

HURCO COMPANIES INC
Form 10-Q
March 11, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 2008 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
(State or other jurisdiction of
incorporation or organization)

35-1150732
(I.R.S. Employer Identification Number)

One Technology Way
Indianapolis, Indiana
(Address of principal executive offices)

46268
(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 No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer []

Accelerated filer []

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's common stock outstanding as of March 7, 2008 was 6,417,220.

HURCO COMPANIES, INC.
January 2008 Form 10-Q Quarterly Report

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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	
	2008	2007
	(unaudited)	
Sales and service fees	\$ 60,923	\$ 46,878
Cost of sales and service	36,066	29,554
Gross profit	24,857	17,324
Selling, general and administrative expenses	12,376	9,250
Operating income	12,481	8,074
Interest expense	11	82
Interest income	149	193
Investment income	172	21
Other (income) expense, net	464	(187)
Income before taxes	12,327	8,393
Provision for income taxes	4,522	2,998
Net income	\$ 7,805	\$ 5,395
Earnings per common share		
Basic	\$ 1.22	\$ 0.85
Diluted	\$ 1.21	\$ 0.84
Weighted average common shares outstanding		
Basic	6,401	6,362
Diluted	6,433	6,418

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

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

	January 31 2008 (unaudited)	October 31 2007 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,176	\$ 29,760
Short-term investments	14,000	10,000
Accounts receivable, net	35,977	25,645
Inventories, net	63,829	61,121
Deferred tax assets, net	8,249	8,258
Other	3,155	4,481
Total current assets	146,386	139,265
Property and equipment:		
Land	776	776
Building	7,135	7,135
Machinery and equipment	14,621	13,629
Leasehold improvements	1,549	1,473
	24,081	23,013
Less accumulated depreciation and amortization	(11,935)	(11,617)
	12,146	11,396
Non-current assets:		
Software development costs, less accumulated amortization	5,737	5,960
Investments and other assets	7,085	7,160
	\$ 171,354	\$ 163,781
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 36,730	\$ 35,486
Accrued expenses	25,596	27,729
Total current liabilities	62,326	63,215
Non-current liabilities:		
Deferred tax liability, net	2,008	1,956
Deferred credits and other obligations	1,015	1,007
Total liabilities	65,349	66,178
Shareholders' equity:		

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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 6,417,220 and 6,392,220 shares issued and outstanding, respectively	642	639
Additional paid-in capital	51,079	50,971
Retained earnings	57,174	49,369
Accumulated other comprehensive loss	(2,890)	(3,376)
Total shareholders' equity	106,005	97,603
	\$ 171,354	\$ 163,781

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	
	2008	2007
	(unaudited)	
Cash flows from operating activities:		
Net income	\$ 7,805	\$ 5,395
Adjustments to reconcile net income to		
Net cash provided by (used for) operating activities:		
Provision for doubtful		
accounts	(25)	(38)
Deferred tax provision	(268)	77
Equity in (income) loss of		
affiliates	20	(204)
Depreciation and amortization	683	388
Stock-based		
compensation	57	308
Change in assets and liabilities:		
(Increase) decrease in accounts		
receivable	(10,019)	(2,587)
(Increase) decrease in		
inventories	(2,029)	3,695
Increase (decrease) in accounts		
payable	982	(2,634)
Increase (decrease) in accrued		
expenses	(2,003)	(1,797)
Other	1,103	306
Net cash provided by (used for) operating		
activities	(3,694)	2,909
Cash flows from investing activities:		
Proceeds from sale of property and		
equipment	12	--
Purchase of property and		
equipment	(1,096)	(149)
Purchase of short-term		
investments	(8,000)	--
Sale of short-term		
investments	4,000	--
Software development costs	(51)	(505)
Other investments	(106)	(299)
Net cash used for investing		
activities	(5,241)	(953)
Cash flows from financing activities:		
Repayment on first mortgage	--	(33)

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Tax benefit from exercise of stock options	--	115
Proceeds from exercise of common stock options	54	97
Net cash provided by financing activities	54	179
Effect of exchange rate changes on cash	297	345
Net increase (decrease) in cash and cash equivalents	(8,584)	2,480
Cash and cash equivalents at beginning of period	29,760	29,846
Cash and cash equivalents at end of period	\$ 21,176	\$ 32,326

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

HURCO COMPANIES, INC.
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 For the three months ended January 31, 2008 and 2007

(Dollars in thousands, except Shares Issued and Outstanding)	Common Stock		Additional		Retained	Accumulated Other Comprehensive		
	Shares Issued & Outstanding	Amount	Paid-In Capital	Earnings (Deficit)	Income (Loss)	Income (Loss)	Total	
			(Dollars in thousands)					
Balances, October 31, 2006	6,346,520	\$ 635	\$ 50,011	\$ 28,480	\$ (3,751)		\$ 75,375	
Net income	--	--	--	5,395	--		5,395	
Translation of foreign currency financial statements	--	--	--	--	638		638	
Unrealized loss on derivative instruments, net of tax	--	--	--	--	(235)		(235)	
Comprehensive income	--	--	--	--				