SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended July 31, 2002 or
Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________.

Commission File No. 0-9143

HURCO COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Indiana	35-1150732
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Technology Way Indianapolis, Indiana	46268
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (317) 293-5309

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to the filing requirements for the past 90 days:

Yes X No

The number of shares of the Registrant's common stock outstanding as of August 31, 2002 was 5,583,158.

HURCO COMPANIES, INC.
July 2002 Form 10-Q Quarterly Report

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PART 1 - FINANCIAL INFORMATION

Item 1. Condensed 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,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Sales and service fees	$18,204	$21,678	$51,719	$71,043
Cost of sales and service	13,823	16,391	40,369	53,169
Cost of sales - restructuring	-	-	1,083	-
Gross profit	4,381	5,287	10,267	17,874
Selling, general and administrative expenses	4,672	5,896	14,421	17,941
Restructuring expense and other expense, net	-	395	1,751	67
Operating loss	(291)	(1,004)	(5,905)	(134)
License fee income, net	-	3	163	512
Interest expense	159	233	469	612
Other income (expense), net	(47)	41	(10)	464
Income (loss) before taxes	(497)	(1,193)	(6,221)	230
Provision for income taxes	154	136	282	669
Net loss	$ (651)	$ (1,329)	$ (6,503)	$ (439)
Loss per common share				
Basic	$ (0.12)	$ (0.24)	$ (1.16)	$ (0.08)
Diluted	$ (0.12)	$ (0.24)	$ (1.16)	$ (0.08)
Weighted average common shares outstanding				
Basic	5,583	5,581	5,583	5,700
Diluted	5,583	5,624	5,583	5,736

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

Hurco Companies, Inc.

CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except per-share data)

	July 31, 2002 (unaudited)	October 31, 2001 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,162	$ 3,523
Accounts receivable, net	11,786	14,436
Inventories	23,888	30,319
Other	1,366	1,232
Total current assets	40,202	49,510
Property and equipment:		
Land	761	761
Building	7,202	7,187
Machinery and equipment	11,053	11,410
Leasehold improvements	1,175	1,059
Less accumulated depreciation and amortization	(11,225)	(11,653)
	8,966	8,764
Software development costs, less amortization	1,945	3,066
Investments and other assets	3,200	4,877
	$ 54,313	$ 66,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,618	$ 9,936
Accrued expenses	8,108	8,081
Short-term debt	1,599	200
Total current liabilities	19,325	18,217
Non-current liabilities:		
Long-term debt	4,986	11,800
Deferred credits and other obligations	379	732
Total non-current liabilities	5,365	12,532
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 5,583,158 and 5,580,658 shares issued, respectively	558	558
Additional paid-in capital	44,717	44,714
Accumulated deficit	(8,413)	(1,910)
Accumulated other comprehensive income	(7,239)	(7,894)
Total shareholders' equity	29,623	35,468
	$ 54,313	$ 66,217

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,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net loss	$ (651)	$ (1,329)	$ (6,503)	$ (439)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:				
Restructuring and other expense	(173)	140	2,346	(188)
Equity in (income) loss of affiliates	(11)	(54)	-	(366)
Depreciation and amortization	485	613	1,475	1,724
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(372)	3,493	3,197	622
(Increase) decrease in inventories	1,638	(1,230)	6,391	(7,011)
Increase (decrease) in accounts payable	1,404	(3,776)	(430)	(761)
Increase (decrease) in accrued expenses	447	203	(568)	1,425
Other	(647)	264	(613)	(16)

Net cash provided by (used for) operating activities	2,120	(1,676)	5,295	(5,010)
Cash flows from investing activities:				
Proceeds from sale of equipment	26	9	71	24
Purchase of property and equipment	(480)	(461)	(1,096)	(912)
Software development costs	(132)	(223)	(417)	(485)
Proceeds from terminated loan and warrant agreements	-	-	1,000	-
Other investments	155	(296)	46	(600)
Net cash provided by (used for) investing activities	(431)	(971)	(396)	(1,973)
Cash flows from financing activities:				
Advances on bank credit facilities	6,450	11,950	19,025	36,600
Repayment on bank credit facilities	(8,350)	(7,850)	(28,925)	(24,550)
Proceeds from first mortgage			4,500	--
Repayment on first mortgage	(15)	-	(15)	-
Repayment of term debt				(1,786)
Proceeds from exercise of common stock options			4	35
Purchase of common stock				(1,706)
Net cash provided by (used for) financing activities	(1,915)	4,100	(5,411)	8,593
Effect of exchange rate changes on cash	170	(25)	151	(311)
Net increase (decrease) in cash and cash equivalents	(56)	1,428	(361)	1,299
Cash and cash equivalents at beginning of period	3,218	3,255	3,523	3,384
Cash and cash equivalents at end of period	$ 3,162	$ 4,683	$ 3,162	$ 4,683

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

HURCO COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JULY 31, 2002 AND 2001

	Common Stock					
	Shares Issued & Outstanding	Stated Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income(loss)	Total
			(dollars in thousands)			
Balances, October 31, 2000	5,955,359	$ 596	$46,347	$ (313)	$ (7,739)	$38,891
Net income				(439)		(439)
Translation of foreign currency financial statements					22	22
Unrealized loss of derivative instruments					(120)	(120)
Comprehensive income (loss)						(537)
Exercise of Common Stock Options	16,400	1	34			35
Repurchase of Common Stock	(391,101)	(39)	(1,667)			(1,706)
Balances, July 31, 2001	5,580,658	$ 558	$44,714	$ (752)	$ (7,837)	$36,683
Balances, October 31, 2001	5,580,658	$ 558	$44,714	$ (1,910)	$ (7,894)	$35,468
Net loss				(6,503)		(6,503)
Translation of foreign currency financial statements					870	870
Unrealized gain on derivative instruments					(215)	(215)
Comprehensive income (loss)						(5,848)
Exercise of Common Stock	2,500		3			3
Balances, July 31, 2002	5,583,158	$ 558	$44,717	$ (8,413)	$ (7,239)	$29,623

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The unaudited Condensed Consolidated Financial Statements include the accounts of Hurco Companies, Inc. and its consolidated subsidiaries. We design and produce interactive, personal computer (PC) based, computer control systems and software and computerized machine tools for sale through a world wide sales, service and distribution network.

The condensed financial information as of July 31, 2002 and for the nine months ended July 31, 2002 and July 31, 2001 is unaudited, however, in our opinion, the interim data includes all normal recurring adjustments necessary for a fair statement of the results for the interim periods. We suggest that you read these condensed financial statements 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, 2001.

2. LIQUIDITY MATTERS

Our domestic bank credit facility matures June 30, 2003. Effective September 1, 2002, the European credit facility was amended, extending the maturity date to August 31, 2003. We were in compliance with all of our loan covenants at July 31, 2002. We are currently in discussions with other lenders for a long-term domestic replacement credit facility, and while we believe that we will be able to obtain a replacement credit facility in fiscal 2003 under acceptable terms; no such assurance can be given.

3. HEDGING

We enter into foreign currency forward exchange contracts periodically to hedge certain forecast inter-company sales and forecast inter-company and third-party purchases denominated in foreign currencies (primarily Pound Sterling, Euro and New Taiwan Dollar). The purpose of these instruments is to mitigate the risk that the U.S. Dollar net cash inflows and outflows resulting from the sales and purchases denominated in foreign currencies will be adversely affected by changes in exchange rates. These forward contracts have been designated as cash flow hedge instruments, and are recorded in the Condensed Consolidated Balance Sheet at fair value in Other Current Assets and Accrued Liabilities. Gains and losses resulting from changes in the fair value of these hedge contracts are deferred in Accumulated Other Comprehensive Income and recognized as an adjustment to the related sale or purchase transaction in the period that the transaction occurs. Net gains on cash flow hedge contracts which we reclassified from Accumulated Other Comprehensive Income to Cost of Sales in the quarter ended July 31, 2002 were $47,000.

At July 31, 2002, we had $685,000 of realized and unrealized losses related to cash flow hedges deferred in Accumulated Other Comprehensive Income, which we expect to recognize in Cost of Sales within the next twelve months. Cash flow hedge contracts mature at various dates through November 2002.

We also enter into foreign currency forward exchange contracts to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. These derivative instruments are not designated as hedges under the Statement of Financial Accounting Standards No. 133, "Accounting Standards for Derivative Instruments and Hedging Activities" and as a result, changes in fair value are reported currently as Other Income (Expense) in the Consolidated Statement of Operations consistent with the transaction gain or loss on the related foreign denominated receivable or payable. Such net transaction gains and (losses) were $(52,000) and $7,000 for the quarters ended July 31, 2002 and 2001, respectively.

4. EARNINGS PER SHARE

Basic and diluted earnings per common share are based on the weighted average number of our shares of common stock outstanding. Diluted earnings per common share give effect to outstanding stock options using the treasury method. The impact of 30,000 potentially issuable shares for the nine months ended July 31, 2002 and 3,000 potentially issuable shares for the three months ended July 31, 2002 were excluded from the computation of diluted earnings per share because their effect would be anti-dilutive.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $876,000 as of July 31, 2002 and $907,000 as of October 31, 2001.

6. INVENTORIES

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

	July 31, 2002	October 31, 2001
Purchased parts and sub-assemblies	$ 6,466	$ 7,853
Work-in-process	1,368	1,256
Finished goods	16,054	21,210
	$ 23,888	$ 30,319

7. RESTRUCTURING EXPENSE AND OTHER EXPENSE, NET

We recorded charges aggregating $2.5 million in the second quarter of fiscal

2002 for the write-down of assets related to the repositioning of product lines and severance costs associated with cost reduction programs. These charges, combined with a severance charge of $356,000 in the first quarter, total $2.8 million for fiscal 2002 year-to-date.

The charges include (in thousands):

Cost of sales - restructuring:	
Inventory write-down related to under-performing product lines which are being discontinued	$1,083
Restructuring expense:	
Write-off of capitalized software development cost resulting from termination of development project due to product line repositioning	1,036
Severance cost	827
Other expense (credit):	
Foreign lease termination liability (Note 11)	165
Termination of software development agreement (Note 9)	(277)
	1,751
Total	$2,834

The balance of the reserve for Restructuring expense and other expense, net at July 31, 2002 is as follows:

(in thousands)	Balance 10/31/01	Provision (Credit)	Used	Balance 7/31/02
Cost of sales - restructuring:				
Inventory write-down	$--	$1,083	$1,083	$ --
Restructuring expense:				
Capitalized software development cost write-off	--	1,036	1,036	--
Severance costs	133	827	600	360
Other expense (credit):				
Foreign lease termination liability	60	165	--	225
Termination of software development agreement	--	(277)	(277)	--
Total	$193	$2,834	$2,442	$585

The balance of $ 585,000 at July 31, 2002 represents severance costs related to employees that will be paid in future periods and the estimated liability for a foreign lease obligation. The severance provision recorded in the second quarter of fiscal 2002 represents 46 domestic positions that have been or will be eliminated in fiscal 2002. At July 31, 2002, 32 employees had been paid the full amount of their severance while the remaining employees will be paid at different times through the second quarter of fiscal 2003.

8. TERMINATION OF AGREEMENTS

During the second quarter of fiscal 2002, we terminated certain software development and loan agreements previously entered into in fiscal 2001. We received early repayment of our investment in a secured loan and warrants totaling $1.0 million. We were also reimbursed for software development fees previously paid and expensed, resulting in a credit of $277,000 which is reflected in Restructuring expense and other expense, net in the second quarter of fiscal 2002. Neither party has any remaining obligations to the other.

9. DEBT AGREEMENTS

On April 30, 2002, we obtained a $4.5 million first mortgage loan on our Indianapolis corporate headquarters. The loan bears an interest rate of 7?% per annum and matures in April 2009. We are required to make principal payments over the seven-year term of the loan, based on a twenty-year amortization schedule.

On September 1, 2002, our 3.0 million Euro bank credit facility, which was entered into on January 8, 2002, was extended to August 31, 2003. Interest on the facility is payable at 7.16% per annum or, at the Company's option, 1.75% above EURIBOR for fixed rate borrowings. The facility is uncollateralized however, the bank reserves the right of lien and collateral as provided in its standard terms and conditions. No borrowings were outstanding on the facility at July 31, 2002.

Effective April 30, 2002, we amended our bank credit agreement, extending the maturity date to June 30, 2003, and reducing the bank's commitment to $10.0

million at June 30, 2002. Interest rate margins for borrowings under Libor or the prime rate option are as follows:

	Libor Margin	Prime Margin
May 1, 2002 - October 31, 2002	2.5%	0.5%
November 1, 2002 - January 31, 2003	3.0%	1.0%
February 1, 2003 - June 30, 2003	3.5%	1.5%

The net worth covenant was amended to require tangible net worth, exclusive of Accumulated Other Comprehensive Income, to be not less than $32.5 million at July 31, 2002, and $32.3 million thereafter. Our EBITDA (earnings before interest, taxes, depreciation and amortization) requirements recorded on a twelve consecutive month basis cannot be less than negative $2.75 million on July 31, 2002, increasing to negative $2.15 million on October 31, 2002, negative $750,000 at January 31, 2003 and positive $1.0 million at April 30, 2003. Other financial covenants were extended to June 30, 2003. A facility fee previously payable August 1, 2002 was reduced to $50,000 from $100,000 and is payable March 31, 2003, if we have not obtained a new financing arrangement by that time.

We were in compliance with all loan covenants at July 31, 2002, and had additional credit availability of $10.1 million, including $2.9 million under the European bank credit facility.

10. LEASEHOLD REPAIRS CONTINGENCY

The lease for our facility located in England expired in April 2002 and required that we make certain repairs to the facility at the conclusion of the lease resulting from dilapidation of the facility that occurred during the lease term. The extent of repairs to be completed are being negotiated and, as a result, the cost of these repairs cannot be estimated. Our maximum liability for the repairs and fees is believed to be approximately $800,000. However, this amount could be reduced by statutory limitations or by a negotiated settlement. We believe our minimum liability is approximately $225,000, which we have accrued at July 31, 2002. We have engaged a firm that specializes in these types of claims and intend to vigorously contest this matter.

11. NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued Statement No. 141, "Business Combinations" (SFAS 141) and Statement No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method of accounting. Under SFAS 142, amortization of goodwill will cease and the goodwill carrying values will be tested periodically for impairment. We are required to adopt SFAS 142, effective November 1, 2002 for goodwill and intangible assets acquired prior to July 1, 2001. Goodwill and intangible assets acquired after June 30, 2001 were subject immediately to the goodwill non-amortization and intangible provisions of this statement. We believe the impact on our financial statements will be immaterial.

In August 2001, the Financial Accounting Standards Board issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), which is effective for the fiscal year beginning November 1, 2002. SFAS 144 establishes a single model to account for impairment of assets to be held or disposed of, incorporating guidelines for accounting and disclosure of discontinued operations. We believe the impact on our financial statements will be immaterial.

In June 2002, the Financial Accounting Standards Board issued Statement No. 146 "Accounting for Costs Associated with Exit or Disposal Activities (SFAS 146). SFAS 146 nullifies Emerging Issues Task Force (EITF 94-3) "Liability Recognition for Certain Termination Benefits and Other Costs to Exit an Activity." The principal difference between the two pronouncements is that SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred whereas EITF 94-3 required a liability for an exit plan to be recognized when an entity commitments to an exit plan. We believe the impact on our financial statements will be immaterial.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto appearing elsewhere herein. Certain statements made in this report may constitute "forward-looking statements". These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, changes in general economic and business conditions that affect market demand for machine tools and related computer control systems, software products, and replacement parts, changes in manufacturing markets, the success of our plans to reduce inventory and operating costs, adverse currency movements, innovations by competitors, quality and delivery performance by our contract manufacturers and governmental actions and initiatives including import and export restrictions and tariffs.

RESULTS OF OPERATIONS

Three Months Ended July 31, 2002 Compared to Three Months Ended July 31, 2001

The following tables set forth net sales by geographic region and product category for the three-months ended July 31, 2002 and 2001 (unaudited, in millions):

Net Sales by Geographic Region

	Three Months Ended July 31,	
	2002	2001
United States	$ 6,789	$ 7,312
Europe	10,767	13,675
Asia and Other	648	691
Total	$ 18,204	$ 21,678

Net Sales by Product Category

	Three Months Ended July 31,	
	2002	2001
Computerized Machine Tools	$ 14,266	$ 17,239
Computer Control Systems and Software	866	1,363
Service Parts	2,232	2,179
Service Fees	840	897
Total	$ 18,204	$ 21,678

Sales and service fees for the third quarter ending July 31, 2002 were $18.2 million, approximately $3.5 million, or 16%, lower than the corresponding 2001 period primarily due to declines in demand in the European market. European sales represented 59% of total sales and service fees in the third fiscal quarter, down somewhat from 63% in the prior year period. The dollar value of European sales benefited from the stronger values of the Euro and Pound Sterling currencies in relation to the U.S. dollar during the period. Third quarter sales and service fees in the U.S. market declined $523,000, or 7%, which is attributable to a 40% decline in metal forming products, some of which are being discontinued. However, domestic sales and service fees related to metal cutting products increased 8% over the prior year period and 23% over the immediately preceding quarter of 2002, reflecting improving market conditions in the U.S.

New order bookings for the third quarter of fiscal 2002 were $17.6 million, an increase of 7% from the second quarter of this year, but down 8% from the $19.2 million booked in the corresponding prior year period. New orders for machine tools declined compared to the prior year period. In the U.S. market, machine

tool orders increased 92% in units and 54% in dollars from the prior year third quarter, due largely to the successful introduction in the quarter of a new entry-level machining center model and increased unit sales of discontinued models at discounted prices. However, the increase in domestic orders was more than offset by reduced demand in Europe, where new machine tool orders declined 30% in units and 27% in dollars as compared to the prior year period. The dollar value of European orders benefited somewhat from stronger European currencies in the most recent quarter. Backlog was $6.6 million at July 31, 2002 compared to $6.8 million at April 30, 2002 and $9.1 million at October 31, 2001.

Our gross profit margin improved to 24.1% in the third quarter, from 19.8% (before restructuring charges) in the second quarter, due primarily to our cost reduction programs. We sold approximately $1.4 million of discontinued product at substantially reduced margin. The gross profit margin for the 2002 fiscal quarter approximates the 24.4% gross margin reported for the 2001 third quarter.

Selling, general and administrative expenses for the third quarter of fiscal 2002 were 21% lower than those of the corresponding 2001 period due to previously announced cost reduction programs.

Interest expense of $159,000 was $74,000, or 32%, lower than the comparable prior year period primarily due to reduced borrowings.

Nine Months Ended July 31, 2002 Compared to Nine Months Ended July 31, 2001

The net loss for the nine months ended July 31, 2002 was attributed to substantially lower sales and charges aggregating $2.8 million recorded in the first and second fiscal quarters.

The charges consisted of: (a) non cash write downs of inventories of approximately $1.1 million and capitalized software development costs of approximately $1.0 million related to under-performing product lines that are being discontinued and (b) severance costs of $827,000 related to additional personnel reductions, including a change in senior management. Also included in the Restructuring expense and other expense, net is $165,000 for a contingency related to termination of a foreign lease and a credit of $277,000 due to a refund of software development fees resulting from the termination of a software development agreement during the second fiscal quarter.

The following tables set forth net sales by geographic region and product category for the nine-months ended July 31, 2002 and 2001 (unaudited, in millions):

Net Sales by Geographic Region

	Nine Months Ended July 31,	
	2002	2001
United States	$ 18,020	$ 27,619
Europe	32,204	41,560
Asia and Other	1,495	1,864
Total	$ 51,719	$ 71,043

Net Sales by Product Category

	Nine Months Ended July 31,	
	2002	2001
Computerized Machine Tools	$ 40,634	$ 56,608
Computer Control Systems and Software	2,750	4,539
Service Parts	5,984	7,111
Service Fees	2,352	2,785
Total	$ 51,719	$ 71,043

Sales and service fees for the first nine months of fiscal 2002 were $51.7 million, approximately $19.3 million, or 27%, lower than those recorded in the

corresponding 2001 period. Sales and service fees in the U.S. market during the period declined 35% to $18.0 million reflecting the continuing weakness in industrial equipment spending and reduced consumption of machine tools. In Europe, sales and service fees declined 23% to $32.2 million due to a 28% decline in new orders. Non-machine revenues declined 23% and represented 21% of total sales and service fees.

New order bookings for the first nine months of fiscal 2002 were $49.6 million compared to $68.4 million in the prior year, a 28% decline. New orders for computerized machine tools declined 29% in U.S. dollars worldwide. In the U.S. market, machine tool orders declined 26% reflecting a sharp decrease in orders for vertical machining centers, our primary product line, offset partially by increased unit sales of discontinued models which are being discounted. New orders in Europe were 29% lower than the comparable prior year period reflecting weaker demand in fiscal 2002 in those markets.

Gross profit margin for the first nine months of fiscal 2002, exclusive of the restructuring inventory write-down, declined to 21.9%, from 25.2% in the same period a year ago, due to the decline in sales and service fees and the sale of approximately $4.2 million in discontinued non-performing products at discounted prices. These unfavorable effects more than offset the favorable impact of the cost reduction programs we had initiated during the past thirteen months.

Selling, general and administrative expenses for the first nine months of fiscal 2002 of $14.4 million were $3.5 million, or 20%, lower than those of the corresponding 2001 period due to our cost reduction programs. During the second quarter of 2002, we recorded a severance provision related to the elimination of 46 domestic positions. We expect to save approximately $3.5 million on an annual basis, the full benefit of which will not be realized until the end of the fiscal year.

Interest expense of $469,000 was $143,000, or 23%, lower than the comparable prior year period primarily due to reduced borrowings.

The decrease in other income for the first nine months of fiscal 2002 is the result of a decrease in earnings of foreign affiliates accounted for using the equity method and a decrease in license fee income.

The decrease in income tax expense is the result of a decline in earnings of a wholly owned foreign subsidiary.

Foreign Currency Risk Management

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

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2002, we had cash and cash equivalents of $3.2 million compared to $3.5 million at October 31, 2001. Cash provided by operations totaled $5.3 million for the nine months ended July 31, 2002 compared to cash used for operations of $5.0 million in the prior year. The net loss in fiscal 2002, exclusive of non-cash charges, was more than offset by a reduction in working capital in fiscal 2002.

Net working capital, excluding short-term debt, was $22.5 million at July 31, 2002 compared to $31.5 million at October 31, 2001. The decrease in working capital was the result of a $3.2 million reduction in accounts receivable, and a $6.4 million planned reduction in inventory, partially offset by a $1.0 million reduction in accounts payable and accrued expenses. The reduction in accounts receivable was due to lower sales and improved collections

Capital investments for the nine months ended July 31, 2002 consisted principally of expenditures for software development projects and purchases of equipment. During the second quarter, we terminated certain agreements resulting in an early repayment of an investment we had made totaling $1.0 million.

On April 30, 2002, we obtained a $4.5 million first mortgage loan on our Indianapolis corporate headquarters. The loan bears an interest rate of 7?% and

matures in April 2009. We are required to make principal payments over the seven-year term of the loan, based on a twenty-year amortization schedule. The proceeds from the first mortgage loan, together with other available cash, were used to repay bank debt. After giving effect to the repayment and cash flow from operations, our bank debt was reduced to $1.3 million at July 31, 2002 from $11.2 million at October 31, 2001.

Effective April 30, 2002, we amended our bank credit agreement, extending the maturity date to June 30, 2003, and reducing the bank's commitment to $10.0 million at June 30, 2002. We were in compliance with all loan covenants at July 31, 2002, and had an additional credit availability of $10.1 million, including $2.9 million under a European bank facility.

On September 1, 2002, our 3.0 million Euro bank credit facility, which was entered into on January 8, 2002, was extended to August 31, 2003. Interest on the facility is payable at 7.16% per annum or, at the Company's option, 1.75% above EURIBOR for fixed rate borrowings. The facility is uncollateralized however, the bank reserves the right of lien and collateral as provided in its standard terms and conditions. No borrowings were outstanding on the facility at July 31, 2002.

Our cash flow from operations for the first nine months of fiscal 2002 was consistent with our business plan. However, market demand in the U.S. and Europe for the first nine months of fiscal 2002 has been less than expected in our business plan. As a result, we implemented additional cost reduction actions in the second quarter, which involved a 20% reduction in our domestic workforce, and which we expect will generate an annual cost savings of approximately $3.5 million. Our plans call for further reductions in inventory to improve cash flow from operations over the remainder of fiscal 2002 and first half of fiscal 2003. The inventory reductions will result in part from the sale of discounted products related to the discontinued under-performing products. We are currently in discussions with other lenders for a long-term domestic replacement credit facility, and while we believe that we will be able to obtain a replacement credit facility in fiscal 2003 under acceptable terms; no such assurance can be given.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest on our bank borrowings is affected by changes in prevailing U.S. and European interest rates and/or Libor. At July 31, 2002, outstanding borrowings under our bank credit facilities were $1.3 million and our total indebtedness was $6.6 million. The interest rate on the Libor portion of our bank debt was Libor plus 2.5%, which increases to 3.0% effective November 1, 2002.

Foreign Currency Exchange Risk

In fiscal 2002, approximately 67% of our sales and service fees, including export sales, were derived from foreign markets. All of our computerized machine tools and computer numerical control systems, as well as certain proprietary service parts, are sourced by our U.S.-based engineering and manufacturing division and re-invoiced to our foreign sales and service subsidiaries, primarily in their functional currencies.

Our products are sourced primarily from foreign suppliers or built to our specifications by either our wholly owned subsidiary in Taiwan, or contract manufacturers overseas. These purchases are predominantly in foreign currencies and in many cases our arrangements with these suppliers include foreign currency risk sharing agreements, which reduce (but do not eliminate) the effects of currency fluctuations on product costs. The predominant portion of our exchange rate risk associated with product purchases relates to the New Taiwan Dollar.

We enter into forward foreign exchange contracts from time to time to hedge the cash flow risk related to forecast inter-company sales, and forecast inter-company and third-party purchases denominated in, or based on, foreign currencies. We also enter into foreign currency forward exchange contracts to provide a natural hedge against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes.

Forward contracts for the sale or purchase of foreign currencies as of July 31, 2002 which are designated as cash flow hedges under SFAS No. 133 were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rate in U.S. Dollars		Maturity Dates
			Contract Date	July 31, 2002	
Sale Contracts:					
Euro	6,800,000	.9442	$6,420,630	$6,625,004	August - November 2002
Sterling	1,150,000	1.5580	$1,791,655	$1,790,708	August - November 2002
Purchase Contracts:					
New Taiwan Dollar	160,000,000	32.85	$4,870,088	$4,749,028	August - November 2002

Forward contracts for the sale of foreign currencies as of July 31, 2002, which were entered into to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rate in U.S. Dollars		Maturity Dates
			Contract Date	July 31, 2002	
Sale Contracts:					
Euro	6,006,512	.9869	$5,928,114	$5,858,811	August - September 2002
Singapore Dollar	1,883,250	1.7800	$1,058,014	$1,068,795	August - September 2002
Sterling	395,000	1.5590	$615,811	$615,906	August - September 2002
Purchase Contracts:					
New Taiwan Dollar	75,000,000	33.22	$2,257,804	$2,223,749	August - September 2002

Item 4. CONTROLS AND PROCEDURES

There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

11 Statement re: Computation of Per Share Earnings

99.1 Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

On June 3, 2002, we filed a Current Report on Form 8-K reporting under Item 5 that we had dismissed Arthur Andersen LLP as our independent accountants.

On July 1, 2002, we filed a Current Report on Form 8-K reporting under Item 4 that our Board of Directors approved the recommendation of its Audit Committee to engage Pricewaterhouse Coopers LLP as our independent accountants.

SIGNATURES

Pursuant to the requirements of the Securities and 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, 2002

CERTIFICATIONS

I, Michael Doar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hurco Companies, Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

September 13, 2002

/s/ Michael Doar
Michael Doar
Chairman & Chief Executive Officer
Hurco Companies, Inc.

I, Roger J. Wolf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hurco Companies, Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

September 13, 2002

/s/ Roger J. Wolf
Roger J. Wolf
Senior Vice President & Chief Financial Officer
Hurco Companies, Inc.

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended July 31,				Nine months Ended July 31,			
	2002		2001		2002		2001	
	(in thousands, except per share amount)							
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net loss	$(651)	$(651)	$(1,329)	$ (1,329)	$ (6,503)	$ (6,503)	$ (439)	$(439)
Weighted average shares outstanding	5,583	5,583	5,581	5,581	5,583	5,583	5,700	5,700
Dilutive effect of stock options	--	--	--	43	--	--	--	36
	5,583	5,583	5,581	5,624	5,583	5,583	5,700	5,736
Loss per common share	$ (0.12)	$ (0.12)	$ (0.24)	$ (0.24)	$ (1.16)	$ (1.16)	$ (0.08)	$ (0.08)

exhibit 99.1

Certification pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hurco Companies, Inc., (the "Company") on Form 10-Q for the period ending July 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Doar, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Doar
Michael Doar
Chairman & Chief Executive Officer
Hurco Companies, Inc.
September 13, 2002

exhibit 99.2

Certification pursuant to
18 U.S.C. Section 1350,

as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hurco Companies, Inc., (the "Company") on Form 10-Q for the period ending July 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger J. Wolf, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Roger J. Wolf
Roger J. Wolf
Senior Vice President & Chief Financial Officer
Hurco Companies, Inc.
September 13, 2002