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 July 31, 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 August 31, 1999 was 5,950,859.

HURCO COMPANIES, INC.
July 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 July 31,		Nine Months Ended July 31,	
	1999	1998	1999	1998
	(unaudited)		(unaudited)	
Sales and service fees.........	$ 20,783	$ 23,444	$ 63,463	$ 67,106
Cost of sales and service......	14,868	16,464	45,686	47,716
Gross profit.............	5,915	6,980	17,777	19,390
Selling, general and administrative expenses........	5,152	5,573	15,839	15,951
Restructuring credit..........	--	--	(103)	--
Operating income	763	1,407	2,041	3,439
License fee income and litigation settlement fees, net...........	73	1,025	242	6,810
Interest expense..............	333	149	973	633
Other expense, net............	9	72	115	97
Income before taxes.......	494	2,211	1,195	9,519
Income tax expense............	94	381	66	1,233

Net income	$ 400	$ 1,830	$ 1,129	$ 8,286
Earnings per common share				
Basic	$ .07	$ .28	$ .19	$ 1.27
Diluted	$ .07	$ .27	$ .19	$ 1.23
Weighted average common shares outstanding				
Basic	5,947	6,472	5,989	6,528
Diluted	6,044	6,664	6,076	6,720

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

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

ASSETS	July 31, 1999 (Unaudited)	October 31, 1998 (Audited)
Current assets:		
Cash and temporary investments	$ 3,182	$ 3,276
Accounts receivable	14,600	18,896
Inventories	33,151	30,817
Other	1,811	2,154
Total current assets	52,744	55,143
Long-term license fees receivable	622	797
Property and equipment:		
Land	761	761
Building	7,141	7,067
Machinery and equipment	10,967	11,184
Leasehold improvements	1,043	1,107
Less accumulated depreciation and amortization	(10,943)	(11,037)
	8,969	9,082
Software development costs, less amortization	4,320	4,231
Other assets	3,301	2,443
	$ 69,956	$ 71,696
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,870	$ 15,791
Accrued expenses	7,141	8,217
Current portion of long-term debt	1,786	1,786
Total current liabilities	20,797	25,794
Non-current liabilities:		
Long-term debt	12,263	6,572
Deferred credits and other obligations	1,532	1,590
Total non-current liabilities	13,795	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 5,950,459 and 6,340,111 shares issued and outstanding, respectively	595	634
Additional paid-in capital	46,337	48,662
Accumulated deficit	(6,021)	(7,150)
Foreign currency translation adjustment	(5,547)	(4,406)

Total shareholders' equity	35,364	37,740
	$69,956	$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 July 31,		Nine Months Ended July 31,	
	1999	1998	1999	1998
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net income	$ 400	$ 1,830	$ 1,129	$ 8,286
Adjustments to reconcile net income to net cash provided by (used for) operating activities: Depreciation and amortization.....................	522	531	1,505	1,603
Change in assets and liabilities:				
(Increase) decrease in accounts receivable.......................	1,286	(1,505)	3,317	(65)
(Increase) decrease in license fee receivables........................	--	(36)	175	(376)
(Increase) decrease in inventories...	(1,490)	(4,342)	(3,191)	(5,203)
Increase (decrease) in accounts payable........................	2,971	3,934	(3,831)	6,817
Increase (decrease) in accrued expenses	536	(211)	(708)	(641)
Other................................	(542)	201	71	(500)
Net cash provided by (used for) operating activities..............	3,683	402	(1,533)	9,921
Cash flows from investing activities:				
Proceeds from sale of equipment........	19	3	91	13
Purchase of property and equipment.....	(269)	(177)	(913)	(716)
Software development costs............	(247)	(442)	(779)	(822)
Other investments.....................	(9)	(24)	(220)	(220)
Net cash provided by (used for) investing activities................	(506)	(640)	(1,821)	(1,745)
Cash flows from financing activities:				
Advances on bank credit facilities.....	13,840	752	54,890	9,252
Repayment on bank credit facilities ...	(17,632)	(752)	(47,401)	(11,152)
Repayment of term debt	--	--	(1,786)	(1,786)
Proceeds from exercise of common stock options......................	13	18	15	100
Purchase of common stock..............	--	(720)	(2,379)	(998)
Net cash provided by (used for) financing activities................	(3,779)	(702)	3,339	(4,584)
Effect of exchange rate changes on cash...	90	39	(79)	58
Net increase (decrease) in cash and temporary investments...............	(512)	(901)	(94)	3,650
Cash and temporary investments at beginning of period..............	3,694	7,922	3,276	3,371
Cash and temporary investments at end of period....................	$ 3,182	$ 7,021	$ 3,182	$ 7,021

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 Nine Months ended July 31, 1999 and 1998
(Dollars in thousands)

	Common Stock Shares Issued & Outstanding	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation Adjustment	Total
Balances, October 31 1997	6,544,831	$654	$50,349	$(16,404)	$(4,823)	$29,776
(Unaudited)						
Net income...........	--	--	--	8,286	--	8,286
Translation of foreign currency financial statements	--	--	--	--	(292)	(292)
Comprehensive income						7,994
Exercise of Common Stock Options	41,280	4	108	--	--	112
Purchase of Common Stock	(125,000)	(12)	(998)	--	--	(1,010)
Balances, July 31, 1998	6,461,111	$646	$49,459	$(8,118)	$(5,115)	$36,872
Balances, October, 31 1998	6,340,111	$634	$48,662	$(7,150)	$(4,406)	$37,740
(Unaudited)						
Net income............	--	--	--	1,129	--	1,129
Translation of foreign currency financial statements	--	--	--	--	(1,141)	(1,141)
Comprehensive income (loss)						(12)
Exercise of Common Stock Options.........	6,100	--	15	--	--	15
Purchase of Common Stock	(395,752)	(39)	(2,340)	--	--	(2,379)
Balances, July 31, 1999	5,950,459	595	46,337	(6,021)	(5,547)	35,364

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 July 31, 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 nine 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. 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 $3.8 million as of July 31, 1999 ($2.4 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 $69,000 as of July 31, 1999, compared to deferred losses of $434,000 as of October 31, 1998. Contracts outstanding at July 31, 1999 mature at various times through October 18, 1999. All contracts are for the sale of currency. We do not enter into these contracts for trading purposes.

4. 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 97,000 shares as of July 31, 1999.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $744,000 as of July 31, 1999 and $769,000 as of October 31, 1998.

6. INVENTORIES

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

	July 31, 1999	October 31, 1998
Purchased parts and sub-assemblies	$ 10,422	$ 11,749
Work-in-process	1,240	1,774
Finished goods	21,489	17,294
	$ 33,151	$ 30,817

7. 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. 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 July 31, 1999, the balance in the restructuring reserve was approximately $400,000 and consisted of the following:

Description	Balance 10/31/98	Charges to Accrual	Adjustment	Balance 7/31/99
Excess Building Capacity	$500,000	$110,615	$103,486	$285,899
Equipment Leases	101,187	17,856	--	83,331
Severance Costs	89,574	58,540	--	31,034

$690,761	$187,011	$103,486	$400,264
=======	=======	=======	=======

8. 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 July 31, 1999, no provision for the contingency has been recorded.

9. SUBSEQUENT EVENT

Effective August 17, 1999, the company's bank credit agreement was amended. The principal terms of the agreement, as amended, are set forth below:

Our bank credit agreement provides for a revolving, unsecured credit facility expiring May 1, 2002, which permits borrowings, at any one time outstanding, of up to $25.0 million (inclusive of outstanding letters of credit of up to $15.0 million). Of such borrowings, up to $5.0 million may be drawn in designated European currencies. Interest on all outstanding borrowings is payable at Libor plus an applicable Eurodollar rate margin ranging from 1.0% to 2.0% based on a prescribed formula, or at our option, the greater of the prime rate or 1.0% plus the Federal Funds Rate. An additional margin of .25% may be charged if our fixed charge coverage ratio falls below 1.25 to 1. The agreement requires us to maintain a specified minimum net worth and establishes maximum leverage and fixed charge coverage ratios. We are required to maintain consolidated tangible net worth (as defined) of not less than $30.0 million plus (i) 50% of cumulative net income subsequent to May 1, 1999 and (ii) 75% of proceeds from sales of capital stock after April 30, 1999. Total consolidated debt may not exceed 50% of consolidated capitalization (defined as total debt plus consolidated tangible net worth). Our fixed charge coverage ratio requirement varies within a range of 1.0 - 1.25 to 1 during the term of the agreement.

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, among others, changes in general economic and business conditions that affect demand for computerized machine systems, computer control systems and software products, innovations by competitors, quality and delivery performance by our contract manufacturers and governmental actions and initiatives.

RESULTS OF OPERATIONS

Three Months Ended July 31, 1999 Compared to Three Months Ended July 31, 1998

Net income for the third quarter ended July 31, 1999 was $400,000, or $.07 per share, on a diluted basis, which compares to $1.8 million, or $.27 per share, reported for the corresponding period a year ago. The decline is primarily attributable to a substantial reduction in license fee income and litigation settlement fees, which had been anticipated. Net income also was adversely affected by decreased sales as discussed below.

Sales and service fees for the third quarter of fiscal 1999 declined $2.7 million, or 11.3% from the prior year level. On a worldwide basis, sales of computerized machine systems decreased by $1.4 million, or 8.7%. Domestic sales of computerized machine systems decreased by $2.3 million, or 36.9%, as weak market conditions continue to persist, but were offset somewhat by a $930,000, or 9.4%, increase in foreign sales. Sales of stand-alone computer control systems declined $834,000, or 26.4%, compared to the fiscal 1998 period, reflecting the previously announced repositioning of the product line. Revenues from service fees and parts declined approximately 234,000, or 6.5%, as a result of reduced levels of customer activity and continued improvement of product quality.

New order bookings for the third quarter of fiscal 1999 were $20.4 million, compared to $22.1 million for the corresponding 1998 period, a decrease of 7.4%. Orders for computerized machine systems, which constituted 70% of total new orders, declined $.8 million, or 5.3%. In Europe, the company experienced a 17% decline in order value, reflecting a 14% reduction in unit orders and a 2% decline in the value of local currencies in relation to the U.S. dollar. Although order rates improved in the United Kingdom, weaker market conditions prevailed in Germany, France and Italy. Despite very weak market conditions that have persisted since the third quarter of fiscal 1998, orders for computerized machine systems in the United States increased 6%, reflecting continued market acceptance of new products introduced by the company late in fiscal 1998. Although orders for stand-alone computer control systems continued to be lower than in the corresponding 1998 period due to product repositioning, orders for these products improved 12% over the second quarter of fiscal 1999. Backlog was $8.6 million at July 31, 1999 compared to $9.1 million at April 30, 1999 and $7.5 million at the end of fiscal 1998.

Gross profit as a percentage of sales was 28.5% compared to 29.8% for the corresponding period in the prior year. The decline was primarily attributed to lower service revenues and the effects of a stronger U.S. dollar relative to foreign currencies. The percentage is expected to decline further in the fourth quarter as a result of competitive pricing pressures and continued weakening of foreign currencies relative to the U.S. dollar.

Selling, general and administrative expenses, which include research and development expenses, decreased by $421,000, or 7.6%, as a result of cost reduction actions executed during fiscal 1999 combined with expenses in fiscal 1998 related to new product launches and the bi-annual manufacturing trade show held in September 1998.

Interest expense was $333,000 during the third quarter of fiscal 1999 compared to $149,000 in the corresponding period of fiscal 1998, due to increased borrowings to support an increase in inventory beginning in the second half of fiscal 1998.

Income tax expense was $94,000 in the third fiscal quarter compared $381,000 in the same period in the prior year. The decrease is the result of reduced profitability and a lower effective tax rate of a foreign subsidiary.

Nine Months Ended July 31, 1999 Compared to Nine Months Ended July 31, 1998

Sales and service fees for the first nine months of fiscal 1999 were $63.5 million compared to $67.1 million in the same period one year ago, a $3.6 million, or 5.4%, decrease. The overall decrease in sales and service fees was due primarily to a decline of $3.5 million, or 33.5%, in sales of stand-alone computer control systems, which are being repositioned. On a worldwide basis, sales of computerized machine systems increased by $605,000, or 1.3%. Domestic sales of computerized machine systems decreased by $2.8 million, or 16.1%, while foreign sales increased by $3.4 million, or 12.5%.

New order bookings for the first nine months of fiscal 1999 were $65.2 million compared to $70.3 million in the prior year, a 7.3% decrease. Orders for computerized machine systems decreased by approximately $1.8 million, or 3.6%, primarily the result of reduced order rates in the United States. Orders for stand-alone computer controls declined $2.7 million, or 26.9%, reflecting the repositioning of these products.

Gross profit as a percentage of sales was 28.0% compared to 28.9% for the corresponding period in the prior year. The decline was primarily attributed to lower service revenues and the effects of a stronger U.S. dollar relative to foreign currencies.

Selling, general and administrative expenses were essentially unchanged from the prior year, as normal salary and wage increases and new spending projects earlier in the year were offset by cost reductions in the third fiscal quarter.

Interest expense was $973,000, during the first nine months of fiscal 1999 compared to $633,000 in the corresponding period of fiscal 1998, due to increased borrowings to support an increase in inventory beginning in the second half of fiscal 1998.

Income tax expense was $66,000 during the first nine months of fiscal 1999 compared to $1.2 million in the corresponding period of fiscal 1998. The decrease is the result of a $325,000 deferred tax asset recorded by a foreign subsidiary in fiscal 1999 due to a change in its tax status and $640,000 of foreign withholding taxes recorded in fiscal 1998 resulting from 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 substantially completed a plan to ensure that the IT Systems and material Non-IT Systems that we control are Y2K compliant. In the first phase of the plan, we assessed the potential exposure of our IT Systems and material Non-IT Systems to Y2K problems. In the second phase, we designed a procedure to remediate our exposure to Y2K problems in the IT Systems and material Non-IT Systems that we control. The third phase, involved the actual remediation and enhancements of the IT Systems and material Non-IT Systems that we control. We have recently completed the fourth and final phase of testing which involves 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 assigned nine people (both employees and outside consultants) to complete the remediation and enhancements to our IT Systems that we control. We have completed the remediation, enhancements and testing as of July 31, 1999.

We assigned three employees to either remediate or cause the remediation of material Non-IT Systems that we control and that we identified as possessing a Y2K problem. We have completed the remediation of these Non-IT Systems as of July 31, 1999. We have acquired some of these Non-IT Systems during the past few years and we know 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 contacted the third parties who control our other material Non-IT Systems (including, without limitation, communication systems, security systems, electrical systems and HVAC systems) and asked them to assess whether any of these systems possess a Y2K problem that could adversely affect our operations if a malfunction occurred. We 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 computer numerical controls ("CNC") products and have prepared technical bulletins that describe the products tested and the impact Year 2000 will have on these products. The 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 July 31, 1999 to identify and complete remediation of our Year 2000 problems have not been material.

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. We expect to have sufficient inventories of finished product available at December 31, 1999, to mitigate the effect of temporary production interruptions by our contract manufacturers that might occur. 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 July 31, 1999, we had cash and temporary investments of $3.2 million compared to $3.3 million at October 31, 1998. Cash provided by operations totaled approximately $3.7 million in the third quarter of fiscal 1999, compared to cash provided by operations of $402,000 for the same period of fiscal 1998.

For the nine months ended July 31, 1999, approximately $1.5 million of cash was used for operations compared to $9.9 million cash provided by operations in the comparable prior year period, of which $6.9 million in the prior year period was attributable to license fee income and litigation settlement fees received, net of expenses and foreign taxes withheld.

Net working capital was $31.9 million at July 31, 1999, compared to $29.3 million at October 31, 1998. The increase was attributable to an increase in inventory of $3.2 million, a decrease in accounts payable of $3.8 million and a $700,000 decrease in accrued expenses, offset by a $3.5 million decrease in accounts receivable. The ratio of current assets to current liabilities was 2.5 to 1 at July 31, 1999 and 2.1 to 1 at October 31, 1998.

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 fiscal 1999. Inventories of finished product are expected to remain high through the end of our fiscal year and are expected to be absorbed during 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 the result of seasonal payments related to 1998 operations and a decrease in accrued income tax primarily related to a foreign subsidiary. The decrease in accounts receivable is primarily attributed to decreased shipments in the third quarter of 1999 compared to the higher level of shipments at the end of fiscal 1998 for which payments were received in fiscal 1999.

Capital investments for the quarter and nine months ended July 31, 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 cash flow from operations and by bank credit facilities.

We purchased 395,752 shares of our common stock during the first quarter 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.

Effective August 17, 1999, the company's bank credit agreement was amended. The principal terms of the amended agreement are summarized in Note 9 to the accompanying unaudited condensed consolidated financial statements. We are in compliance with all loan covenants at July 31, 1999. We believe that anticipated cash flow from operations and available borrowings under the credit facilities will be sufficient to meet out 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 ratio of total indebtedness to cash flow for the preceding twelve month period and are payable at Libor plus an amount ranging from 1.0% to 2.0% based upon a prescribed formula. At July 31, 1999, outstanding borrowings were $9.5 million on our bank credit facilities and total indebtedness was $14.0 million. Based upon this level of borrowings, the interest rate on the Libor portion of our bank debt will be Libor plus 1.75% effective November 1, 1999.

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.

During the first nine months of fiscal 1999, approximately 58.0% 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 July 31, 1999 were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Notional Amount in U.S. $	Market Value in US$	Maturity Dates
Euro	2,321,000	1.0287	2,387,610	2,485,791	August 1999
Sterling	900,000	1.6112	1,450,052	1,460,430	August-October 1999

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

As reported in our Annual Report on Form 10-K for the year ended December 31, 1998, our subsidiary, IMS Technology, Inc. (IMS) is a party to a pending legal proceeding involving Haas Automation, Inc., and its owner (collectively, Haas). IMS has alleged that Haas infringed one of its Interactive Computer Numerical Control patents. In October 1998, the trial court granted summary judgment in favor of Haas, dismissing the action. IMS filed an appeal and Haas filed a cross-appeal. Oral argument was held before the United States Court of Appeals for the Federal Circuit in early August; however, the court has not yet ruled on the appeals. Although we continue to believe that the IMS claims of patent infringement have substantial merit, we are unable to predict the outcome of this matter at this time.

We are involved in various other claims and lawsuits arising in the ordinary course of business, none of which, in our opinion, is expected to have a material adverse effect on our consolidated financial position or results of operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's Annual Meeting of Shareholders held on May 26, 1999, the following individuals were elected to the Board of Directors by the following votes cast at the meeting:

	For	Withheld	Abstentions and Broker Non-Votes
Hendrick J. Hartong, Jr.	5,302,891	1,450	51,818
Andrew L. Lewis IV	5,303,841	500	51,818
Brian D. McLaughlin	5,300,538	3,803	51,818
E. Keith Moore	5,300,841	3,500	51,818
Richard T. Niner	5,205,198	99,143	51,818
O. Curtis Noel	5,302,541	1,800	51,818
Charles E. M. Rentschler	5,304,341	0	51,818

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

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

September 13, 1999

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

(in thousands, except per share amount)

	Three Months Ended July 31, 1999		Three Months Ended July 31, 1998		Nine Months Ended July 31, 1999		Nine Months Ended July 31, 1998	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net Income	$400	$400	$1,830	$1,830	$1,129	$1,129	$8,286	$8,286
Weighted average shares outstanding	5,947	5,947	6,472	6,472	5,989	5,989	6,528	6,528
Assumed issuances under stock option plans	-	97	-	192	-	87	-	192
	5,947	6,044	6,472	6,664	5,989	6,076	6,528	6,720
Earnings per common share	$0.07	$0.07	$0.28	$0.27	$0.19	$0.19	$1.27	$1.23

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
QUARTERLY REPORT 10-Q FOR THE PERIOD ENDED JULY 31, 1999 AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCING TO SUCH FINANCIAL STATEMENTS.
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