
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 24, 2010

Daktronics, Inc.

(Exact name of registrant as specified in its charter)

South Dakota
(State or other jurisdiction
Incorporation or organization)

0-23246
(Commission
File Number)

46-0306862
(I.R.S. Employer
Identification Number)



201 Daktronics Drive
Brookings, SD 57006
(Address of principal executive office) (zip code)

(605) 692-0200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Item 2.02 Results of Operations and Financial Condition

On August 24, 2010, Daktronics, Inc. (the “Registrant”) issued a press release announcing financial results for the fiscal 2011 first quarter ending July 31, 2010. A copy of the press release is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

The information furnished in this report, including the exhibit shall not be incorporated by reference into Daktronics’ filings with the Securities and Exchange Commission under the Securities Act of 1933 and shall not be deemed “filed” with the SEC for purposes of Section 18 of the Securities Act of 1934.

Item 9.01 Financial Statements and Exhibits:

(d) Exhibits. The following exhibit is furnished as part of this Report:

99.1 News Release dated August 24, 2010 issued by Registrant regarding first quarter fiscal 2011 results

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, hereunto duly authorized.

DAKTRONICS, INC.

By: /s/ William R. Retterath

William R. Retterath, Chief Financial Officer

Date: August 24, 2010

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|-----------------------------|--|
| <u>99.1</u> | <u>News Release dated August 24, 2010 issued by Daktronics, Inc.</u> |



Daktronics, Inc. Announces First Quarter Fiscal 2011 Results

- *Net sales decrease 11%, while earnings rise 71% compared to fiscal 2010 first quarter*
- *Operating expenses decline 16% compared to fiscal 2010 first quarter*
- *Backlog rises to \$144 million*

Brookings, S.D. – August 24, 2010 - Daktronics, Inc. (Nasdaq - DAKT) today reported fiscal 2011 first quarter net sales of \$100.5 million and net income of \$2.4 million, or \$0.06 per diluted share, compared to net sales of \$113.5 million and net income of \$1.4 million, or \$0.03 per diluted share, for the first quarter of fiscal 2010. Backlog at the end of the 2011 first quarter was approximately \$144 million, compared with a backlog of approximately \$113 million a year earlier and \$127 million at the end of the fourth quarter of fiscal 2010.

Free cash flow, defined as cash provided by operations, less net purchases of property and equipment, was \$11.9 million in the first quarter of fiscal 2011, compared to \$3.8 million in the first quarter of fiscal 2010. Cash on hand at the end of the first quarter of fiscal 2011 was \$71.8 million.

“We were pleased with the order performance for the quarter,” said Jim Morgan, president and chief executive officer. “Although orders tend to be lumpy, especially for our large contract business, a look at orders over the most recent two fiscal quarters compared to the same quarters a year ago show increases in the Commercial, International and Transportation business units, while the Live Events and Schools and Theaters business units have declined over that time. It appears that the business units that turned down first with the economic decline are the first to show signs of recovery. Live Events is especially dependent on large contracts, which tend to have a longer sales cycle. The net result is that total orders for the company are up for the most recent two fiscal quarters compared to the same two fiscal quarters a year ago. Subject to the general uncertainties of the economy, it seems that we might be through the worst of the downturn for our business.”

Morgan continued, “We are pleased to report that we received a significant order from a major outdoor advertising company that had not placed significant orders with us during the previous 12 months. This is indicative of the fact that digital boards are providing an attractive return-on-investment for the outdoor advertising companies, which encourages them to continue to invest in digital. It also represents the positive response we have had to our new Series 4000 digital billboard technology, which we announced at the end of fiscal 2010. During the last six weeks, we also booked two orders for our architectural lighting technology – one for a new construction commercial project in Hong Kong and the other for an existing office building in Minneapolis. We are excited about the growth opportunities for this new technology. The order for Hong Kong was booked in our second quarter of fiscal 2011, as was the previously announced order for Miller Park, home of the Milwaukee Brewers. Therefore, these orders are not included in our reported backlog numbers, but they give us a nice start on orders for our second fiscal quarter. Orders in our Schools and Theaters business unit included a number of transactions over \$500,000 each, which offset a decline in smaller standard product orders. A number of these larger orders were facilitated by our sports marketing group, which assists the schools in procuring the necessary funding through sponsorships.”

“Our operating expenses were down more than 26% from the first quarter of fiscal 2009, the quarter preceding the downturn in our business, and down 16% from the first quarter of fiscal 2010, as a result of our cost reduction efforts,” said Bill Retterath, chief financial officer. “We expect our non-manufacturing cost structure to remain generally flat, while our manufacturing costs will fluctuate with volumes. Operating expenses could be up slightly in the second quarter of fiscal 2011. This would be due to some unusually low costs in the first quarter of fiscal 2011 and the inherent variability quarter to quarter in the amount of engineering work applied to contracts, and hence cost of goods sold, as opposed to product development which gets applied to operating expenses.”

“Gross profit percentage was higher as compared to the fourth quarter of fiscal 2010 as a result of lower warranty and reduced inventory write down costs, combined with better plant utilization due to higher sales,” continued Retterath. “Given the current pricing environment, and based on the orders in our backlog, we anticipate continued pressure on gross profit margins. We will continue our efforts at reducing our costs of delivering a high quality product to our customers on a timely basis. We are seeing some parts shortages in the industry, resulting in longer lead times from our suppliers, especially with electronic parts. This can cause higher costs due to expediting and rearranging manufacturing schedules. It could also negatively impact sales in the second quarter of fiscal 2011.”

Morgan concluded, “Looking forward, a significant portion of our backlog remains scheduled beyond our second quarter; however, we expect net sales to rise slightly in second quarter compared to the first quarter of fiscal 2011. Our focus remains the same and includes increasing order bookings, reducing costs throughout our value streams, improving reliability and quality, maintaining a high level of on-time delivery, and strengthening our after sales service delivery. This includes an increased focus on strategic sourcing initiatives by leveraging a global supply chain. We will continue to focus on free cash flow, with our priorities for cash being funding operations, including developing new and improved product offerings, expanding markets for existing products, and investing in business process improvement initiatives to create shareholder value over time.”

Webcast Information

The company will host a conference call and webcast to discuss its financial results today at 10:00 am (Central Time). This call will be broadcast live at <http://investor.daktronics.com> and available for replay shortly after the event.

About Daktronics

Daktronics has strong leadership positions in, and is the world’s largest supplier of, large screen video displays, electronic scoreboards, LED text and graphics displays, and related control systems. The company excels in the control of display systems, including those that require integration of multiple complex displays showing real-time information, graphics, animation and video. Daktronics designs, manufactures, markets and services display systems for customers around the world, in Sport, Business, Schools and Theaters and Transportation segments. For more information, visit the company’s World Wide Web site at: <http://www.daktronics.com>, e-mail the company at investor@daktronics.com, call (605) 692-0200 or toll-free (800) 843-5843 in the United States or write to the company at 201 Daktronics Dr., PO Box 5128 Brookin gs, S.D. 57006-5128.

Safe Harbor Statement

Cautionary Notice: In addition to statements of historical fact, this news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are intended to enjoy the protection of that Act. These forward-looking statements reflect the Company’s expectations or beliefs concerning future events. The Company cautions that these and similar statements involve risk and uncertainties which could cause actual results to differ materially from our expectation, including, but not limited to, changes in economic and market conditions, management of growth, timing and magnitude of future contracts, parts shortages and longer lead times, fluctuations in margins, the introduction of new products and technology, and other risks noted in the company’s SEC filings, includ ing its Annual Report on Form 10-K for its 2010 fiscal year. Forward-looking statements are made in the context of information available as of the date stated. The Company undertakes no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

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For more information contact:

INVESTOR RELATIONS:
Bill Retterath, Chief Financial Officer
(605) 692-0200
Investor@daktronics.com

Financial tables are included on the following pages.

Daktronics, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | July 31, 2010 | August 1, 2009 |
| Net sales | \$ 100,503 | \$ 113,453 |
| Cost of goods sold | 73,915 | 83,383 |
| Gross profit | 26,588 | 30,070 |
| Operating expenses: | | |
| Selling | 12,338 | 14,368 |
| General and administrative | 5,588 | 6,534 |
| Product design and development | 4,553 | 5,870 |
| | 22,479 | 26,772 |
| Operating income | 4,109 | 3,298 |
| Nonoperating income (expense): | | |
| Interest income | 455 | 375 |
| Interest expense | (36) | (47) |
| Other income (expense), net | 95 | (602) |
| | 4,623 | 3,024 |
| Income before income taxes | 4,623 | 3,024 |
| Income tax expense | 2,181 | 1,592 |
| Net income | \$ 2,442 | \$ 1,432 |
| Weighted average shares outstanding: | | |
| Basic | 41,629 | 40,759 |
| Diluted | 41,861 | 41,073 |
| Earnings per share: | | |
| Basic | \$ 0.06 | \$ 0.04 |
| Diluted | \$ 0.06 | \$ 0.03 |
| Cash dividend paid per share | \$ 0.10 | \$ 0.095 |

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Daktronics, Inc. and Subsidiaries

Consolidated Balance Sheets

(in thousands)

| | <u>July 31,</u> <u>2010</u> <u>(unaudited)</u> | <u>May 1,</u> <u>2010</u> |
|---|--|------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash, cash equivalents and restricted cash | \$ 71,827 | \$ 64,867 |
| Accounts receivable, less allowance for doubtful accounts | 49,917 | 45,018 |
| Inventories | 43,957 | 35,673 |
| Costs and estimated earnings in excess of billings | 25,479 | 25,233 |
| Current maturities of long-term receivables | 7,787 | 6,232 |
| Prepaid expenses and other | 5,033 | 5,838 |
| Deferred income taxes | 12,580 | 12,578 |
| Income tax receivables | 588 | 7,444 |
| Property and equipment available for sale | 182 | 182 |
| Total current assets | <u>217,350</u> | <u>203,065</u> |
| Advertising rights, net | 1,139 | 1,348 |
| Long-term receivables, less current maturities | 14,440 | 13,458 |
| Goodwill | 3,295 | 3,323 |
| Intangible and other assets | 3,400 | 3,710 |
| Deferred income taxes | 62 | 62 |
| | <u>22,336</u> | <u>21,901</u> |
| PROPERTY AND EQUIPMENT: | | |
| Land | 1,471 | 1,471 |
| Buildings | 55,210 | 55,353 |
| Machinery and equipment | 54,789 | 54,058 |
| Office furniture and equipment | 53,403 | 53,831 |
| Equipment held for rental | 1,369 | 1,630 |
| Demonstration equipment | 8,639 | 8,969 |
| Transportation equipment | 3,748 | 4,256 |
| | <u>178,629</u> | <u>179,568</u> |
| Less accumulated depreciation | <u>101,506</u> | <u>98,683</u> |
| | <u>77,123</u> | <u>80,885</u> |
| TOTAL ASSETS | \$ 316,809 | \$ 305,851 |

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Daktronics, Inc. and Subsidiaries

Consolidated Balance Sheets (continued)

(in thousands)

| | <u>July 31,</u> <u>2010</u> <u>(unaudited)</u> | <u>May 1,</u> <u>2010</u> |
|--|--|------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 30,468 | \$ 23,149 |
| Accrued expenses and warranty obligations | 30,551 | 33,443 |
| Current maturities of long-term debt and marketing obligations | 249 | 322 |
| Billings in excess of costs and estimated earnings | 15,136 | 13,105 |
| Customer deposits | 14,198 | 9,348 |
| Deferred revenue (billed or collected) | 7,023 | 7,766 |
| Income taxes payable | 640 | 361 |
| Total current liabilities | <u>98,265</u> | <u>87,494</u> |
| Long-term marketing obligations, less current maturities | 705 | 600 |
| Long-term warranty obligations, less current maturities | 4,015 | 4,229 |
| Deferred income taxes | 2,167 | 2,167 |
| Long-term deferred revenue (billed or collected) | 4,428 | 4,308 |
| Total long-term liabilities | <u>11,315</u> | <u>11,304</u> |
| TOTAL LIABILITIES | <u>109,580</u> | <u>98,798</u> |
| SHAREHOLDERS' EQUITY: | | |
| Common stock | 30,961 | 29,936 |
| Additional paid-in capital | 18,568 | 17,731 |
| Retained earnings | 158,163 | 159,842 |
| Treasury stock, at cost | (9) | (9) |
| Accumulated other comprehensive loss | (454) | (447) |
| TOTAL SHAREHOLDERS' EQUITY | <u>207,229</u> | <u>207,053</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 316,809</u> | <u>\$ 305,851</u> |

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Daktronics, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)
(unaudited)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | July 31, 2010 | August 1, 2009 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 2,442 | \$ 1,432 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 4,995 | 5,637 |
| Amortization | 79 | 79 |
| Loss on sale of equity investment | - | 231 |
| Gain on sale of property and equipment | (72) | (25) |
| Stock-based compensation | 827 | 880 |
| Equity in losses of affiliate | - | 714 |
| Provision for doubtful accounts | (10) | (308) |
| Deferred income taxes, net | (1) | (66) |
| Change in operating assets and liabilities | 5,347 | (2,241) |
| Net cash provided by operating activities | 13,607 | 6,333 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (1,670) | (2,559) |
| Loans to related parties of equity investees, net | (1,792) | - |
| Purchase of receivables from equity investees, net | - | (306) |
| Proceeds from insurance recoveries of property and equipment | 114 | - |
| Proceeds from sale of equity method investments | - | 535 |
| Proceeds from sale of property and equipment | 145 | 61 |
| Net cash used in investing activities | (3,203) | (2,269) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from exercise of stock options | 310 | 34 |
| Excess tax benefits from stock-based compensation | 10 | - |
| Principal advances on long-term debt | - | 2,775 |
| Dividend paid | (4,121) | (3,873) |
| Net cash used in financing activities | (3,801) | (1,064) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| | 29 | (202) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 6,632 | 2,798 |
| CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD | 63,603 | 36,501 |
| CASH AND CASH EQUIVALENTS END OF PERIOD | \$ 70,235 | \$ 39,299 |

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Daktronics, Inc. and Subsidiaries

Net Sales and Orders By Business Unit

(in thousands)

(unaudited)

| | Three Months Ended | |
|--------------------|--------------------|-------------------|
| | July 31, 2010 | August 1, 2009 |
| Net sales: | | |
| Commercial | \$ 23,133 | \$ 23,235 |
| Live Events | 40,683 | 53,894 |
| Schools & Theatres | 16,648 | 18,435 |
| Transportation | 7,545 | 12,630 |
| International | 12,494 | 5,259 |
| Total net sales | <u>\$ 100,503</u> | <u>\$ 113,453</u> |
| Orders: | | |
| Commercial | \$ 33,047 | \$ 21,117 |
| Live Events | 37,137 | 44,347 |
| Schools & Theatres | 21,571 | 21,624 |
| Transportation | 11,628 | 7,836 |
| International | 13,479 | 11,015 |
| Total orders | <u>\$ 116,862</u> | <u>\$ 105,939</u> |

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