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 July 31, 1999

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, 1999
Common Stock, No par value	4,372,941

Daktronics, Inc.

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

ASSETS	JULY 31, 1999 (UNAUDITED)	MAY 1, 1999
CURRENT ASSETS		
Cash and cash equivalents	$ 267	$ 1,050
Accounts receivable less allowance for doubtful accounts of $243 at July 31, 1999 and $212 at May 1, 1999	20,178	19,832
Current maturities of long-term receivables	2,018	2,300
Inventories	15,326	13,864
Costs and estimated earnings in excess of billings on uncompleted contracts	10,134	5,374
Prepaid expenses and other	285	311
Deferred income tax benefit	1,139	1,476
Total current assets	$49,347	$44,207
LONG-TERM RECEIVABLES AND OTHER ASSETS		
Long-term receivables, less current maturities	$ 5,675	$ 6,048
Intangible assets and other	548	621
	$ 6,223	$ 6,669
PROPERTY AND EQUIPMENT, at cost		
Land	$ 539	$ 532
Buildings	6,034	5,459
Machinery and equipment	14,883	14,036
Office furniture and equipment	2,051	1,997
Transportation equipment	844	744
	$24,351	$22,768
Less accumulated depreciation	11,579	11,025
	$12,772	$11,743
	$68,342	$62,619

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY	JULY 31, 1999 (UNAUDITED)	MAY 1, 1999
CURRENT LIABILITIES		
Notes payable, bank	$ 5,650	$ 2,659
Current maturities of long-term debt	1,951	1,951
Accounts payable	8,508	8,815
Customer Deposits	93	1,292
Accrued expenses	4,066	5,293
Billings in excess of costs and estimated earnings on uncompleted contracts	7,795	2,970
Income taxes payable	193	635
Total current liabilities	$ 28,256	$ 23,615
LONG-TERM DEBT		
Less current maturities	$ 7,802	$ 8,275
DEFERRED INCOME	$ 501	$ 602
DEFERRED INCOME TAXES	$ 515	$ 626
SHAREHOLDERS' EQUITY		
Common stock, no par value Authorized 30,000,000 shares Issued July 31, 1999 4,374,861 shares May 1, 1999 4,374,861 shares	$ 11,819	$ 11,819
Retained earnings	19,458	17,691
	$ 31,277	$ 29,510
Less:		
Cost of 4,920 treasury shares	(9)	(9)
	$ 31,268	$ 29,501
	$ 68,342	$ 62,619

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	
	JULY 31, 1999 (13 WEEKS)	AUGUST 1, 1998 (13 WEEKS)
Net sales	$ 31,467	$ 22,236
Cost of goods sold	23,233	15,939
Gross profit	$ 8,234	$ 6,297
Operating expenses:		
Selling	$ 3,273	$ 2,638
General and administrative ...	913	952
Product design and development	1,016	868
	$ 5,201	$ 4,458
Operating income	$ 3,033	$ 1,839
Nonoperating income (expense):		
Interest income	91	102
Interest expense	264	(174)
Other income	106	94
Income before income taxes .	$ 2,966	$ 1,861
Income tax expense	1,199	748
Net income	$ 1,767	$ 1,113
Earnings per share:		
Basic	$ .41	$ .26
Diluted	$ .39	$ .25

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	
	JULY 31, 1999 (13 WEEKS)	AUGUST 1, 1998 (13 WEEKS)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,767	$ 1,113
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation	554	408
Amortization	73	80
Provision for doubtful accounts	31	31
Change in operating assets and liabilities	(4,143)	(2,914)
Net cash (used in) operating activities	$(1,718)	$(1,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$(1,583)	$(1,395)
Net cash (used in) investing activities	$(1,583)	$(1,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on notes payable	$ 2,991	$ 2,697
Principal payments on long-term debt	(473)	(71)
Proceeds from exercise of stock options ..	--	33
Net cash provided by financing activities	$ 2,518	$ 2,659
Decrease in cash and cash equivalents ..	$ (783)	$ (18)
Cash and cash equivalents:		
Beginning	1,050	148
Ending	$ 267	$ 130

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.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with instructions for Form 10-Q and, accordingly, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation have been included.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended May 1, 1999, previously filed with the Commission.

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 July 31, 1999 and August 1, 1998 follows (amounts in thousands except per share amount):

	Net Income	Shares	Per Share Amount
For the three months ended July 31, 1999:			
Basic EPS	$1,767	4,345	$ 0.41
Effect of dilutive securities:			
Exercise of stock options ..	--	165	0.02
Diluted EPS	$1,767	4,510	$ 0.39
For the three months ended August 1, 1998:			
Basic EPS	$1,113	4,324	$ 0.26
Effect of dilutive securities:			
Exercise of stock options ..	--	71	0.01
Diluted EPS	$1,113	4,395	$ 0.25

NOTE B. INVENTORIES

Inventories consist of the following (in thousands):

	July 31, 1999	May 1, 1999
Raw materials	$11,556	$ 8,465
Work-in-process...........................	1,890	1,596
Finished goods............................	1,790	3,803
	$15,236	$13,864

NOTE C. LITIGATION

On February 17, 1999, Daktronics was sued in the circuit court of Hillsborough County, Florida by the Buccaneers Football Stadium Limited Partnership, an affiliated company of the Tampa Bay Buccaneers football team. The lawsuit alleges that the video displays installed at Raymond James Stadium in Tampa, Florida do not meet the contract requirements. The lawsuit seeks either to rescind the contract under which Daktronics furnished the scoring and display equipment for the Stadium and obtain the return of all funds paid or to obtain damages for breach of contract. The Tampa Sports Authority owns Raymond James Stadium and is not a plaintiff in the action.

The contract, valued at approximately $7.9 million, included two large end zone scoreboards with video displays, sideline auxiliary scoreboards, advertising panels and installation. Daktronics has received approximately $3.1 million in payments under the contract and has unpaid invoices outstanding in the amount of approximately $2.9 million. In addition, the plaintiff is in default on a payment in the amount of $257,000 under a promissory note to Daktronics as part of the contract. Daktronics believes these payments have been unreasonably withheld and has filed a counterclaim for these payments, related interest and acceleration of remaining payments under the promissory note.

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.

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	
	JULY 31, 1999 (13 WEEKS)	AUGUST 1, 1998 (13 WEEKS)
Net sales	100.0%	100.0%
Cost of goods sold	73.8%	71.7%
Gross profit	26.2%	28.3%
Operating expenses	16.5%	20.0%
Operating income	9.6%	8.3%
Interest income	0.3%	0.5%
Interest expense	(0.8%)	(0.8%)
Other income	0.3%	0.4%
Income before income taxes	9.4%	8.4%
Income tax expense	3.8%	3.4%
Net income	5.6%	5.0%

NET SALES

Net sales were $31.5 million for the three months ended July 31, 1999 compared to $22.2 million for the three months ended August 1, 1998. The increase in net sales was due primarily to increases in net sales in the college and university, arenas and auditoriums and major league niches of the sports markets. The increases in these market niches were primarily the result of increased ProStar(R) Video Plus sales.

GROSS PROFIT

Gross profit increased to $8.2 million for the three months ended July 31, 1999 from $6.3 million for the three months ended August 1, 1998. The increase in gross profit was the result of an increase in net sales which was somewhat offset by lower gross profit percentage of net sales.

OPERATING EXPENSES

Selling expenses were $3.3 million for the three months ended July 31, 1999 and $2.6 million for the three months ended August 1, 1998. As a percent of sales, selling expenses decreased 1.5%.

General and administrative expenses were $913,000 for the three months ended July 31, 1999 compared to $952,000 for the three months ended August 1, 1998.

Product design and development expenses increased to $1.0 million for the three months ended July 31, 1999 from $868,000 for the three months ended August 1, 1998. 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 decreased to $91,000 for the three months ended July 31, 1999 from $102,000 for the three months ended August 1, 1998.

INTEREST EXPENSE

Interest expense increased to $264,000 for the three months ended July 31, 1999 from $174,000 for the three months ended August 1, 1998. 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 July 31, 1999 and August 1, 1998, respectively.

NET INCOME

Net income increased to $1.8 million from $1.1 million for the three months ended July 31, 1999 and August 1, 1998, respectively. The increase was due primarily to the increase in net sales.

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 $21.1 million at July 31, 1999 and $20.6 million at May 1, 1999. 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 July 31, 1999 was $1.7 million. Net income of $1.8 million plus depreciation and amortization of $627,000 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 $1,583,000 of purchases of property and equipment. Cash provided from financing activities included $2,991,000 net borrowings under the Company's line of credit. Cash used for financing activities consisted of $473,000 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 $1,016,000 for the three months ended July 31, 1999 and $868,000 for the three months ended August 1, 1999. 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 LIBOR rate plus 1.55% (6.74% at July 31, 1999) and is due on October 1, 2002. As of July 31, 1999, $5.7 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 $23.0 million, a minimum liquidity ratio, a limit on dividends and distributions, and a minimum adjusted fixed charge coverage ratio.

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 $50.0 million in bonded work outstanding. At July 31, 1999, the Company had $9.1 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 requirement 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 1, 1999.

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 evaluated its principal computer systems and implemented a new enterprise resource planning software which was fully operational in fiscal 1999 and has been represented by the vendor to be Year 2000 compliant. The Company has tested the software for Year 2000 compliance. The cost of the new software was capitalized. The Company has assurances from a majority of its key suppliers indicating that they are Year 2000 compliant. The Company has not incurred any material expenses to date in connection with this evaluation, and does not anticipate material expenses in the future. The Company has reviewed its computer programs which it includes in its display systems and has substantially completed the implementation changes to be Year 2000 compliant. Based on the Company's review, management does not believe the remaining remediation costs to be incurred will be material to the Company's financial position and results of operations.

The Company has identified alternative suppliers in the event that its key suppliers fail to adequately address the Year 2000 issue.

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 1, 1999 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, Chairman and CEO

Daktronics, Inc.
(Dr. Aelred J. Kurtenbach, Chairman and CEO)
(Chairman and CEO)

Date September 10, 1999

/s/ Paul J. Weinand, Treasurer

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

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JUL-31-1999
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