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 April 30, 1999
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 June 7, 1999 was 5,945,359.

HURCO COMPANIES, INC.
April 1999 Form 10-Q Quarterly Report

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Part I - Financial Information

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 April 30,		Six Months Ended April 30,	
	1999	1998	1999	1998
	(unaudited)		(unaudited)	
Sales and service fees...........	$ 21,532	$ 21,542	$ 42,679	$ 43,662
Cost of sales and service.........	15,674	15,256	30,817	31,252
Gross profit................	5,858	6,286	11,862	12,410
Selling, general and administrative expenses...........	5,352	5,354	10,686	10,378
Restructuring credit.............	(103)	--	(103)	--
Operating income	609	932	1,279	2,032
License fee income and litigation settlement fees, net.............	86	4,291	169	5,785
Interest expense.................	340	210	640	484
Other expense, net...............	68	47	107	25
Income before taxes..........	287	4,966	701	7,308
Income tax expense (benefit)......	(267)	696	(28)	852

Net income	$ 554	$ 4,270	$ 729	$ 6,456
Earnings per common share				
Basic	$ .09	$ .65	$ .12	$ .98
Diluted	$ .09	$ .63	$ .12	$ .96
Weighted average common shares outstanding				
Basic	5,945	6,560	6,011	6,557
Diluted	6,031	6,764	6,100	6,751

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

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

ASSETS	April 30, 1999 (Unaudited)	October 31, 1998 (Audited)
Current assets:		
Cash and temporary investments	$ 3,694	$ 3,276
Accounts receivable	15,938	18,896
Inventories	31,808	30,817
Other	1,364	2,154
Total current assets	52,804	55,143
Long-term license fees receivable	621	797
Property and equipment:		
Land	761	761
Building	7,135	7,067
Machinery and equipment	11,250	11,184
Leasehold improvements	1,007	1,107
Less accumulated depreciation and amortization	(11,186)	(11,037)
	8,967	9,082
Software development costs, less amortization	4,310	4,231
Other assets	3,196	2,443
	$ 69,898	$ 71,696
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,903	$ 15,791
Accrued expenses	6,678	8,217
Current portion of long-term debt	1,786	1,786
Total current liabilities	17,367	25,794
Non-current liabilities		
Long-term debt	16,040	6,572
Deferred credits and other obligations	1,503	1,590
Total non-current liabilities	17,543	8,162
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 5,945,359 and 6,340,111 shares issued and outstanding, respectively	595	634
Additional paid-in capital	46,324	48,662
Accumulated deficit	(6,421)	(7,150)
Foreign currency translation adjustment	(5,510)	(4,406)
Total shareholders' equity	34,988	37,740
	$ 69,898	$ 71,696

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 April 30, 1999	Three Months Ended April 30, 1998	Six Months Ended April 30, 1999	Six Months Ended April 30, 1998
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net income	$ 554	$4,270	$ 729	$6,456
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Depreciation and amortization..........	449	550	983	1,072
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(763)	2,550	2,206	1,100
(Increase) decrease in license fee receivables........................	125	495	451	(340)
(Increase) decrease in inventories.....	306	(2,763)	(1,701)	(861)
Increase (decrease) in accounts payable	(2,731)	3,326	(6,802)	2,883
Increase (decrease) in accrued expenses	(198)	863	(1,244)	(430)
Other................................	52	(324)	162	(361)
Net cash provided by (used for) operating activities................	(2,206)	8,967	(5,216)	9,519
Cash flows from investing activities:				
Proceeds from sale of equipment..........	55	8	72	10
Purchase of property and equipment.......	(394)	(347)	(644)	(539)
Software development costs...............	(306)	(217)	(532)	(380)
Other investments......................	(49)	(57)	(211)	(196)
Net cash provided by (used for) investing activities..................	(694)	(613)	(1,315)	(1,105)
Cash flows from financing activities:				
Advances on bank credit facilities.......	25,599	2,500	41,050	8,500
Repayment on bank credit facilities	(21,469)	(5,108)	(29,769)	(10,400)
Repayment of term debt	--	--	(1,786)	(1,786)
Proceeds from exercise of common stock options	--	48	2	82
Purchase of common stock................	--	(278)	(2,379)	(278)
Net cash provided by (used for) financing activities..................	4,130	(2,838)	7,118	(3,882)
Effect of exchange rate changes on cash.....	(150)	(75)	(169)	19
Net increase (decrease) in cash and temporary investments..................	1,080	5,441	418	4,551
Cash and temporary investments at beginning of period.................	2,614	2,481	3,276	3,371
Cash and temporary investments at end of period......................	$3,694	$7,922	$3,694	$7,922

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

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Months ended April 30, 1999 and 1998

Common Stock		Accumulated Other Comprehensive Income (Loss):
Shares	Additional	Foreign Currency

	Issued & Outstanding	Amount	Paid-In Capital	Accumulated Deficit	Translation Adjustment	Total
			(Dollars in thousands)			
Balances, October 31 1997	6,544,831	$654	$50,349	$(16,404)	$(4,823)	$29,776
(Unaudited)						
Net income.............	--	--	--	6,456	--	6,456
Translation of foreign currency financial statements...........	--	--	--	--	(239)	(239)
Comprehensive income:						6,217
Exercise of Common Stock Options.............	25,180	29	53	--	--	82
Purchase of Common Stock	(25,000)	(25)	(253)	--	--	(278)
Balances, April 30, 1998	6,545,011	$658	$50,149	$(9,948)	$(5,062)	$35,797
Balances, October, 31 1998	6,340,111	$634	$48,662	$(7,150)	$(4,406)	$37,740
(Unaudited)						
Net income.............	--	--	--	729	--	729
Translation of foreign currency financial statements...........	--	--	--	--	(1,104)	(1,104)
Comprehensive income (loss)					---	(375)
Exercise of Common Stock Options.............	1,000	--	2	--	--	2
Purchase of Common Stock	(395,752)	(39)	(2,340)	--	--	(2,379)
Balances, April 30, 1999	5,945,359	$595	$46,324	$(6,421)	$(5,510)	$34,988

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 (collectively, "the Company"). The Company is 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 consolidated financial information as of April 30, 1999 and 1998 is unaudited but includes all adjustments which we consider necessary for a fair presentation of the Company's financial position at those dates and results of operations and cash flows for the three months and six months then ended. It is suggested that those condensed consolidated 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, 1998.

2. LICENSE FEE INCOME AND LITIGATION SETTLEMENT FEES, NET

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

3. INCOME TAX EXPENSE (BENEFIT)

The income tax benefit for the second quarter of fiscal 1999 is the result of a $325,000 deferred tax asset recorded by a foreign subsidiary as a result of a change in its tax status.

4. HEDGING

We seek to hedge our exposure to fluctuations in foreign currency exchange rates through the use of foreign currency forward exchange contracts. The U.S. dollar equivalent notional amount of outstanding foreign currency forward exchange contracts was approximately $5.9 million as of April 30, 1999 ($4.5 million related to firm intercompany sales commitments) and $13.5 million as of October 31, 1998 ($8.7 million related to firm intercompany sales commitments). Deferred gains related to hedges of future sales transactions were approximately $94,000 as of April 30, 1999, compared to deferred losses of $434,000 as of October 31, 1998. Contracts outstanding at April 30, 1999 mature at various times through May 26, 1999. All contracts are for the sale of currency. We do not enter into these contracts for trading purposes.

5. EARNINGS PER SHARE

Basic and diluted earnings per common share are based on the weighted average number of common shares outstanding. Diluted earnings per common share give effect to outstanding stock options using the treasury method. Common stock equivalents totaled approximately 90,000 shares as of April 30, 1999.

6. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $707,000 as of April 30, 1999 and $769,000 as of October 31, 1998.

7. INVENTORIES

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

	April 30, 1999	October 31, 1998
Purchased parts and sub-assemblies	$ 10,478	$ 11,749
Work-in-process	1,855	1,774
Finished goods	19,475	17,294
	$ 31,808	$ 30,817

8. RESTRUCTURING CREDIT

In fiscal 1998, we recorded a reserve for anticipated costs associated with the restructuring of a subsidiary. The reserve included $500,000 for carrying costs of estimated excess space in a leased building, net of estimated sublease rental income. Approximately $74,000 of this reserve was used during the second quarter to offset rent expense for the excess space. On April 30, 1999, the excess building space was subleased, effective June 15, 1999 through July 31, 2001. The reserve was adjusted to reflect the terms of the sublease resulting in a restructuring credit of approximately $103,000. At April 30, 1999, the restructuring reserve balance was approximately $443,000 and consisted of the following:

Balance   Charges to   Balance

Description	10/31/98	Accrual	Adjustment	4/30/99
Excess Building Capacity	$500,000	$ 73,743	$103,486	$322,771
Equipment Leases	101,187	11,904		89,283
Severance Costs	89,574	58,540		31,034
	$690,761	$144,187	$103,486	$443,088

9. TAX CONTINGENCY

A German tax examiner has challenged a 1996 transfer of net operating losses between two of our German subsidiaries that merged in fiscal 1996. The contingent tax liability resulting from this issue is approximately $1.4 million. We are contesting the claim and no formal decision or assessment has been rendered by the tax authority. As of April 30, 1999, no provision for the contingency has been recorded.

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 relating to trends in our operations or financial results, as well as other statements, including words such as "anticipate", "believe", "plan", "estimate", "expect", "intend", and other similar expressions, constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors which could cause actual results to be materially different from those contemplated by the forward-looking statements, including those risks, uncertainties and other factors described in our annual report on Form 10-K for the year ended October 31, 1998.

RESULTS OF OPERATIONS

Three Months Ended April 30, 1999 Compared to Three Months Ended April 30, 1998

Net income for the second quarter ended April 30, 1999 was $554,000, or $.09 per share, on a diluted basis, which compares to $4.3 million, or $.63 per share, reported for the corresponding period a year ago. The decline in net income is primarily the result of the substantial reduction in license fee income and litigation settlement fees, which had been anticipated. Net income also was unfavorably impacted by a lower gross profit as a percentage of sales and by higher interest expense, although their effects were offset by special tax credits of approximately $325,000 relating to a foreign subsidiary and by a credit of $103,000 to a previously recorded restructuring reserve.

Sales and service fees for the second quarter of fiscal 1999 were substantially unchanged from the prior year level. In spite of weak market conditions, sales of computerized machine systems increased 13.4% to $15.5 million, reflecting the introduction of new products in late fiscal 1998. It should be noted, however, that shipments in the second quarter of fiscal 1998 were adversely affected by a temporary delay in availability of certain finished products at that time. Sales of stand-alone computer control systems continued to decline compared to the prior year period due to the previously announced repositioning of the product line. Revenues from service fees and parts declined approximately six percent, reflecting the ongoing transition of service activities to full-service distributors.

New order bookings during the second quarter of fiscal 1999 were $20.0 million, a decrease of 23.7% from the $26.2 million reported for the second quarter of fiscal 1998. Orders for computerized machine systems declined $4.1 million, or 22.6%. The decline in machine system orders was most pronounced in the United States, where weak market conditions in the metal cutting and metal forming industries have persisted since the third quarter of fiscal 1998. Orders for computerized machine systems were also lower in Europe, which posted a 15% decline in order value, reflecting an 8% reduction in unit orders and a decrease in the percentage of large machine systems in the sales mix. Orders in the United Kingdom were below the second quarter of fiscal 1998 as weak market

conditions continue. Orders in continental Europe, primarily France and Germany, were below the prior year second fiscal quarter as well, reflecting some softening in those markets. Orders for stand-alone computer control systems declined by $1.7 million, or 44%, reflecting the ongoing repositioning of these products. Backlog was $9.1 million at April 30, 1999 as compared to $11.0 million at January 31, 1999, a decrease of $1.9 million, reflecting increased availability of new products for shipment.

Gross profit as a percentage of sales was 27.2% compared to 29.2% for the corresponding period in the prior year. The decline in the gross profit percentage was primarily attributed to lower service revenues, decreased absorption of certain fixed costs, along with a lower percentage of higher margin stand-alone computer control sales in the total sales mix.

Selling, general and administrative expenses, which include research and development expenses, were essentially unchanged from the prior year quarter, as normal salary and wage increases and new spending projects were offset by cost reductions in other areas.

In fiscal 1998, we recorded a reserve for anticipated costs associated with the restructuring of a subsidiary. The reserve included $500,000 for carrying costs of excess space in a leased building, net of estimated sublease rental income. Approximately $74,000 of this reserve was used during the second quarter to offset rent expense for the excess space. On April 30, 1999, the excess building space was subleased, effective June 15, 1999 through July 31, 2001. The reserve was adjusted to reflect the terms of the sublease resulting in a credit of approximately $103,000.

License fee income and litigation settlement fees, net of expenses and foreign withholding taxes, totaled $86,000 in the second quarter of fiscal 1999, compared to $3.7 million in the second quarter of fiscal 1998. The decline, which was anticipated, reflected the fact that most of the previously granted licenses for the Company's patented interactive control technology involved one-time lump-sum payments and the number of future potential licensees is limited.

Interest expense was $340,000 during the second quarter of fiscal 1999 compared to $210,000 in the corresponding period of fiscal 1998. The increase in interest expense is the result of increased borrowings resulting from payables becoming due in fiscal 1999 that supported an increase in inventory beginning in the second half of fiscal 1998.

The income tax benefit of $267,000 is the result of a $325,000 deferred tax asset recorded by a foreign subsidiary due to a change in its tax status. The income tax expense in the prior year was primarily due to foreign withholding taxes on license fee income and litigation settlement fees.

A German tax examiner has challenged a 1996 transfer of net operating losses between two of our German subsidiaries that merged in fiscal 1996. The contingent tax liability resulting from this issue is approximately $1.4 million. We are contesting the claim and no formal decision or assessment has been rendered by the tax authority. As of April 30, 1999, no provision for the contingency has been recorded.

Six Months Ended April 30, 1999 Compared to Six Months Ended April 30, 1998

Sales and service fees for the first half of fiscal 1999 were approximately 2.3% lower than those recorded in the 1998 period, notwithstanding a slight benefit from a weaker U.S. dollar when converting foreign sales and service fees into U.S. dollars for financial reporting purposes. The decrease in sales and service fees was due primarily to a decline of $2.7 million, or 36.5%, in sales of stand-alone computer control systems, consisting primarily of the Autobend(R) and Delta(TM) series products. This continued decline reflects the repositioning of these products. Offsetting the decline in stand-alone computer control systems was an increase of $2.0 million, or 7.0%, in computerized machine systems. A significant decline in market consumption in the United States and United Kingdom resulted in an 11.2% decline in sales of computerized machine systems in those markets. However, the effect of this decline was offset by a 26.7% increase in sales of computerized machine systems in continental Europe, primarily Germany and France. Domestic sales and service fees, including exports, were 43.8% of total sales during first half of fiscal 1999 compared to 45.5% in the prior fiscal year.

New order bookings for the first six months of fiscal 1999 were $44.7 million compared to $48.2 million in the prior year, a 7.3% decrease. Orders for computerized machine systems decreased by approximately $900,000, or 2.8%, reflecting the reduced order rates in the second quarter of fiscal 1999 as discussed above, which more than offset strong European orders recorded in the first fiscal quarter of 1999. Orders for stand-alone computer controls declined $2.3 million, or 31.5%, reflecting the repositioning of these products. Backlog at April 30, 1999 was $9.1 million compared to $7.5 million at October 31, 1998.

Gross profit as a percentage of sales was 27.8% compared to 28.4% for the corresponding period in the prior year. The decline in the gross profit percentage was primarily attributed to lower service revenues, decreased absorption of certain fixed costs, along with a lower percentage of higher margin stand-alone computer control sales in the total sales mix.

Operating expenses in the first half of fiscal 1999 increased $308,000, or 3.0%, over the comparable prior year period. The first half of fiscal 1999 included planned incremental expenditures for development of new products and enhanced information technology and management systems.

License fee income and litigation settlement fees, net of expenses and foreign withholding taxes, totaled $169,000 and $5.1 million in the first half of fiscal 1999 and 1998 respectively. The decline, which was anticipated, reflected the fact that most of the existing licenses for the patented interactive control technology have involved one-time lump-sum payments and the number of remaining potential licensees is limited.

Interest expense was $640,000, during the first half of fiscal 1999 compared to $484,000 in the corresponding period of fiscal 1998. The increase in interest expense is the result of increased borrowings resulting from payables becoming due in fiscal 1999 that supported an increase in inventory beginning in the second half of fiscal 1998.

The income tax benefit of $28,000 is the result of a deferred tax asset of $325,000 recorded in the second fiscal quarter by a foreign subsidiary as a result of a change in its tax status. The income tax expense in the prior year of $852,000 included $648,000 of foreign withholding taxes on license fees and litigation settlement fees.

Year 2000 Compliance

The Year 2000 Problem. Many information technology ("IT") hardware and software systems ("IT Systems") and Non-IT Systems containing embedded technology, such as microcontrollers and micro processors ("Non-IT Systems"), can only process dates with six digits (e.g., 06/26/98), instead of eight digits (e.g., 06/26/1998). This limitation may cause IT Systems and Non-IT Systems to experience problems processing information with dates after December 31, 1999 (e.g., 01/01/00 could be processed as 01/01/2000 or 01/01/1900) or with other dates, such as September 9, 1999, which was a date traditionally used as a default date by computer programmers. These problems may cause IT Systems and Non-IT Systems to suffer miscalculations, malfunctions or disruptions. These problems are commonly referred to as "Year 2000" or "Y2K" problems.

Our State of Readiness. We have begun to implement a plan to ensure that the IT Systems and material Non-IT Systems that we control are Y2K compliant before January 1, 2000. In the first phase of the plan, which has been completed, we assessed the potential exposure of our IT Systems and material Non-IT Systems to Y2K problems. In the second phase, which we have also completed, we designed a procedure to remediate our exposure to Y2K problems in the IT Systems and material Non-IT Systems that we control. We are currently in the third phase, which involves the actual remediation and enhancements of the IT Systems and material Non-IT Systems that we control. After we complete the third phase, we will begin the fourth and final phase of testing the remediation and enhancements to the IT Systems and material Non-IT Systems that we control to ensure Y2K compliance.

We believe that we have identified all IT Systems and material Non-IT Systems that we control that may require Y2K remediation. We have assigned nine people (both employees and outside consultants) to complete the remediation and enhancements to our IT Systems that we control. We plan to complete the remediation, enhancements and testing by June 30, 1999.

We have assigned three employees to either remediate or cause the remediation of material Non-IT Systems that we control and that we have identified as possessing a Y2K problem. We plan to complete the remediation of these Non-IT Systems by June 30, 1999. We have acquired some of these Non-IT Systems during the past few years and we believe that a substantial number of these newer systems do not possess a Y2K problem. In addition, the vendors of some of these newer Non-IT Systems have warranted them to be Y2K compliant. We have contacted the third parties who control our other material Non-IT Systems (including, without limitation, communication systems, security systems, electrical systems and HVAC systems) to assess whether any of these systems possess a Y2K problem that could adversely affect our operations if a malfunction occurred. We have also implemented procedures to help ensure that any new Non-IT Systems that we acquire or utilize are Y2K compliant.

We have completed Year 2000 testing on our CNC products and have prepared technical bulletins that describe the products tested and the impact Year 2000 will have on those products. These technical bulletins are available upon request or can be obtained from our web site (Hurco.com). We believe that our CNC products will continue to function in Year 2000 with only some models experiencing a minor file dating issue. We are developing a policy for providing software updates to those products that will have the dating issue.

The Costs to Address the Company's Year 2000 Issues. Our costs through April 30, 1999 to identify and remediate our Year 2000 problems have not been material. Our costs to complete the Year 2000 project are not expected to be material either.

The Risks Associated With Our Year 2000 Issues. Our Year 2000 compliance effort has not identified any worst case scenarios that we believe are reasonably likely to occur. We do not expect Year 2000 issues to interrupt our business unless disruption occurs as a result of year 2000 problems involving basic infrastructure outside of our control.

Our computerized machine systems are manufactured primarily by three contract manufacturers in Taiwan. An interruption in supply from the contract manufacturer could have a material adverse effect on our operations. We have received assurances from all contract manufacturers that Year 2000 will not cause delays in production. Although we have not identified any specific Year 2000 issues that are reasonably likely to impact the production of the contract manufacturers, because of the uncertainty of the year 2000 issue, some risk of disruption in production does exist.

Contingency Plan. We will continue to evaluate the impact Year 2000 will have on our contract manufacturers. If Year 2000 issues are identified that we believe could reasonably disrupt production of the contract manufacturers, we will delay our fiscal 1999 finished goods inventory reduction program and maintain finished goods inventory at a level to protect against anticipated production delays. We will continue monitoring the Year 2000 issue and will develop a contingency plan if a reasonably likely risk is identified.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 1999, we had cash and temporary investments of $3.7 million compared to $3.3 million at October 31, 1998. Cash used for operations totaled approximately $2.2 million in the second quarter of fiscal 1999, compared to cash provided by operations of $9.0 million for the same period of fiscal 1998. Cash flow from operations during the second quarter of fiscal 1998 benefited from approximately $4.9 million of license fees and litigation settlements received, net of expenses paid and foreign taxes withheld.

For the six months ended April 30, 1999, approximately $5.2 million of cash was used for operations as compared to $9.5 million cash provided by operations in the comparable prior year period, of which $5.5 million in the prior year period was attributable to license fee income and litigation settlement fees received, net of expenses paid and foreign taxes withheld.

Net working capital was $35.4 million at April 30, 1999, compared to $29.3 million at October 31, 1998. The increase was attributable to an increase in inventory of $1.7 million, a decrease in accounts payable of $6.8 million and a $1.2 million decrease in accrued expenses, offset by a $2.2 million decrease in accounts receivable. The ratio of current assets to current liabilities was 3.0 to 1 at April 30, 1999 and 2.1 to 1 at October 31, 1999.

The increase in inventories relates primarily to finished products available for shipment. The increase is attributable to planned increases in production by our contract manufacturers during the latter half of fiscal 1998, combined with lower than expected demand in the first half of fiscal 1999. The increased finish product inventory is expected to be absorbed during the fourth quarter of the fiscal year and the first half of fiscal 2000 as reduced supplier delivery schedules take effect.

The decrease in accounts payable relates to payments made to our contract manufacturers for inventory purchases that occurred in late fiscal 1998 under terms that generally range from 60 to 120 days. Accounts payable at October 31, 1998 reflected a higher-than-average level of shipments from our contract manufacturers in the fourth fiscal quarter.

The decrease in accrued expenses is primarily the result of seasonal payments related to 1998 operations. The decrease in accounts receivable is primarily attributed to decreased shipments in the first half of 1999 compared to the higher level of shipments at the end of fiscal 1998 for which payments were received in the first half of 1999.

Capital investments for the quarter and six months ended April 30, 1999 consisted principally of expenditures for software development projects and purchases of equipment. Cash used for investing activities during the quarter and year to date were funded by bank credit facilities.

We purchased 395,752 shares of our common stock during the first half of fiscal 1999 at a cost of approximately $2.4 million under our previously announced stock repurchase program. These shares are reflected as a reduction of common stock outstanding in calculating basic and diluted earnings per common share.

Our bank credit agreement was amended on December 19, 1998 to permit borrowings at any one time outstanding of up to $25.0 million (inclusive of letter of credits of $15.0 million). All other terms under the agreement remained unchanged. As of April 30, 1999, we had unutilized availability of $4.2 million under our current credit facilities. We were in compliance with all loan covenants at April 30, 1999. We believe that anticipated cash flow from operations and available borrowings under the 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 line of credit is affected by the general level of 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 leverage ratio for the preceding twelve month period and are payable at Libor plus an amount ranging from .75% to 2.0% based upon a prescribed formula. At April 30, 1999, outstanding borrowings were $13.3 million on our bank credit facilities. Based upon this level of borrowings, our interest rate on the Libor portion of the debt will increase 1.25% effective August 1, 1999. An increase of market interest rates of fifty basis points (.5%) would increase annual interest expense approximately $67,000.

Foreign Currency Exchange Risk

A significant portion of our product content is sourced from foreign suppliers or built to our specifications by contract manufacturers overseas. Our contractual arrangements with those suppliers typically include foreign currency risk sharing agreements which reduce the effects of currency fluctuations on product cost. The predominant portion of foreign currency exchange rate risk regarding product cost relates to the New Taiwan Dollar.

In Fiscal 1999, approximately 56.2% of our sales and service fees, including export sales, were derived from overseas markets. All computerized machine systems, computer numerical control systems and certain proprietary service parts are sourced by a central engineering and manufacturing division of the U.S. parent company and re-invoiced to our foreign sales and service subsidiaries, primarily in their functional currencies. The parent company enters into forward foreign exchange contracts from time to time to hedge the cash flow risk related to inter-company sales and inter-company accounts receivable 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 of foreign currencies as of April 30, 1999 were as follows:

Foreword Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Notional Amount in U.S. $	Market Value in US$	Maturity Dates
Euro	3,430,000	1.0782	3,697,969	3,628,940	May 1999
Sterling	1,350,000	1.6091	2,172,225	2,172,150	May 1999

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

There have been no material developments in the IMS infringement litigation.

We are 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 our consolidated financial position or results of operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.1 The sublease between Autocon Technologies, Inc. and Robert Bosch Corporation dated April 30, 1999.

11 Statement re: Computation of Per Share Earnings

27 Financial Data Schedule (electronic filing only).

(b) Reports on Form 8-K: None

SIGNATURE

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

June 9, 1999

Exhibit 10.1

The Sublease between Autocon Technologies and Robert Bosch Corporation dated April 30, 1999

SUBLEASE

This Sublease (the "Sublease") is entered into by AUTOCON TECHNOLOGIES, INC., a Michigan corporation ("Sublessor"), and ROBERT BOSCH CORPORATION, a(n) _____________ corporation ("Sublessee"), as of the 30 day of April, 1999.

1. Property Subleased. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, upon the terms and conditions set forth herein, approximately twenty-three thousand two hundred seventy-six (23,276) rentable square feet (the "Subleased Premises") in the building located at 38455 Hills Tech Drive, Farmington Hills, Michigan 48331 (the "Building"). Said Subleased Premises are more particularly described in Exhibit A, attached hereto and incorporated by this reference.

2. Master Lease and Master Lessor. The Subleased Premises are a portion of the space in the Building presently being leased by Sublessor (the "Premises"), assignee of Hurco Companies, Inc., from Hillmont Properties, assignee of UNUM Life Insurance Company of America ("Master Lessor"), pursuant to a Net Lease executed May 11, 1992 (the "Master Lease"). A copy of the Master Lease is attached as Exhibit B and incorporated by this reference, except to the extent the terms and provisions of the Master Lease conflict with the terms and provisions of this Sublease, in which case the terms and provisions of this Sublease shall control.

3. Use. The Subleased Premises shall be used only for general office, warehouse purposes, small equipment/parts testing and administrative activities and for no other purpose whatsoever without the prior written consent of Sublessor and Master Lessor; provided, however, such use shall not be inconsistent with or in contravention of the use provisions of the Master Lease. Sublessee shall comply with all laws, ordinances, rules, and regulations, whether the same are issued by a governmental or quasi-governmental authority or by Master Lessor, relating to Sublessee's use or occupancy of the Subleased Premises.

4. Provisions Regarding Main Lease. Except as otherwise provided for herein, this Sublease and the rights of parties hereunder are subject and subordinate to the Main Lease and the rights of Master Lessor thereunder. Sublessee shall be bound with respect to the Subleased Premises by all of the terms, covenants and conditions of the Master Lease governing use and occupancy of the Subleased Premises and any common areas as if Sublessee were the Lessee and Sublessor were the Lessor under the Master Lease. In particular, Sublessee shall perform all affirmative covenants and shall refrain from performing any act which is prohibited by the negative covenants of the Main Lease, where the obligation to perform or refrain from performing is by its nature imposed upon the party in possession of the Premises. Sublessor shall have the right to enter the Subleased Premises to inspect the same and to cure any default by Sublessee under this paragraph, provided Sublessor notifies Sublessee of the default in writing, and Sublessee fails to cure the default within thirty (30) days of receipt of the notice. Sublessor shall, as to the Subleased Premises, perform or cause to be performed the obligations of Master Lessor under the Main Lease. Sublessor shall have no responsibility for or be liable to Sublessee for any default, failure or delay on the part of Master Lessor in the performance or observance by Master Lessor of any of its other obligations under the Main Lease or for any act or omission of Master Lessor,

its agents, employees or contractors, nor shall such default, act or omission by Master Lessor affect this Sublease or waive or defer the performance of any of Sublessee's obligations hereunder, except to the extent that the same excuses performance by Sublessor under the Master Lease. Sublessor shall indemnify, defend and hold Sublessee harmless from any claim, action, damage or expense incurred by Sublessee as a result of Sublessor's default or breach of any term or obligation of Sublessor under the Master Lease to the extent such default or breach is caused by Sublessor. Sublessee shall indemnify, defend and hold Sublessor harmless from any claim, action, damage or expense incurred by Sublessor as a result of Sublessor's default or breach of any term or obligation of Sublessor under the Master Lease caused by Sublessee. Sublessor shall use reasonable efforts to require Master Lessor to comply with its obligations under the Master Lease.

5. Term. The term of this Sublease (the "Sublease Term") shall commence on June 15, 1999 and expire on July 31, 2001, unless earlier terminated as provided for herein. Sublessee shall have the right to renew this Sublease for an additional one (1) year term upon the terms and conditions, including the rental provisions, then in effect; provided, however, that Sublessee must provide Sublessor written notice of its intention to exercise its right to an extension no fewer than sixty (60) days prior to the expiration of the Sublease Term. The existence of this Sublease is dependent and conditioned upon the continued existence of the Master Lease, and in the event of the expiration, cancellation, or termination of the Master Lease, this Sublease automatically shall be terminated, provided, however, that (a) this provision shall not be deemed to release Sublessor of liability if the Master Lease is canceled or terminated due to a default by Sublessor which default did not arise from acts or omissions of Sublessee, (b) this provision shall not be deemed to release Sublessee of liability if the Master Lease is cancelled due to a default by Sublessor which default arises from acts or omissions of Sublessee, and (c) if the Master Lease terminates as a result of a default or breach by the Sublessor or Sublessee, the defaulting party will be liable to the non-defaulting party for the damages suffered as a result of the termination.

6. Rent. In addition to the other obligations of Sublessee set forth herein, Sublessee shall pay Sublessor as annual rent ("Basic Rent") for the Sublease Term the sum of Two Hundred Twenty-One Thousand One Hundred Twenty-Two and No/100 Dollars ($221,122.00) per annum. An amount equal to one-twelfth (1/12) of such annual rent (Eighteen Thousand Four Hundred Twenty-Six and 83/100 Dollars ($18,426.83)) shall be payable in advance on the first day of each month of the Sublease Term, without deduction or offset and without prior notice or demand; provided, however, that all such rentals shall be prorated to account for partial months during the first and/or last months during the Sublease Term. In addition, Sublessee shall pay sixty-two and one tenth percent (62.1%) of all taxes, assessments, utilities, insurance, common area costs and other expenses or costs which Sublessor is hereafter required to pay as Lessee under the Master Lease ("Additional Rent"). Installments of Additional Rent shall be payable to Sublessor at the same times Sublessor is required to pay such expenses under the Main Lease. For non-monthly installments of Additional Rent, Sublessor shall provide notice of such amounts due within three (3) business days of Sublessor's receipt of notice thereof from Master Landlord. Sublessor shall provide Sublessee with copies of all supporting information for Additional Rent which Sublessor receives from Master Lessor. Sublessee's obligation for installments of Additional Rent for any period prior to expiration or termination of this Sublease shall survive such expiration or termination. In the event any amount included in the Additional Rent is subject to year-end adjustment under the Master Lease, Sublessee shall be entitled to or responsible for sixty-two and one tenth percent (62.1%) of the amount it has overpaid or underpaid as to that component of Additional Rent. Rents shall be paid to Sublessor at the address set forth below. The terms and provisions of Section 4.01 and Section 4.02 of the Master Lease shall apply to Sublessee in the event of delinquent payment of Basic Rent or Additional Rent.

7. No Enlargement of Rights. To the extent Sublessor is granted any rights to extend or renew the term of the Master Lease or to expand the Premises to include additional space, Sublessee shall have no right to exercise such rights.

8. Improvement. Prior to the commencement date of this Sublease, and subject to the provisions of the Master Lease and to the Master Lessor's consent, if required, Sublessor shall construct a wall separating the Subleased Premises from the remainder of the Premises. This wall shall be located as shown on Exhibit A. In addition to construction of the wall, Sublessor shall remove, relocate, or make such adjustments as necessary to separate Sublessor's electrical, mechanical, telecommunications and security systems from Sublessee's systems. Sublessor shall also install a door within an existing window opening on the north side of the Subleased Premises if required

by code following the construction of the new demising wall. Notwithstanding any provision in the Master Lease to the contrary, Sublessor shall not be obligated to provide, nor shall Sublessee be entitled to the benefit of, any additional alterations or improvements to the Subleased Premises, except as provided in this paragraph.

9. Condition of the Subleased Premises. Sublessee has inspected the Subleased Premises prior to executing this Sublease. Sublessee acknowledges and agrees that, as of the date hereof:

(a) Sublessor makes no warranties concerning the Subleased Premises;

(b) The Subleased Premises are in good condition; and

(c) The Subleased Premises are accepted "as is."

10. Warranties by Sublessor. Sublessor warrants as follows:

(a) the Improvements set forth in Paragraph 8 above shall be completed on or before the Commencement Date, and shall be constructed in accordance with all applicable laws, regulations and building codes.

(b) the Master Lease has not been amended or modified except as set forth in this Sublease, and that any amendments or modifications thereto shall require the prior written consent of the Sublessee to the extent the same shall affect the terms and conditions of this Sublease.

(c) Sublessor is not now, and as of the Commencement Date will not be, in default or breach of any provisions of the Master lease, and Sublessor has no knowledge of any claim (alleged or otherwise) by Master Lessor that Sublessor is in default or breach of the Master Lease.

11. Signage. Subject to the provisions of the Master Lease and to the Master Lessor's consent, if required, the following changes and alterations to signage at the Building shall be made:

(a) Sublessee may, at its sole cost and expense, erect such signage on the Subleased Premises as it desires;

(b) Sublessor shall relocate the existing building sign facing Hills Tech Drive Road to an area of the Building exterior corresponding to the part of the Premises not included in the Subleased Premises; and

(c) Sublessor shall place a directional sign in the lawn of the Building next to the flagpole facing Highway 696.

The existing Autocon sign facing Highway 696 shall be retained.

12. Parking. Sublessor shall have exclusive use of the twenty-seven (27) parking spaces directly adjacent to the entrance to that part of the Premises retained by Sublessor hereunder as more particularly shown on Exhibit C, attached hereto and incorporated by this reference. Sublessee shall be entitled to use the remainder of the parking spaces available to Sublessor under the Master Lease.

13. Office Furniture. Sublessee may, at its option, lease the existing steelcase furniture in the Subleased Premises, excluding file cabinets and stand-alone work tables, for Five Thousand and No/100 Dollars ($5,000.00) per month, payable to Sublessor at the same time as the Basic Rent hereunder. In the event Sublessee desires to exercise this option, it must provide written notice to Sublessor no later than thirty (30) days after the date hereof, and the parties agree to execute a mutually acceptable office furniture lease agreement, which shall include a mutually agreeable inventory list of such leased items. Furniture rental shall include the 120-volt power wiring, voice and data lines and integrated lamp fixtures currently in the steelcase office

and workstation furniture.

14. Insurance. Sublessee shall procure and maintain all insurance policies required of the Lessee under the provisions of the Master Lease with respect to the Subleased Premises. All such policies shall name Master Lessor and Sublessor as additional insureds. Certificates of insurance evidencing such policies shall be delivered to Master Lessor and Sublessor at the commencement of the Sublease Term and, if any policy requires renewal, Sublessee shall notify Master Lessor and Sublessor not less than ten (10) days prior to the expiration of such policy. Sublessee's personal property in the Subleased Premises shall be kept at Sublessee's sole risk, and neither Sublessor nor Master Lessor shall be liable to Sublessee for any loss or damage thereto. Sublessee hereby waives all claims and rights of recovery which it might have against Sublessor or Master Lessor for any loss or damage to Sublessee's personal property in the Subleased Premises.

15. Personal Property. Sublessee waives any and all of its rights against Sublessor and Master Lessor for any damage caused by Sublessor or Master Lessor to Sublessee's property located on the Subleased Premises, except to the extent, as to the Sublessor, that the same arises from the negligence or willful misconduct of Sublessor and except to the extent, as to the Master Lessor, the same arises from the negligence or willful misconduct of Master Lessor.

16. Notices. Any notice given under this Sublease shall be in writing and shall be hand-delivered or mailed (by certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

Sublessee: 38000 Hills Tech Drive
Farmington Hills, Michigan 48331-3417
Attention: Mr. Wolfgang Knapp

Sublessor: 38455 Hills Tech Drive
Farmington Hills, Michigan 48331-5751
Attention: Mr. Nick Pitsillos

Any notice shall be deemed to have been given when hand-delivered or, if mailed, seventy-two (72) hours after the time that such notice is deposited in the United States mail.

17. Remedies Upon Default. Sublessor shall, if Sublessee breaches any provision of this Sublease, be entitled to the same remedies as those granted to the Master Lessor for Lessee's default under the Master Lease, in addition to any remedies at law or in equity which apply to subleases. Sublessee shall, if Sublessor breaches any provision of this Sublease, be entitled to the same remedies as those granted to Sublessor for Lessor's default under the Master Lease, in addition to any remedies at law or in equity which apply to subleases.

18. Non-Assignment. Notwithstanding any provision in the Master Lease to the contrary, Sublessee's interest in this Sublease is not assignable, whether by operation of law or otherwise. Sublessee shall have no right to sublet the Subleased Premises or to transfer any interest of Sublessee therein.

19. Surrender of the Subleased Premises. Upon the expiration of the Sublease Term, the extended term, if applicable, or the earlier termination of the Master Lease or this Sublease, Sublessee shall surrender the Subleased Premises in the same condition as received on the date hereof, reasonable and normal wear and tear and damages or destruction resulting from causes which are covered by insurance obtained in accordance with Section 11 of the Master Lease excepted.

20. Attorneys' Fees. Should either party commence any legal action or proceeding against the other based on this Sublease or Sublessee's occupancy of the Subleased Premises, the prevailing party shall be entitled to an award of reasonable attorneys' fees, in addition to any other relief to which such party would be entitled.

21. Brokers. Each party hereby agrees that it shall pay any commission owed to any broker with which it has entered an agreement requiring the same. Each party shall indemnify and defend the other from and against any claim of any broker alleging a right to a broker's commission or other compensation through the Indemnitor or by reason of such broker having dealt with or alleging to have dealt with the Indemnitor.

22. Master Lessor's Consent. It shall be a condition precedent to Sublessor's and Sublessee's obligations hereunder that Master Lessor shall execute the attached consent to this Sublease. In the event Master Lessor fails to execute such consent by the commencement date, this Sublease shall automatically terminate.

23. Y2000. To the knowledge of Sublessor, the Building structure, structural components and fire protection and HVAC systems are Year 2000 ready. In the event the Building structure or structural components shall fail as a result of the century date change or leap year, Sublessee shall provide Sublessor with written notice of such failure. Within thirty (30) days of its receipt of such notice, Sublessor shall correct or require the Master Lessor to correct such failure. Sublessee shall be responsible for century date change or leap year compliance for any business system Sublessee installs or uses, including, but not limited to, any security system, phone system, and utilities. Sublessee shall be entitled to an abatement in rent in the event the Y2000 failure related to building structure, structural components or fire protection or HVAC systems prevent Sublessee from occupying the Subleased Premises to conduct business. Except as specifically provided in this paragraph or otherwise stated in this Sublease, all applicable terms and conditions of the Master Lease are incorporated and made a part of this Sublease. Sublessor will exercise due diligence in attempting to cause Master Lessor to perform its obligations under the Master Lease for the benefit of Sublessee.

24. Entire Agreement and Definitions. This Sublease contains the entire agreement of the parties with respect to the subject matter hereof. No representations, inducements, promises or agreements, oral or otherwise, not embodied herein shall be of any force or effect; provided that, notwithstanding the foregoing, any capitalized term or phrase not expressly defined herein shall have the meaning set forth in the Master Lease.

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date first written above.

SUBLESSOR:

AUTOCON TECHNOLOGIES, INC.,
a Michigan corporation

By: /s/ James D. Fabris

Printed: James D. Fabris

Title: President

SUBLESSEE:

ROBERT BOSCH CORPORATION, a(n)
___________________ corporation

By: /s/ John Moulton

Printed: John Moulton

Title: President

The undersigned, as Lessor under the Master Lease, hereby consents to Sublessor's sublease of the Subleased Premises to Sublessee upon the terms and conditions set forth above. Sublessor shall continue to remain primarily liable to Master Lessor under the terms of the Master Lease; and no provision of the Sublease shall have any effect upon any of Sublessor's obligations to Master Lessor under the terms of the Master Lease.

HILLMONT PROPERTIES,
a Michigan co-partnership

By: WALDMAN INVESTMENT ASSOCIATES LIMITED PARTNERSHIP, its partner

By: /s/ Saul Waldman
Saul Waldman, Trustee of the
Saul Waldman Revocable Trust,
dated August 21, 1978,
Its General Partner

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 April 30, 1999 Basic	1999 Diluted	1998 Basic	1998 Diluted	Six Months Ended April 30, 1999 Basic	1999 Diluted	1998 Basic	1998 Diluted
Net income	$554	$554	$4,270	$4,270	$729	$729	$6,456	$6,456
Weighted average shares outstanding	5,945	5,945	6,560	6,560	6,011	6,011	6,557	6,557
Assumed issuances under stock options plans	-	86	-	204	-	89	-	194
	5,945	6,031	6,560	6,764	6,011	6,100	6,557	6,751
Earnings per common share	$0.09	$0.09	$0.65	$0.63	$0.12	$0.12	$0.98	$0.96

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY REPORT 10-Q FOR THE PERIOD ENDED APRIL 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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