SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended August 1, 1998

Commission file number
0-23246

DAKTRONICS, INC.

South Dakota	46-0306862
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

331 32nd Avenue Brookings, SD 57006
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (605) 697-4000

(Former name, address, and/or fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 31, 1998
Common Stock, No par value	4,329,938

Daktronics, Inc.

Table of Contents

DAKTRONICS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	AUGUST 1, 1998 (UNAUDITED)	MAY 2, 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 130	$ 148
Accounts receivable less allowance for doubtful accounts of $239 at August 1, 1998 and $208 at May 2, 1998 ..	11,646	13,632
Current maturities of long-term receivables	794	990
Inventories	12,721	10,994
Costs and estimated earnings in excess of billings on uncompleted contracts	9,887	1,523
Prepaid expenses and other	340	448
Deferred income tax benefit	1,139	1,139
Total current assets	$ 36,657	$ 28,874
LONG-TERM RECEIVABLES AND OTHER ASSETS		
Long-term receivables, less current maturities	4,452	4,575
Intangible assets and other	734	814
	$ 5,186	$ 5,389
PROPERTY AND EQUIPMENT, at cost		
Land	$ 532	$ 492
Buildings	5,297	5,069
Machinery and equipment	13,164	12,177
Office furniture and equipment	698	403
Transportation equipment	435	590
	$ 20,126	$ 18,731
Less accumulated depreciation	9,914	9,506
	$ 10,212	$ 9,225
	$ 52,055	$ 43,488

The accompanying notes are an integral part of these Consolidated Financial Statements.

DAKTRONICS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	AUGUST 1, 1998 (UNAUDITED)	MAY 2, 1998
CURRENT LIABILITIES		
Notes payable, bank	$ 8,291	$ 5,594
Current maturities of long-term debt	455	455
Accounts payable	9,117	5,730
Accrued expenses	3,515	3,752
Billings in excess of costs and estimated earnings on uncompleted contracts	1,891	645
Income taxes payable	726	469
Total current liabilities	$ 23,995	$ 16,645
LONG-TERM DEBT		
Less current maturities	$ 712	$ 783
DEFERRED INCOME	$ 503	$ 361
DEFERRED INCOME TAXES	$ 515	$ 515
SHAREHOLDERS' EQUITY		
Common stock, no par value Authorized 15,000,000 shares Issued August 1, 1998 4,329,010 shares May 2, 1998 4,324,210 shares	$ 11,755	$ 11,722
Retained earnings	14,584	13,471
	$ 26,339	$ 25,193
Less:		
Cost of 4,920 treasury shares	(9)	(9)
	$ 26,330	$ 25,184
	$ 52,055	$ 43,488

The accompanying notes are an integral part of these Consolidated Financial Statements.

DAKTRONICS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except earnings per share)
(unaudited)

	THREE MONTHS ENDED	
	AUGUST 1, 1998 (13 WEEKS)	AUGUST 2, 1997 (13 WEEKS)
Net sales	$ 22,236	$ 15,768
Cost of goods sold	15,939	11,760
Gross profit	$ 6,297	$ 4,008
Operating expenses:		
Selling	$ 2,638	$ 2,207
General and administrative	952	719
Product design and development .	868	628
	$ 4,458	$ 3,554
Operating income	$ 1,839	$ 454
Nonoperating income (expense):		
Interest income	102	96
Interest expense	(174)	(113)
Other income	94	7
Income before income taxes ...	$ 1,861	$ 444
Income tax expense	748	175
Net income	$ 1,113	$ 269
Earnings per share:		
Basic	$ .26	$ .06
Diluted	$ .25	$ .06

The accompanying notes are an integral part of these Consolidated Financial Statements.

DAKTRONICS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(unaudited)

	THREE MONTHS ENDED AUGUST 1 1998 (13 WEEKS)	THREE MONTHS ENDED AUGUST 2 1997 (13 WEEKS)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,113	$ 269
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	408	344
Amortization	80	220
Provision for doubtful accounts	31	12
Change in operating assets and liabilities	(2,914)	(928)
Net cash (used in) operating activities	$ (1,282)	$ (83)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$ (1,395)	$ (355)
Net cash (used in) investing activities	$ (1,395)	$ (355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on notes payable	$ 2,697	$ 883
Principal payments on long-term debt	(71)	(268)
Proceeds from exercise of stock options	33	--
Net cash provided by financing activities	$ 2,659	$ 615
Increase (decrease) in cash	$ (18)	$ 177
Cash:		
Beginning	148	118
Ending	$ 130	$ 295

The accompanying notes are an integral part of these Consolidated Financial Statements.

DAKTRONICS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE A. GENERAL

The consolidated financial statements include the accounts of Daktronics, Inc. and its wholly-owned subsidiary, Star Circuits, Inc. Intercompany accounts and transactions have been eliminated in consolidation.

Earnings per share are calculated in accordance with the provisions of FASB Statement No. 128, "Earnings Per Share". A reconciliation of the income and common stock share are amounts used in the calculation of basic and diluted earnings per share for the three months ended August 1, 1998 and August 2, 1997 follows (amounts in thousands except per share amount):

	Net Income	Shares	Per Share Amount
For the year ended August 1, 1998:			
Basic EPS..........................	$ 1,113	$ 4,324	$ 0.26
Effect of dilutive securities:			
Exercise of stock options.........	--	71	.01
Diluted EPS........................	$ 1,113	$ 4,395	$ 0.25
For the year ended August 2, 1997:			
Basic EPS..........................	$ 269	$ 4,306	$ 0.06
Effect of dilutive securities:			
Exercise of stock options	--	7	--
Diluted EPS........................	$ 269	$ 4,313	$ 0.06

In the opinion of management, the unaudited financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the consolidated financial position of the Company and its subsidiary as of August 1, 1998 and the results of its operations and cash flows for the three months ended August 1, 1998 and August 2, 1997. These results may not be indicative of the results to be expected for the full fiscal year.

NOTE B. INVENTORIES

Inventories consist of the following (in thousands):

	August 1, 1998	May 2, 1998
Raw materials....................	$ 8,658	$ 8,657
Work-in-process..................	2,257	790
Finished goods...................	1,806	1,547
	$ 12,721	$ 10,994

NOTE C. LITIGATION

On May 4, 1995, the Company was served with a complaint alleging that the Company infringed on the plaintiff's patent rights. On November 5, 1997, the case was dismissed and the plaintiff appealed the decision. Management of the Company believes that there is no infringement and intends to defend the litigation vigorously. The Company's trial counsel is unable to evaluate the likelihood of an unfavorable outcome or the potential range of loss, if any.

During the year ended May 3, 1997, a lawsuit was brought by another party alleging the Company breached contracts, committed tortious interference with contract, intentionally inflicted emotional distress and is responsible for compensatory and punitive damages. On October 28, 1997, a jury awarded the plaintiff an amount the Company had accrued as owing the plaintiff for royalties and commissions. The amount has been paid by the Company. The plaintiff has appealed part of the verdict. The Company's trial counsel is unable to evaluate the likelihood of an unfavorable outcome, or an estimate of the range or amount of possible loss, if any.

The Company has recorded a provision for estimated costs to be incurred in connection with the litigation described above, as well as other miscellaneous claims and litigation arising in the ordinary course of business.

ITEM 2. FINANCIAL REVIEW

(Management's discussion and analysis of financial condition and results of operations)

The following discussion highlights the principal factors affecting changes in financial condition and results of operations.

This review should be read in conjunction with the accompanying Consolidated Financial Statements and Notes to Consolidated Financial Statements.

GENERAL

The Company designs, manufactures and sells a wide range of computer-programmable information display systems to customers in a variety of markets throughout the world. The Company focuses its sales and marketing efforts on markets rather than products. Major categories of markets include Sports, Business and Government.

The Company's net sales and profitability historically have fluctuated due to the impact of large product orders, such as display systems for the Olympic Games and major league sports, as well as the seasonality of the sports market. The Company's gross margins on large product orders tend to fluctuate more than those for small standard orders. Large product orders that involve competitive bidding and substantial subcontract work for product installation generally have lower gross margins. Although the Company follows the percentage of completion method of recognizing revenues for these large orders, the Company nevertheless has experienced fluctuations in operating results and expects that its future results of operations may be subject to similar fluctuations.

The Company operates on a 52 - 53 week fiscal year, with fiscal years ending on the Saturday closest to April 30 of each year. The first three quarters end on the Saturday closest to July 31, October 31 and January 31.

RESULTS OF OPERATIONS

The following table sets forth the percentage of net sales represented by items included in the Company's Consolidated Statements of Operations for the periods indicated:

	THREE MONTHS ENDED	
	AUGUST 1, 1998 (13 WEEKS)	AUGUST 2, 1997 (13 WEEKS)
Net sales	100.0%	100.0%
Cost of goods sold	71.7%	74.6%
Gross profit	28.3%	25.4%
Operating expenses	20.0%	22.5%
Operating income	8.3%	2.9%
Interest income	0.5%	0.6%
Interest expense	(0.8%)	(0.7%)
Other income	0.4%	--%
Income before income taxes	8.4%	2.8%
Income tax expense	3.4%	1.1%
Net income	5.0%	1.7%

NET SALES

Net sales were $22.2 million for the three months ended August 1, 1998 compared to $15.8 million for the three months ended August 2, 1997. The increase in net sales was due primarily to increases in net sales in the federation and major league niches of the sports markets. The increase in the federation niche was due to the sales relating to the 1998 Central American Games and to the 2000 Sydney Olympics. The increase in the major league niche was the result of a contract with the Tampa Bay Buccaneers.

GROSS PROFIT

Gross profit increased to $6.3 million for the three months ended August 1, 1998 from $4.0 million for the three months ended August 2, 1997. The increase in gross profit was the result of an increase in net sales and continued improvement in the gross profit percentage of sales.

OPERATING EXPENSES

Selling expenses were $2.6 million for the three months ended August 1, 1998 and $2.2 million for the three months ended August 2, 1997. As a percent of sales, selling expenses decreased 2%.

General and administrative expenses were $952,000 for the three months ended August 1, 1998 compared to $719,000 for the three months ended August 2, 1997. The increase was primarily attributable to increases in salary and personnel.

Product design and development expenses increased to $868,000 for the three months ended August 1, 1998 from $628,000 for the three months ended August 2, 1997. The increase was due to a greater number of product development projects which included continued improvement of the Company's new LED video product, and upgrading and expanding existing products.

INTEREST INCOME

The Company occasionally sells products on an installment basis or in exchange for advertising revenues from the scoreboard or display, both of which result in long-term receivables. Interest income increased to $102,000 for the three months ended August 1, 1998 from $96,000 for the three months ended August 1, 1997.

INTEREST EXPENSE

Interest expense increased to $174,000 for the three months ended August 1, 1998 from $113,000 for the three months ended August 2, 1997. The increase was the result of an increase in average loan balances.

INCOME TAX EXPENSE

Income tax expense as a percentage of income before income taxes was 40% for both the three months ended August 1, 1998 and August 2, 1997, respectively.

NET INCOME

Net income increased to $1,113,000 from $269,000 for the three months ended August 1, 1998 and August 2, 1997, respectively. The increase was due primarily to the increase in gross profit and net sales and a decrease in operating expenses.

Management believes that one of the principal factors that will affect net sales and income growth is the Company's ability to increase the marketing of its products in existing markets and expand the marketing of its products to new markets.

LIQUIDITY AND CAPITAL RESOURCES

Working capital was $12.7 million at August 1, 1998 and $12.2 million at May 2, 1998. Working capital provided by net income, depreciation and amortization was offset by purchases of property and equipment and repayment of long-term debt. The Company has historically financed working capital needs through a combination of cash flow from operations and borrowings under bank credit agreements.

Cash used by operations for the three months ended August 1, 1998 was $1,282,000. Net income of $1,113,000 plus depreciation and amortization of $488,000 were offset by an increase in inventories including costs and estimated earnings in excess of billings on uncompleted contracts. Cash used by investing activities consisted of $1,395,000 of purchases of property and equipment. Cash provided from financing activities included $2,697,000 net borrowings under the Company's line of credit and $33,000 in proceeds from the exercise of stock options. Cash used for financing activities consisted of $71,000 of repayment of long-term debt.

The Company has used and expects to continue to use cash reserves and bank borrowings to meet its short-term working capital requirements. On large product orders, the time between acceptance and completion may extend up to 12 months depending on the amount of custom work and the customer's delivery needs. The Company often receives a down payment or progress payments on these product orders. To the extent that these payments are not sufficient to fund the costs and other expenses associated with these orders, the Company uses working capital and bank borrowings to finance these cash requirements.

The Company's product development activities include the enhancement of existing products and the development of new products from existing technologies. Product development expenses were $868,000 for the three months ended August 1, 1998 and $628,000 for the three months ended August 2, 1997. The Company intends to continue to incur these expenditures to develop new display products using various display technologies to offer higher resolution, more cost effective and energy efficient displays. Daktronics also intends to continue developing software applications for its display controllers to enable these products to continue to meet the needs and expectations of the marketplace.

The Company has a credit agreement with a bank. The credit agreement provides for a $15.0 million line of credit which includes up to $2.0 million for standby letters of credit. The line of credit is at the prime rate of interest established by the bank from time to time (8.50% at August 1, 1998) and is due on September 15, 2000. As of August 1, 1998, $8.3 million had been drawn on the line of credit and no standby letters of credit had been issued by the bank. The credit agreement is unsecured and requires the Company to meet certain covenants. Financial covenants include the maintenance of tangible net worth of at least $21.5 million, a minimum liquidity ratio and a maximum ratio of liabilities to tangible net worth.

The Company is sometimes required to obtain performance bonds for display installations. The Company currently has a bonding line available through an insurance company that provides for an Aggregate of $25.0 million in bonded work outstanding. At August 1, 1998, the Company had $7.9 million of bonded work outstanding against this line.

The Company believes that if its growth continues, it may need to increase the amount of its credit facility. The Company anticipates that it will be able to obtain any needed funds under commercially reasonable terms from its current lender. The Company believes that cash from operations, from its existing or increased credit facility, and its current working capital will be adequate to meet the cash requirements of its operations in the foreseeable future.

BUSINESS RISKS AND UNCERTAINTIES

A number of risks and uncertainties exist which could impact the Company's future operating results. These uncertainties include, but are not limited to, general economic conditions, competition, the Company's success in developing new products and technologies, market acceptance of new products, and other factors, including those set forth in the Company's SEC filings, including its current report on Form 10-K for the year ended May 2, 1998.

YEAR 2000 ISSUES

Many existing computer programs use only two digits to identify a year in the date field, with the result that data referring to the Year 2000 and subsequent years may be misinterpreted by these programs. If present in the computer applications of the Company or its suppliers and not corrected, this problem could cause computer applications to fail or to create erroneous results and could cause a disruption in operations and have an adverse effect on the Company's business and results of operations. The Company has evaluated its principal computer systems and is in the process of implementation of new enterprise resource planning software which will be fully operational in fiscal 1999 and has been represented by the vendor to be Year 2000 compliant. The cost of the new software will be capitalized. The Company has initiated discussions with its key suppliers to determine whether they have any Year 2000 issues. The Company has not incurred any material expenses to date in connection with this evaluation, and does not anticipate material expenses in the future, depending on the status of its key suppliers with respect to this issue. The Company has reviewed its computer programs which it includes in its display systems and has started to implement changes to be Year 2000 compliant. The Company has determined that the cost of these modifications will not have a material impact on the result of operations in upcoming fiscal years.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board and the Accounting Standards Executive Committee have issued certain Statements of Financial Accounting Standards and Statements of Position, respectively, which have required effective dates occurring after the Company's May 2, 1998 year end. The Company's financial statements, including the disclosures therein, are not expected to be materially affected by those accounting pronouncements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ Aelred J. Kurtenbach, President

Daktronics, Inc.
(Dr. Aelred J. Kurtenbach, President)
(President)

Date September 15, 1998

/s/ Paul J. Weinand, Treasurer

Daktronics, Inc.
(Paul J. Weinand, Treasurer)
(Principal Financial Officer)

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MAY-01-1999
MAY-03-1998
AUG-01-1998
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11,885
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