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 January 30, 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 January 30, 1999
Common Stock, No par value	4,368,681

Daktronics, Inc.

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

ASSETS	JANUARY 30, 1999 (UNAUDITED)	MAY 2, 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 227	$ 148
Accounts receivable less allowance for doubtful accounts of $160 at January 30, 1999 and $208 at May 2, 1998	13,140	13,632
Current maturities of long-term receivables	998	990
Inventories	11,995	10,994
Costs and estimated earnings in excess of billings on uncompleted contracts	8,016	1,523
Prepaid expenses and other	285	448
Deferred income tax benefit	1,139	1,139
Total current assets	$35,800	$28,874
LONG-TERM RECEIVABLES AND OTHER ASSETS		
Long-term receivables, less current maturities	$ 6,344	$ 4,575
Intangible assets and other	729	814
	$ 7,073	$ 5,389
PROPERTY AND EQUIPMENT, at cost		
Land	$ 532	$ 492
Buildings	5,371	5,069
Machinery and equipment	14,569	12,177
Office furniture and equipment	701	403
Transportation equipment	744	590
	$21,917	$18,731
Less accumulated depreciation	10,806	9,506
	$11,111	$ 9,225
	$53,984	$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	JANUARY 30, 1999 (UNAUDITED)	MAY 2, 1998
CURRENT LIABILITIES		
Notes payable, bank	$ 8,712	$ 5,594
Current maturities of long-term debt	1,355	455
Accounts payable	4,849	5,730
Accrued expenses	3,969	3,752
Billings in excess of costs and estimated earnings on uncompleted contracts	2,372	645
Income taxes payable	32	469
Total current liabilities	$ 21,289	$ 16,645
LONG-TERM DEBT		
Less current maturities	$ 4,269	$ 783
DEFERRED INCOME	$ 320	$ 361
DEFERRED INCOME TAXES	$ 515	$ 515
SHAREHOLDERS' EQUITY		
Common stock, no par value Authorized 30,000,000 shares Issued January 30, 1999 4,368,681 shares May 2, 1998 4,324,210 shares	$ 11,816	$ 11,722
Retained earnings	15,784	13,471
	$ 27,600	$ 25,193
Less:		
Cost of 4,920 treasury shares	(9)	(9)
	$ 27,591	$ 25,184
	$ 53,984	$ 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		NINE MONTHS ENDED	
	JANUARY 30, 1999 (13 WEEKS)	JANUARY 31, 1998 (13 WEEKS)	JANUARY 30, 1999 (39 WEEKS)	JANUARY 31, 1998 (39 WEEKS)
Net sales	$17,681	$17,168	$64,150	$49,872
Cost of goods sold	12,721	12,525	46,724	36,334
Gross profit	$ 4,960	$ 4,643	$17,426	$13,538
Operating expenses:				
Selling	$ 2,738	$ 2,307	$ 8,429	$ 6,807
General and administrative	724	828	2,561	2,340
Product design and development	933	500	2,602	1,660
	$ 4,395	$ 3,635	$13,592	$10,807
Operating income	$ 565	$ 1,008	$ 3,834	$ 2,731
Nonoperating income (expense):				
Interest income	221	155	514	411
Interest expense	(255)	(149)	(674)	(361)
Other income	68	48	196	99
Income before income taxes	$ 599	$ 1,062	$ 3,870	$ 2,880
Income tax expense	243	369	1,557	1,089
Net income	$ 356	$ 693	$ 2,313	$ 1,791
Earnings per share:				
Basic	$ .08	$ .16	$ .53	$ .41
Diluted	$ .08	$ .16	$ .52	$ .41

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

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

	NINE MONTHS ENDED	
	JANUARY 30, 1999 (39 WEEKS)	JANUARY 31, 1998 (39 WEEKS)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,313	$ 1,791
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,300	1,044
Amortization	240	660
Provision for doubtful accounts	92	25
Change in operating assets and liabilities	(8,433)	(1,507)
Net cash provided by (used in) operating activities	$ (4,488)	$ 2,013
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$ (3,186)	$(1,612)
Other, net	155	256
Net cash (used in) investing activities	$ (3,031)	$(1,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on notes payable	$ 3,118	$ 720
Proceeds from long-term debt	5,000	--
Principal payments on long-term debt	(614)	(917)
Proceeds from exercise of stock options	94	--
Net cash provided by (used in) financing activities	$ 7,598	$ (197)
Increase in cash and cash equivalents	$ 79	$ 460
Cash and cash equivalents:		
Beginning	148	118
Ending	$ 227	$ 578

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 amounts used in the calculation of basic and diluted earnings per share for the nine months ended January 30, 1999 and January 31, 1998 follows (amounts in thousands except per share amounts):

	Net Income	Shares	Per Share Amount
For the nine months ended January 30, 1999:			
Basic EPS	$2,313	4,340	$ .53
Effect of dilutive securities:			
Exercise of stock options	--	120	(.01)
Diluted EPS	$2,313	4,460	$ .52
For the nine months ended January 31, 1998:			
Basic EPS	$1,791	4,308	$ .41
Effect of dilutive securities:			
Exercise of stock options	--	63	--
Diluted EPS	$1,791	4,371	$ .41

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 January 30, 1999 and the results of its operations and cash flows for the nine months ended January 30, 1999 and January 31, 1998. 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):

	January 30, 1999	May 2, 1998
Raw materials	$ 7,801	$ 8,657
Work-in-process	2,802	790
Finished goods	1,392	1,547
	$11,995	$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. On February 5, 1999 the United States Court of Appeals affirmed the lower court decision.

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 quality of the video displays installed at Raymond James Stadium in Tampa, Florida does 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 $257,347 under a promissory note to Daktronics as part of the contract. Daktronics believes these payments have been unreasonably withheld and intends to file a counterclaim for these payments, related interest and acceleration of remaining payments under the promissory note.

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		NINE MONTHS ENDED	
	JANUARY 30, 1999 (13 WEEKS)	JANUARY 31, 1998 (13 WEEKS)	JANUARY 30, 1999 (39 WEEKS)	JANUARY 31, 1998 (39 WEEKS)
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	71.9%	73.0%	72.8%	72.9%
Gross profit	28.1%	27.0%	27.2%	27.1%
Operating expenses	24.9%	21.1%	21.2%	21.6%
Operating income	3.2%	5.9%	6.0%	5.5%
Interest income	1.2%	0.9%	.8%	0.8%
Interest expense	(1.4%)	(0.9%)	(1.1%)	(0.7%)
Other income	.4%	0.3%	.3%	0.2%
Income before income taxes	3.4%	6.2%	6.0%	5.8%
Income tax expense	1.4%	2.2%	2.4%	2.2%
Net income	2.0%	4.0%	3.6%	3.6%

NET SALES

Net sales were $17.7 million and $64.2 million for the three and nine months ended January 30, 1999, compared to $17.2 million and $49.9 million for the three and nine months ended January 31, 1998, representing an increase of 3% for the three month period and an increase of 29% for the nine month period. The increase in net sales for the three and nine month periods was the result of increased sales in most of the sport niche markets. The Company also experienced an increase in sales volume of smaller orders in the sports and business markets over the same periods.

Based on current backlog and customer quotations, the Company believes that net sales for the last three months of fiscal year 1999 will be similar to and may exceed the last three months of fiscal year 1998.

GROSS PROFIT

Gross profit increased 7% from $4.6 million for the three months ended January 31, 1998 to $5.0 million for the three months ended January 30, 1999. Gross profit as a percentage of net sales was 27.0% for the three months ended January 31, 1998 compared to 28.1% for the three months ended January 30, 1999.

Gross profit increased 29% from $13.5 million for the nine months ended January 31, 1998 to $17.4 million for the nine months ended January 30, 1999. Gross profit as a percentage of net sales was 27% for the nine months ended January 31, 1998 and January 30, 1999.

Due in part to the impact of large orders and the amount of subcontracting work associated with installation of these products, the Company expects that its gross profit margin will continue to fluctuate in future periods.

OPERATING EXPENSES

Selling expenses increased from $2.3 million for the three months ended January 31, 1998, to $2.7 million for the three months ended January 30, 1999. Selling expenses increased from $6.8 million for the nine months ended January 31, 1998 to $8.4 million for the nine months ended January 30, 1999. The increases were due primarily to the addition of sales staff and increased selling activity.

General and administrative expenses decreased from $828,000 for the three months ended January 31, 1998 to $724,000 for the three months ended January 30, 1999. General and administrative expenses increased from $2.3 million for the nine months ended January 31, 1998 to $2.6 million for the nine months ended January 30, 1999.

Product design and development was $500,000 and $1.7 million for the three and nine months ended January 31, 1998 and $933,000 and $2.6 million for the three and nine months ended January 30, 1999. The Company continues to make improvements on existing products and develops new products for use in current and potential markets. The major emphasis in the current fiscal year has been the continued development of the ProStar(TM) Video Plus displays.

INTEREST INCOME

The Company occasionally sells products on an installment basis or in exchange for advertising revenues from the scoreboard or display, both which result in long-term receivables. Interest income increased from $155,000 and $411,000 for the three and nine months ended January 31, 1998 to $221,000 and $514,000 for the three and nine months ended January 30, 1999. The increase was due to higher average balances of long-term receivables.

INTEREST EXPENSE

Interest expense was $149,000 and $361,000 for the three and nine month periods ended January 31, 1998 and $255,000 and $674,000 for the three and nine months ended January 30, 1999. The increase was due to an increase in average loan balances.

INCOME TAX EXPENSE

Income taxes as a percentage of income before income taxes was 38% and 40% for the nine months ended January 31, 1998 and January 30, 1999 respectively

NET INCOME

Net income was $358,000 for the three months ended January 30, 1999 compared to $693,000 for the three months ended January 31, 1998. The decrease for the three months was due primarily to an increase in operating expenses without a corresponding increase in Sales. Net income for the nine months ended January 30, 1999 was $2.3 million compared to net income of $1.8 million for the nine months ended January 31, 1998. The increase for the nine months was due to increased 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 $14.5 million at January 30, 1999 and $12.2 million at May 2, 1998. Working capital provided by net income, depreciation and amortization, and $5.0 million in additional long-term debt 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 nine months ended January 30, 1999 was $4.5 million. Net income of $2.3 million plus depreciation and amortization of $1.5 million were offset by an increase in inventories and receivables including costs and estimated earnings in excess of billings on uncompleted contracts. Cash used by investing activities consisted primarily of $3.2 million of purchases of property and equipment. Cash provided from financing activities included $3.1 million net borrowings under the Company's line of credit, borrowings under a long-term financing agreement of $5.0 million and $94,000 in proceeds from the exercise of stock options. Cash used for financing activities consisted of $614,000 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 $1.7 million for the nine months ended January 31, 1998 and $2.6 million for the nine months ended January 30, 1999. The Company intends to continue to incur these expenditures to develop new display products using various display technologies to offer higher resolution, and 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% (6.488% at January 30, 1999) and is due on October 1, 2001. As of January 30, 1999, $8.7 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 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 January 30, 1999, the Company had $19.5 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. At this time the Company has not received assurances from all critical vendors. 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.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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 quality of the video displays installed at Raymond James Stadium in Tampa, Florida does 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 $257,347 under a promissory note to Daktronics as part of the contract. Daktronics believes these payments have been unreasonably withheld and intends to file a counterclaim for these payments, related interest and acceleration of remaining payments under the promissory note.

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 March 11, 1999

/s/ Paul J. Weinand, Treasurer

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

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