

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, 1997 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 (I.R.S. Employer Identification Number)
incorporation or organization)

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 March 14, 1997 was 6,535,371.

HURCO COMPANIES, INC.
January 1997 Form 10-Q Quarterly Report

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

	Page
Item 1. Condensed Financial Statements	
Condensed Consolidated Statement of Operations -	

Three months ended January 31, 1997 and 1996.....	3
Condensed Consolidated Balance Sheet - As of January 31, 1997 and October 31, 1996.....	4
Condensed Consolidated Statement of Cash Flows - Three months ended January 31, 1997 and 1996.....	5
Notes to Condensed Consolidated Financial Statements.....	6
Item 2.Management's Discussion and Analysis of Financial Condition and Results of Operations.....	7

PART II - OTHER INFORMATION

Item 1.Legal Proceedings.....	10
Item 6.Exhibits and Reports on Form 8-K.....	10
Signatures.....	11

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended January 31,	
	1997	1996

	(Unaudited)	
SALES AND SERVICE FEES.....	\$22,278	\$ 23,224
Cost of sales and service.....	15,796	16,749
	-----	-----
GROSS PROFIT.....	6,482	6,475
Selling, general and administrative expenses..	5,046	5,049
	-----	-----
OPERATING INCOME.....	1,436	1,426
Interest expense.....	522	1,130
License fee (income).....	(143)	(295)
Other (income) expense, net.....	23	19
	-----	-----
Income before income taxes.....	1,034	572

Provision for income taxes.....	18	--
	-----	-----
NET INCOME.....	\$ 1,016	\$ 572
	=====	=====
EARNINGS PER COMMON SHARE.....	\$.15	\$.10
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING..	6,680	5,579
	=====	=====

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, 1997 (Unaudited)	October 31, 1996 (Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 1,238	\$ 1,877
Accounts receivable.....	14,909	17,162
Inventories.....	26,634	24,215
Other.....	1,026	854
	-----	-----
Total current assets.....	43,807	44,108
	-----	-----
LONG-TERM LICENSE FEE RECEIVABLES.....	1,086	1,040
	-----	-----
PROPERTY AND EQUIPMENT:		
Land	761	761
Building.....	7,091	7,095
Machinery and equipment.....	12,729	12,662
Leasehold improvements.....	1,010	1,002
Less accumulated depreciation and amortization(11,894)		(11,714)
	-----	-----
	9,697	9,806
	-----	-----
SOFTWARE DEVELOPMENT COSTS, LESS AMORTIZATION...	3,963	3,792
OTHER ASSETS	1,204	1,004
	-----	-----
	\$ 59,757	\$ 59,750
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 11,261	\$ 11,407
Accrued expenses.....	6,031	7,454
Accrued warranty expenses.....	1,501	1,425
Current portion of long-term debt.....	3,036	3,050
	-----	-----
Total current liabilities.....	21,829	23,336
	-----	-----
NON-CURRENT LIABILITIES		
Long-term debt.....	19,434	19,060
Deferred credits and other obligations....	1,476	1,213
	-----	-----
Total non-current liabilities.....	20,910	20,273
	-----	-----
SHAREHOLDERS' EQUITY:		
Preferred stock: \$100 par value per share; 40,000 shares authorized; no shares issued.....	--	--
Common stock: no par value; \$.10 stated value per share; 7,500,000 shares authorized; and 6,534,171 and 6,531,871 shares issued , respectively	653	653
Additional paid-in capital.....	50,312	50,312
Accumulated deficit.....	(29,192)	(30,208)
Foreign currency translation adjustment....	(4,755)	(4,616)
	-----	-----
Total shareholders' equity.....	17,018	16,141
	-----	-----

\$59,757
=====

\$59,750
=====

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, 1997	1996 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.....	\$ 1,016	\$ 572
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization.....	549	780
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	2,016	418
(Increase) decrease in inventories...	(2,656)	(1,267)
Increase (decrease) in accounts payable	(117)	(521)
Increase (decrease) in accrued expenses	(1,235)	(1,778)
Other.....	44	519
	-----	-----
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	(383)	(1,277)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equipment.....	76	2
Purchases of property and equipment.....	(226)	(101)
Software development costs.....	(374)	(284)
Other.....	-	37
	-----	-----
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES.....	(524)	(346)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances on bank credit facilities.....	8,928	20,661
Repayment on bank credit facilities.....	(6,727)	(18,397)
Repayments of term debt.....	(1,786)	(1,786)
	-----	-----
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES.....	415	478
	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	(147)	(10)
	-----	-----
NET INCREASE (DECREASE) IN CASH.....	(639)	(1,155)
	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,877	2,072
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD...	\$ 1,238	\$ 917
	=====	=====

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. GENERAL

The condensed financial information as of January 31, 1997 and 1996 is unaudited but includes all adjustments which the Company considers necessary for a fair presentation of financial position at those dates and its results of operations

and cash flows for the three months then ended. It is suggested that those condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended October 31, 1996.

2. LICENSE FEES

Fully paid-up license fees are recognized in income at the time the agreement is consummated, net of legal fees and expenses, when the Company has no future obligation related to the agreement. License fees related to agreements in which payments are received over future periods and contingent on the patents remaining valid are recognized in income, net of legal fees and expenses, over the life of the respective patent.

3. HEDGING

The U.S. dollar equivalent notional amount of outstanding foreign currency forward exchange contracts was approximately \$12,484,000 as of January 31, 1997 (of which \$9,841,400 related to hedges of firm intercompany sales commitments) and \$12,645,000 as of October 31, 1996. Deferred gains related to hedges of intercompany sales commitments were approximately \$316,000 as of January 31, 1997. Contracts outstanding at January 31, 1997 mature at various times through June 30, 1997.

4. EARNINGS PER SHARE

Earnings per share of common stock are based on the weighted average number of common shares outstanding, which includes, for the first quarter of fiscal 1997 and 1996, common stock equivalents related to outstanding stock options computed using the treasury method. Such common stock equivalents totaled 157,000 shares. Fully diluted earnings per share are the same as primary earnings per share for this period.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was \$753,000 as of January 31, 1997 and \$785,000 as of October 31, 1996.

6. INVENTORIES

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

	January 31, 1997	October 31, 1996
	-----	-----
Purchased parts and sub-assemblies	\$ 11,778	\$ 12,354
Work-in-Process	2,666	1,942
Finished Goods	12,190	9,919
	-----	-----
	\$ 26,634	\$ 24,215
	=====	=====

7. SUBSEQUENT EVENT

In March 1997, the Company's wholly owned subsidiary, IMS Technology, Inc. (IMS), entered into a settlement with Fanuc, Ltd., a major manufacturer of machine tools and computer numerical control (CNC) systems concerning an IMS patent for certain interactive CNC technology originally developed by the Company. Under the settlement, IMS licensed its patent to Fanuc and Fanuc made a one-time payment to IMS. The Company expects to recognize

income of approximately \$5 million after foreign withholding taxes and expenses as a result of this settlement in its second fiscal quarter ended April 30, 1997.

As reported under Item 1. "Legal Proceedings", the IMS patent is the subject of a number of pending legal actions.

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 the Company's Annual Report on Form 10-K for the year ended October 31, 1996.

RESULTS OF OPERATIONS

Three Months Ended January 31, 1997 Compared to Three Months Ended January 31, 1996

Total sales and service fees for the first quarter of fiscal 1997 decreased \$946,000, or 4.1%, from the first quarter of fiscal 1996. Of the total decrease, \$287,000 reflected the effects of weaker European currencies when converting foreign currency revenues into U.S. dollars for financial reporting purposes. Notwithstanding the decline in revenues, net income increased by \$444,000, or approximately 77.6%, primarily as a result of a substantial reduction in interest expense.

Sales of CNC-operated machine tools, which totaled \$13.6 in the first quarter of fiscal 1997, were 12.3% below the unusually high level of \$15.5 million recorded during the corresponding fiscal 1996 period. The decrease was experienced both domestically, with a decline of \$352,000, or 5.6%, and in

Europe, with a decline (inclusive of currency translation effects) of \$1.5 million, or 17.3%. The first quarter of fiscal 1996 was marked by an unusually high level of shipments, as an increasing availability of products from the Company's contract manufacturers permitted an accelerated reduction of the high backlog that had resulted from the combined effects of a strengthening machine tool market, the introduction of the Company's Advantage series product line and capacity constraints on the part of the Company's contract manufacturers during fiscal 1995. Sales of CNC systems and software (which do not include systems and software that are sold as an integral part of a machine tool) increased during the first quarter of fiscal 1997 by \$893,000, or 20.8%, primarily due to increased shipments of Autobend control products in response to improved worldwide market conditions and domestic promotional programs.

International sales were approximately 43.8% of total revenues during the first quarter of fiscal 1997, down slightly from 45.8% of total revenues during the first quarter of fiscal 1996.

New order bookings during the first quarter of fiscal 1997 were \$21.2 million, an increase of approximately 6% from the \$20.0 million reported for the corresponding period of fiscal 1996. The increase was primarily attributable to international business, which represented approximately 47% of the new orders for the first quarter of 1997 compared to approximately 44% for the 1996 period. Backlog at January 31, 1997 was \$7.3 million compared to \$9.0 million at October 31, 1996 primarily as a result of the increased availability of products for shipment.

Gross profit improved during the first quarter of fiscal 1997, despite the decline in sales, as a result of improved margins on domestic machine tool sales. As a percentage of sales, gross profit increased to 29.1% compared to 27.9 % for the corresponding period in fiscal 1996. The improvement in margins is attributable to the combined effects of a price increase in the first quarter of fiscal 1996, increased sales of software options, an increased percentage of higher-margin products in the total sales mix, and reduced operating costs of the Company's domestic service organization.

Interest expense for the first quarter of fiscal 1997 decreased approximately \$608,000, or 53.8%, from the amount reported for the corresponding period in fiscal 1996, primarily due to a substantial reduction in outstanding borrowings and the inclusion in the 1996 period of \$240,000 of nonrecurring fees to the

Company's lenders.

The Company manages its foreign currency exposure through the use of foreign currency forward exchange contracts. The Company does not speculate in the financial markets and, therefore, does not enter into these contracts for trading purposes. The Company also moderates its 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. The results of these programs achieved management's objectives for the first quarter of fiscal 1997 and fiscal 1996. See Note 2 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 1997, the Company had cash and cash equivalents of \$1.2 million compared to \$1.9 million at October 31, 1996. Cash used for operations totaled \$383,000 in the first quarter of fiscal 1997 compared to \$1.3 million in the same period of fiscal 1996. During the first quarter of fiscal 1997, accounts receivable decreased by \$2.0 million, or 13.1%, reflecting the lower level of sales in the quarter, while inventories increased by \$2.7 million, or 10.0% due in part to increased availability of finished machine tools products from the company's contract manufacturers. Accounts payable and accrued expenses decreased during the 1997 first quarter by \$1.4 million, or 7.4%, primarily because of seasonal payments related to fiscal 1996 operations.

Working capital was \$22.0 million at January 31, 1997, compared to \$20.8 million at October 31, 1996. During the first quarter of fiscal 1997, borrowings under the Company's revolving credit facilities increased by \$360,000. As of January 31, 1997, the Company had unutilized credit facilities of \$5.1 million available for either direct borrowings or commercial letters of credit.

Under the terms of the Company's agreements with its lenders, which were amended and restated effective January 22, 1997, \$3.0 million of term loan payments are due and payable over the next twelve months. Management believes that anticipated cash flow from operations and available borrowings under the Company's bank credit facilities will be sufficient to enable the Company to meet its anticipated cash requirements during that period.

The Company expects to recognize income of approximately \$5 million after foreign withholding taxes and expenses in its second quarter ended April 30, 1997 as a result of a settlement between the Company's wholly-owned subsidiary, IMS Technology, Inc. (IMS) and Fanuc, Ltd., a major manufacturer of machine tools and CNC control systems. Although IMS is actively pursuing a program to license the use of its patent to other CNC manufacturers and has entered into three license agreements since January 1996, there can be no assurance that IMS will enter into additional license agreements in the future or that the terms of any such future license agreements will be similar to those previously entered into.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

As previously reported, IMS and the Company are parties to a number of pending legal proceedings involving patent infringement and other claims in connection with an IMS patent for certain interactive CNC technology originally developed by the Company (the IMS actions). In connection with a settlement with Fanuc, Ltd., a major manufacturer of machine tools and CNC systems, the terms of which are discussed elsewhere herein, IMS and Fanuc have agreed to dismiss all claims against each other in the IMS actions. Other than the settlement with Fanuc, there have been no other material developments in the IMS actions since those described in the Company's annual report on Form 10-K for the year ended October 31, 1996.

The Company is involved in various other 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 its consolidated financial position or results of operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.20.29 Second Amendment to Amended and Restated Credit Agreement and Term Loan Agreement, dated January 22, 1997, between the Registrant and NBD Bank.

10.20.30 Sixth Amendment to Letter Agreement (European Facility), dated January 22, 1997, between the Registrant's foreign subsidiaries and NBD Bank.

11 Statement re: Computation of Per Share Earnings

27 Financial Data Schedule (electronic filing only).

(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 17, 1997

- - - - -
- - - - -
Exhibit 10.20.29

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT
AND TERM LOAN AGREEMENT
dated January 22, 1997, between the Registrant and
NBD Bank

- - - - -
- - - - -
SECOND AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT
AND TERM LOAN AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND TERM
LOAN AGREEMENT dated as of _____, 1997 (this "Amendment") between HURCO
COMPANIES, INC., an Indiana corporation (the "Company") and NBD BANK, a Michigan
banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into an Amended and Restated Credit
Agreement and Amendment to Term Loan Agreement dated as of January 26, 1996 , as
amended by the First Amendment to Restated Credit Agreement and Term Loan
Agreement dated as of July 1, 1996 (collectively, the "Credit Agreement"), which
is in full force and effect.

- - - - -
- - - - -
B. The Company desires to amend the Credit Agreement as herein
provided, and the Bank is willing to so amend the Credit Agreement
on the terms and conditions set forth herein.

AGREEMENT

Based upon these recitals, the parties agree as follows:

1. Amendment. Upon the Company satisfying the condition set forth
in paragraph 4 (the date that this occurs being called the "effective date"),
the Credit Agreement shall be amended as follows:

(a) The following definitions of the terms "Eurodollar
Business Day", "Eurodollar Interest Period", "Eurodollar Rate", "Eurodollar Rate
Loan", and "Floating Rate Loan" are added to Section 1.1 in alphabetical order:

"Eurodollar Business Day" means, with respect to any Eurodollar Rate Loan, a day which is both a Business Day and a day on which dealings in Dollar deposits are carried out in the London interbank market.

"Eurodollar Interest Period" means, with respect to any Eurodollar Rate Loan, the period commencing on the day such Eurodollar Rate Loan is made or converted to a Eurodollar Rate Loan and ending on the day which is one, two or three months thereafter, as the Company may elect under Section 3.1(a) or 3.5, and each subsequent period commencing on the last day of the immediately preceding Eurodollar Interest Period and ending on the day which is one, two or three months thereafter, as the Company may elect under Section 3.1(a) or 3.5, provided, however, that (a) any Eurodollar Interest Period which commences on the last Eurodollar Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Eurodollar Business Day of the appropriate subsequent calendar month, (b) each Eurodollar Interest Period which would otherwise end on a day which is not a Eurodollar Business Day shall end on the next succeeding Eurodollar Business Day or, if such next succeeding Eurodollar Business Day falls in the next succeeding calendar month, on the next preceding Eurodollar Business Day, and (c) no Eurodollar Interest Period which would end after the Termination Date shall be permitted.

"Eurodollar Rate" means, with respect to any Eurodollar Rate Loan and the related Eurodollar Interest Period, the per annum rate that is equal to the sum of:

- (a) two percent (2%) per annum, plus
- (b) the rate per annum obtained by dividing (i) the per annum rate of interest at which deposits in Dollars for such Eurodollar Interest Period and in an aggregate amount comparable to the amount of such Eurodollar Rate Loan are offered to NBD by other prime banks in the London interbank market at approximately 11:00 a.m. London time on the second Eurodollar Business Day prior to the first day of such Eurodollar Interest Period by (ii) an amount equal to one minus the stated maximum rate (expressed as a decimal) of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) that are specified on the first day of such Eurodollar Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System;

all as conclusively determined by NBD, such sum to be rounded up, if necessary, to the nearest whole multiple of one one-hundredth of one percent (1/100 of 1%).

"Eurodollar Rate Loan" means any New Facility Loan or other loan outstanding under the Outstanding Facilities, or portion thereof, that bears interest at the Eurodollar Rate.

"Floating Rate Loan" means any New Facility Loan or other loan outstanding under the Outstanding Facilities, or portion thereof, that bears interest at the Floating Rate.

(b) The definitions of the terms "Automatic Termination Date", "Interest Payment," and "Overdue Rate" in Section 1.1 are amended to read in full as follows:

"Automatic Termination Date" means May 1, 1998.

"Interest Payment Date" means (a) with respect to any Eurodollar Rate Loan, the last day of each Eurodollar Interest Period with respect to such Loan and, in the case of any Eurodollar Interest Period exceeding one month, those days that occur during that Eurodollar Interest Period at intervals of one month after the first day of the Eurodollar

Interest Period, and (b) in all other cases, the last Business Day of each month, commencing with the first such day after the Effective Date.

"Overdue Rate" means (a) in respect of principal of Floating Rate Loans, a rate per annum that is equal to the sum of three percent (3%) per annum plus the Floating Rate, (b) in respect of principal of Eurodollar Rate Loans, a rate per annum that is equal to the sum of three percent (3%) per annum plus the per annum rate in effect thereon until the end of the then-current Eurodollar Interest Period for such Eurodollar Rate Loan and, thereafter, a rate per annum that is equal to the sum of three percent (3%) per annum plus the Floating Rate, and (c) in respect of other amounts payable by the Company hereunder (other than interest), a per annum rate that is equal to the sum of three percent (3%) per annum plus the Floating Rate.

(c) The second sentence of Section 2.5(a) is amended to read in full as follows:

Unless such payment shall have been made on such day, upon each such payment, NBD shall be deemed to have disbursed to the Company, and the Company shall be deemed to have elected to satisfy its reimbursement obligation by, a New Facility Loan made on such day bearing interest at the Floating Rate in an amount equal to the amount so paid under the Letter of Credit.

(d) Section 3.1(a)(i) is amended to read in full as follows:

(a)(i) The Company shall give NBD notice of its request for each New Facility Advance prior to 12:00 p.m. Noon Detroit time (i) in the case of any Eurodollar Rate Loan, three Eurodollar Business Days prior to the date such Eurodollar Rate Loan is requested to be made, (ii) in the case of any Floating Rate Loan, on the date such Floating Rate Loan is requested to be made, and (iii) in the case of any New Facility Letter of Credit Advance, five Business Days prior to the date such advance is requested to be made, which notice shall be substantially in the form of Exhibit B attached hereto. The notice shall specify whether a Eurodollar Rate Loan, Floating Rate Loan, or New Facility Letter of Credit Advance is requested and, in the case of each requested Eurodollar Rate Loan, the Eurodollar Interest Period to be initially applicable to such Eurodollar Rate Loan, and, in the case of each New Facility Letter of Credit Advance, shall include such information as may be necessary for its issuance by NBD and shall be accompanied by a fully completed standby letter of credit application in NBD's customary form. Subject to the terms of this Agreement, the proceeds of each requested New Facility Advance shall be made available to the Company by depositing the proceeds thereof, in immediately available funds, in an account maintained and designated by the Company at NBD's principal office.

(e) Section 3.4 is amended to read in full as follows:

3.4 Minimum Amounts; Limitation on Number of Loans; Etc. Except for New Facility Loans which exhaust the entire remaining amount of the New Facility Commitment, each loan hereunder, each continuation or conversion pursuant to Section 3.5, and each prepayment thereof shall be in a minimum amount of \$200,000 and in an integral multiple of \$10,000. Each New Facility Letter of Credit Advance shall be in a minimum face value of the Dollar Equivalent of \$100,000. The aggregate number of Eurodollar Rate Loans outstanding at any one time may not exceed four.

(f) The third sentence of Section 4.2(b) is amended to read as follows:

The NBD Term Loan Agreement is further modified to provide that, notwithstanding any provisions therein to the contrary, on and after the Effective Date, interest shall accrue on the Term Loan at the

Floating Rate or at the Eurodollar Rate, as the Company may request from time to time in accordance with the procedures established under this Agreement, and be payable on each Interest Payment Date (each capitalized term to be used as defined in this Agreement).

(g) The last sentence of Section 4.3(a) is amended to read as follows:

Prior to such due date, the Company shall pay interest on the reimbursement amount at the Floating Rate or at the Eurodollar Rate, as the Company may request from time to time in accordance with the procedures established under the Credit Agreement, on each Interest Payment Date (each capitalized term to be used as defined in the Credit Agreement)."

(h) Sections 3.5 and 3.6 are added as follows:

3.5 Subsequent Elections as to Loans. The Company may elect (a) to continue a Eurodollar Rate Loan, or a portion thereof, as a Eurodollar Rate Loan, or (b) to convert a Eurodollar Rate Loan, or a portion thereof, to a Floating Rate Loan, or (c) to convert a Floating Rate Loan, or a portion thereof, to a Eurodollar Rate Loan, in each case by giving notice thereof to the Bank in substantially the form of Exhibit I hereto not later than 12:00 p.m. Noon Detroit time three Eurodollar Business Days prior to the date any such continuation of or conversion to a Eurodollar Rate Loan is to be effective and not later than 12:00 p.m. Noon Detroit time one Business Day prior to the date such continuation or conversion is to be effective in all other cases, provided that an outstanding Eurodollar Rate Loan may only be converted on the last day of the then-current Eurodollar Interest Period with respect to such Loan, and provided, further, if a continuation of a Loan as, or a conversion of a Loan to, a Eurodollar Rate Loan is requested, such notice shall also specify the Eurodollar Interest Period requested to be applicable thereto upon such continuation or conversion. If the Company does not timely deliver such a notice with respect to any outstanding Eurodollar Rate Loan, the Company shall be deemed to have elected to convert such Eurodollar Rate Loan to a Floating Rate Loan on the last day of the then-current Eurodollar Interest Period with respect to such Loan.

3.6 Limitation of Requests and Elections. Notwithstanding any other provision of this Agreement to the contrary, if, upon receiving a request for a Eurodollar Rate Loan pursuant to Section 3.1(a), or a request for a continuation of a Eurodollar Rate Loan, or a request for a conversion of a Floating Rate Loan to a Eurodollar Rate Loan, pursuant to Section 3.5, (a) in the case of any Eurodollar Rate Loan, deposits in Dollars for periods comparable to the Eurodollar Interest Period elected by the Company are not available to NBD in the London interbank market, or (b) the Eurodollar Rate will not adequately and fairly reflect the cost to NBD of making, funding or maintaining the related Eurodollar Rate Loan, or (c) by reason of national or international financial, political or economic conditions or by reason of any applicable law, treaty or other international agreement, rule or regulation (whether domestic or foreign) now or hereafter in effect, or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive of such authority (whether or not having the force of law), including without limitation exchange controls, it is impracticable, unlawful or impossible for, or shall limit or impair the ability of, NBD to make or fund the relevant Loan or to continue such Loan or to convert a Loan to such a Loan, then the Company shall not be entitled, so long as such circumstances continue, to request a Loan of the affected type pursuant to Section 3.1(a) or a continuation of or conversion to a Loan of the affected type pursuant to Section 3.5. In the event that such circumstances no longer exist, NBD shall again consider requests for Loans of the affected type pursuant to Section 3.1(a), and requests for continuations of and conversions to Loans of the affected type pursuant to Section 3.5.

(i) Section 5.2 is amended to read in full as follows:

5.2 Permitted Principal Payments. The Company may at any time and from time to time prepay all or a portion of the New Facility Loans in accordance with Section 3.1(b), without premium or penalty, provided that (i) the Company shall have notified NBD not later than 12:00 p.m.

Noon Detroit time on the Business Day a prepayment is to be made, (ii) the Company may not prepay any portion of any New Facility Loan as to which an election for a continuation of or a conversion to a Eurodollar Rate Loan is pending pursuant to Section 3.5, and (iii) unless earlier payment is required under this Agreement, any Eurodollar Rate Loan may only be prepaid on the last day of the then-current Eurodollar Interest Period with respect to such Eurodollar Rate Loan.

(j) Clauses (a) and (b) of Section 5.6 are amended to read in full as follows:

(a) New Facility. The Company shall pay interest to NBD on the unpaid principal amount of the New Facility, from the date hereof until the New Facility is paid in full, on each Interest Payment Date and on the Termination Date, and thereafter on demand, at the Eurodollar Rate, if the loan is a Eurodollar Rate Loan, and at the Floating Rate, if the loan is a Floating Rate Loan.

(b) NBD Term Note. The Company shall pay interest to NBD on the unpaid principal amount of the Amended Term Note, from the date hereof until the Amended Term Note is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration, or otherwise), and thereafter on demand, at the Eurodollar Rate, if the loan is a Eurodollar Rate Loan, and at the Floating Rate, if the loan is a Floating Rate Loan.

(k) Sections 5.11 and 5.12 are added, to read as follows:

5.11 Illegality and Impossibility. In the event that any applicable law, treaty or other international agreement, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to NBD, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by NBD with any guideline, request or directive of such authority (whether or not having the force of law), including without limitation exchange controls, shall make it unlawful or impossible for NBD to maintain any Eurodollar Rate Loan under this Agreement, the Company shall, upon receiving notice thereof from NBD, repay in full, either directly or through converting the relevant Eurodollar Rate Loan to a Floating Rate Loan, the then-outstanding principal amount of each Eurodollar Rate Loan so affected, together with all accrued interest thereon to the date of payment and all amounts owing to the Bank under Section 5.12, (a) on the last day of the then-current Eurodollar Interest Period applicable to such loan if NBD may lawfully continue to maintain such loan to that day, or (b) immediately if NBD may not continue to maintain such loan to that day.

5.12 Indemnification. If the Company makes any payment of principal with respect to any Eurodollar Rate Loan on any other date than the last day of a Eurodollar Interest Period applicable thereto (whether pursuant to Section 5.1, Section 5.4, Section 8.2, or otherwise), or if the Company fails to borrow any Eurodollar Rate Loan after notice has been given to NBD in accordance with Section 3.1(a), or if the Company fails to make any payment of principal or interest in respect of a Eurodollar Rate Loan when due on any other date than the last day of a Eurodollar Interest Period, the Company shall reimburse NBD on demand for any resulting loss or expense incurred by NBD, including without limitation any loss incurred in obtaining, liquidating or employing deposits from third parties, whether or not

NBD shall have funded or committed to fund such loan. A statement as to the amount of such loss or expense, prepared in good faith and in reasonable detail by NBD and submitted by NBD to the Company, shall be conclusive and binding for all purposes absent manifest error in computation. Calculation of all amounts payable to NBD under this Section 5.12 shall be made as though NBD shall have actually funded or committed to fund the relevant Eurodollar Rate Loan through the purchase of an underlying deposit in an amount equal to the amount of such loan in the relevant market and having a maturity comparable to the related Eurodollar Interest Period and, in the case of any Eurodollar Rate Loan, through the transfer of such deposit to a domestic office of NBD in the United States; provided, however, that NBD may fund any Eurodollar Rate Loan in any manner it sees fit and the foregoing assumption shall be utilized only for the purpose of calculating amounts payable under this Section 5.12.

- (l) Exhibit B attached to this Amendment is substituted for Exhibit B attached to the Credit Agreement.
- (m) Exhibit I attached to this Amendment is added as Exhibit I to the Credit Agreement.

2. References to Credit Agreement. From and after the effective date of this Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. Representations and Warranties. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this Amendment and all agreements and documents delivered pursuant hereto; and (iii) this Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the effective date hereof.

4. Conditions to Effectiveness. This Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company and the Guarantor as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company and the Guarantor with respect to this Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request;

(b) A Consent under Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, Principal Mutual Life Insurance Company ("PML"), and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(c) A letter agreement regarding the Sixth Amendment to European Facility of even date herewith among Hurco Europe, Hurco GmbH, and the Bank, in form and substance satisfactory to the Bank; and

(d) Such additional agreements and documents, fully executed by the Company, as are reasonably requested by the Bank.

5. Miscellaneous. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

7. Expenses. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this Amendment and any related agreements and documents.

8. Governing Law. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK

By: _____

By: _____

Its: _____

Its: _____

Exhibit 10.20.30

SIXTH AMENDMENT TO LETTER AGREEMENT (EUROPEAN FACILITY)
dated January 22, 1997, between the Registrant's foreign
and NBD Bank

NBD BANK

611 Woodward Avenue
Detroit, Michigan 48226

Dated as of January __, 1997

Hurco Europe Limited
Hurco GmbH Werkzeugmaschinen
CIM-Bausteine Vertrieb und Service

Re: Sixth Amendment to European Facility

Ladies and Gentlemen:

This letter amends the letter agreement with you dated June 17, 1993, as previously amended by the letter agreements dated March 24, 1994, as of January 31, 1995, as of May 31, 1995, as of August 1, 1995, and as of January 16, 1996 (as amended, the "European Facility"), and is being entered into in conjunction with the Second Amendment to Amended and Restated Credit Agreement and Term Loan Agreement of even date herewith with your parent, Hurco Companies, Inc. (the "Amendment").

The definition of "Expiration Date" in the European Facility is amended to read as follows:

"Expiration Date" means the earlier to occur of (a) May 1, 1998, and (b) the date on which NBD declares under paragraph 13 all principal and interest on indebtedness to NBD provided under this agreement to be immediately due and payable.

Should the foregoing be agreeable to you, as it is to us, please indicate your agreement and acceptance by executing and returning the enclosed copy of this letter, whereupon the European Facility shall be amended as herein provided, and references to the European Facility shall be to the European Facility as so amended. Except as amended hereby, the European Facility shall remain in full force and effect.

Very truly yours,

NBD Bank

By: _____

Its: Vice President

Agreed and accepted:

HURCO EUROPE LIMITED

By: _____
Roger J. Wolf
Its: Director

Dated as of January __, 1997

HURCO GmbH WERKZEUGMASCHINEN
CIM-BAUSTEINE VERTRIEB UND
SERVICE

By: _____
Its: General Manager

Dated as of January __, 1997

W:\mrh\00007\3031\AMD EURO LTR AGR-6 197.doc

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

(in thousands, except per share amount)	Three Months Ended January 31,			
	1997		1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Net Income.....	\$1,016	\$1,016	\$572	\$572
Weighted Average Common Shares Outstanding.	6,532	6,532	5,426	5,426
Assumed Issuances Under Stock Option Plans.	148	157	153	153
	-----	-----	-----	-----
	6,680	6,689	5,579	5,579
	=====	=====	=====	=====
Earnings(loss) per common share.....	\$.15	\$.15	\$.10	\$.10
	=====	=====	=====	=====

<ARTICLE>

5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
QUARTERLY REPORT 10-Q FOR THE PERIOD ENDED JANUARY 31, 1997 AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK>

0000315374

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SONJA BUCKLES

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