,649	23,124
Non-current liabilities:		
Long-term debt	8,100	1,750
Deferred credits and other	1,284	1,259
	9,384	3,009
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; 5,693,758 and 5,955,359 shares issued, respectively	569	596
Additional paid-in capital	45,188	46,347
Retained earnings (deficit)	254	(313)
Other comprehensive income	(7,330)	(7,739)
Total shareholders' equity	38,681	38,891
	$72,714	$65,024

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

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

	Three Months Ended January 31, 2001	2000
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 567	$ 459
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	539	534
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,056)	1,668
(Increase) decrease in inventories	(1,441)	2,873
Increase (decrease) in accounts payable	1,820	(980)
Increase (decrease) in accrued expenses	1,060	375
Other	(511)	93
Net cash provided by (used for) operating activities	(1,022)	5,022
Cash flows from investing activities:		
Proceeds from sale of equipment	--	28
Purchases of property and equipment	(207)	(208)
Software development costs	(128)	(176)
Other	(78)	--
Net cash provided by (used for) investing activities	(413)	(356)
Cash flows from financing activities:		
Advances on bank credit facilities	14,650	6,450
Repayment on bank credit facilities	(8,300)	(8,550)
Repayments of term debt	(1,786)	(1,786)
Repurchase of Common Stock	(1,221)	--
Proceeds from exercise of common stock options	35	--
Net cash provided by (used for) financing activities	3,378	(3,886)
Effect of exchange rate changes on cash	(135)	(105)
Net increase (decrease) in cash	1,808	675
Cash and cash equivalents at beginning of period	3,384	3,497
Cash and cash equivalents at end of period	$ 5,192	$ 4,172

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

HURCO COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months ended January 31, 2001 and 2000

	Common Stock					
	Shares Issued & Outstanding	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Other Comprehensive Income:	Total
			(Dollars in thousands)			
Balances, October 31, 1999	5,951,859	$595	$46,340	$(5,348)	$(5,439)	$36,148
Net income......................	--	--	--	459	--	459
Translation of foreign currency financial statements..........	--	--	--	--	(510)	(510)
Comprehensive income (loss)......						(51)
Balances, January 31, 2000	5,951,859	$ 595	$ 46,340	$ (4,889)	$ (5,949)	$ 36,097
Balances, October, 31 2000	5,955,359	$596	$46,347	$(313)	$(7,739)	$38,891
Net income......................	--	--	--	567	--	567
Translation of foreign currency financial statements..........	--	--	--	--	661	661
Unrealized loss on derivative instruments.....................	--	--	--	--	(252)	(252)
Comprehensive income (loss)......	--	--	--	--	--	409
Exercise of Common Stock Options.	16,400	1	34	--	--	35
Repurchase of Common Stock.......	(278,001)	(28)	(1,193)	--	--	(1,221)
Balances, January 31, 2001	5,693,758	$569	$ 45,188	$ 254	$ (7,330)	$ 38,681

The accompanying notes are an integral part of the 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 are an industrial automation company that designs and produces interactive computer controls, software and computerized machine systems for the worldwide metal cutting and metal forming industries.

The condensed financial information as of January 31, 2001 and 2000 is unaudited but includes all adjustments which we consider necessary for a fair presentation of our financial position at those dates and our results of operations and cash flows for the three months then ended. It is suggested that these condensed financial statements be read 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, 2000.

2. LICENSE FEE INCOME, NET

From time to time, our wholly owned subsidiary, IMS Technology, Inc., enters into agreements for the licensing of its interactive computer numerical control patents. License fees received or receivable under a fully paid-up license, for which there are no future performance requirements or contingencies, are recognized in income, net of legal fees and expenses, at the time the license agreement is executed. License fees receivable in periodic installments that are contingent upon the continuing validity of a licensed patent are recognized in income, net of legal fees and expenses, over the life of the licensed patent.

3. HEDGING

On November 1, 2000, we adopted Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." In accordance with the provisions of SFAS No. 133, we recorded a transition adjustment upon the adoption of the standard to recognize the difference between the fair value of the derivative instruments recorded on the balance sheet and the previous carrying amount of those derivatives. The effect of this transition adjustment was insignificant and is reflected in the Other Income (Expense) in the Consolidated Statement of Operations. We also recorded a transition adjustment of approximately $129,000 in Other Comprehensive Income to recognize previously deferred net losses on derivatives designated as cash flow hedges.

We enter into foreign currency forward exchange contracts periodically to hedge certain forecast inter-company sales and forecast inter-company and third-party purchases 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 Liabilities. Gains and losses resulting from changes in the fair value of these hedge contracts are deferred in Other Comprehensive Income and recognized as an adjustment to the related sale or purchase transaction in the period that the transaction occurs. During the fiscal quarter ended January 31, 2001, $40,000 of net losses on cash flow hedge contracts were reclassified from Other Comprehensive Income to Cost of Sales.

At January 31, 2001 we had $252,000 of unrealized losses related to cash flow hedges deferred in Other Comprehensive Income, which we expect to recognize in Cost of Sales within the next twelve months. Cash flow hedge contracts mature at various dates through October 2001.

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 SFAS 133 and as a result, changes in fair value are reported currently as Other Income (Expense) in the Consolidated Statement of Operations consistent with the transaction gain or loss on the related foreign denominated receivable or payable.

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. Common stock equivalents totaled 38,000 shares for the first quarter of fiscal 2001.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $731,000 as of January 31, 2001 and $741,000 as of October 31, 2000.

6. INVENTORIES

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

	January 31, 2001	October 31, 2000
Purchased parts and sub-assemblies	$10,908	$ 10,526
Work-in-process	1,643	1,339
Finished goods	15,505	14,311
	$ 28,056	$ 26,176

7. SEGMENT INFORMATION

We operate in a single segment: industrial automation systems. We design and produce interactive computer control systems and software and computerized machine systems for sale through our distribution network to the worldwide metal working 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 CHARGE

We have previously recorded a reserve for anticipated costs associated with the restructuring of a subsidiary to convert its operations from manufacturing computer controls to sales and service of computerized machine systems.

At January 31, 2001, the restructuring reserve balance was approximately $634,000 and consisted of the following:

Description	Balance 10/31/00	Provision	Charges to Accrual	Balance 1/31/01
Excess Building Capacity	$ 286	$ --	$ --	$ 286
Equipment Leases	54	--	(6)	48
Severance	300	--		300
	$ 640	$ --	$ (6)	$ 634

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9. STOCK REPURCHASE

In December 2000, we repurchased 278,001 shares of our common stock for approximately $1,200,000 from a related party, Brynwood Partners II L.P. The repurchased shares are reflected as a reduction in common stock.

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". For a description of risks and uncertainties related to forward-looking statements, see our Annual Report on Form 10-K for the year ended October 31, 2000.

RESULTS OF OPERATIONS

Three Months Ended January 31, 2001 Compared to Three Months Ended January 31, 2000

Sales and service fees for the first quarter of fiscal 2001 were $25,933,000, approximately 6% higher than those recorded in the 2000 period, in spite of continuing unfavorable effects of the stronger U.S. dollar, particularly in relation to the Euro and Sterling, when translating sales made in foreign countries. At comparable exchange rates, net sales for the first fiscal quarter would have been $27,185,000, an increase of 11%, as compared to the prior year period. The increase in sales and service fees was the result of an increase in shipments of computerized machine systems. Sales and service fees in North America and Southeast Asia were substantially unchanged from the prior year while sales and service fees in continental Europe increased 11% in current dollars, despite the weaker Euro. Unit shipments of computerized machine systems in Europe increased 22% compared to the first quarter of fiscal 2000.

New order bookings for the first quarter of fiscal 2001 were $28,110,000, compared to $23,187,000 for the corresponding 2000 period, an increase of 21%. Orders for computerized machine systems increased $5,731,000 or 33%, on a 22% increase in unit orders, despite the weaker foreign currency effect. Machine system orders in the U.S. were 17% lower than the prior year period in units, primarily on lower priced entry-level products due to weaker market conditions, but increased 8% in dollars due to a larger percentage of higher value machines in the total sales mix. Machine systems orders outside the United States increased 48% in current dollars on a 56% increase in units, fueled by record level orders in Germany. Orders for computerized machine systems constituted 82% of total new order bookings in the first quarter of fiscal 2001, compared to 75% in the 2000 period. Backlog was $13,800,000 at January 31, 2001, compared to $10,200,000 at the end of fiscal 2000 and $6,800,000 one year ago.

Gross profit margin for the most recent fiscal quarter was 25.5%, or 1.9 percentage points lower than the prior year period, due primarily to the unfavorable effects of the stronger U.S. dollar on sales made in European countries, whereas a substantial portion of Cost of Sales is sourced in U.S. dollars or currencies, primarily the New Taiwan Dollar, that are relatively stronger against the U.S. dollar than those in Europe. The unfavorable currency effect on gross profit, combined with a 5% increase in operating expenses, resulted in a $372,000 decline in operating income.

License fee income increased $263,000 as a result of fully paid up license agreements entered into during the first quarter of fiscal 2001. Approximately $71,000 of license fee income in the first quarter of fiscal 2001 and 2000 relates to license agreements previously entered into that are recognized in income over the remaining life of the patent, which expires at the end of fiscal 2001. The increase in license fees along with reduced interest expense, as a result of lower borrowings, contributed to an increase in net income after tax of $108,000, or 24%. The provision for income taxes is primarily the result of earnings of a foreign subsidiary.

Foreign Currency Risk Management

We manage our foreign currency exposure through the use of foreign currency forward exchange contracts. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes. We also moderate our currency risk related to significant purchase commitments with certain foreign vendors through price adjustment agreements that provide for a sharing of, or otherwise limit, the potential adverse effect of currency fluctuations on the costs of purchased products. See Item 3 below and Note 3 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2001, we had cash and cash equivalents of $5,192,000 compared to $3,384,000 at October 31, 2000. Cash used for operations totaled $1,022,000 in the first quarter of fiscal 2001, compared to $5,022,000 provided by operations in the same period of fiscal 2000.

Net working capital was $31,976,000 at January 31, 2001, compared to $26,071,000 at October 31, 2000. The increase is attributable to increases in inventory and receivables that were partially offset by increases in payables and accruals.

Capital investments for the first fiscal quarter ended January 31, 2001 consisted principally of expenditures for software development projects and purchases of equipment. Cash used for investing activities during the quarter were funded by cash flow from operations and bank credit facilities.

We paid the final installment of $1,786,000 on our term debt during the first fiscal quarter. We also repurchased 278,001 shares of our common stock during the quarter for $1,221,000. These shares are reflected as a reduction of common stock outstanding in calculating basic and diluted earnings per common share.

We were in compliance with all loan covenants at January 31, 2001. We believe that anticipated cash flow from operations and available borrowings under credit facilities will be sufficient to meet our anticipated cash requirements in the foreseeable future.

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 and/or Libor. The interest rates on the Libor portion of our bank credit facilities are based upon a ratio of total indebtedness to cash flow for the preceding twelve month period and are payable at Libor plus an amount ranging from 1% to 2% based upon a prescribed formula. At January 31, 2001, outstanding borrowings under our bank credit facilities were $7,300,000 and our total indebtedness was $8,300,000. The interest rate on the Libor portion of our bank debt was Libor plus 1.125%.

Foreign Currency Exchange Risk

In fiscal 2001, approximately 59% of our sales and service fees, including export sales, were derived from foreign markets. All of our computerized machine systems 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.

A significant portion of our products is 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 pegged to, 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, 2001 which are designated as cash flow hedges under SFAS No. 133 were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rates in U.S. Dollars: Contract Date	January 31, 2001	Maturity Dates
Sale Contracts:					
Sterling	350,000	1.4736	$ 515,765	$ 511,600	Feb - April 2001
Euro	3,900,000	.9164	$ 3,573,810	$3,644,650	Feb - April 2001
Purchase Contracts:					
New Taiwan Dollar	378,000,000	32.05	$11,795,492	$11,695,726	Feb - Oct. 2001

Forward contracts for the sale of foreign currencies as of January 31, 2001 which were designated as natural hedges of foreign currencies receivables and payables were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rates in U.S. Dollars: Contract Date	January 31, 2001	Maturity Dates
Sale Contracts:					
Sterling	135,406	1.4672	$ 198,664	$ 197,938	March 2001
Euro	5,377,978	.9277	$4,989,003	$5,024,435	Feb - March 2001
Singapore Dollar	4,406,260	1.7310	$2,545,000	$2,535,594	Feb - March 2001

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in various claims and lawsuits arising in the ordinary course of business, none of which, in the opinion of management, is expected to 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

(b) Reports on Form 8-K: None

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 16, 2001

EXHIBIT 11

Statement Re: Computation of Per Share Earnings

	Three Months Ended January 31, 2001		2000	
	(in thousands, except per share amounts)			
	Basic	Diluted	Basic	Diluted
Net income	$567	$567	$459	$459
Weighted average shares outstanding	5,867	5,867	5,952	5,952
Dilutive effect of stock options	--	38	--	56
	5,867	5,905	5,952	6,008
Earnings per common share	$.10	$.10	$.08	$.08