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 31, 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 January 31, 1998
Common Stock, No par value	4,319,290

Daktronics, Inc.

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

ASSETS	JANUARY 31, 1998 (UNAUDITED)	MAY 3, 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 578	$ 118
Accounts receivable less allowance for doubtful accounts of $219 at January 31, 1998 and $194 at May 3, 1997	9,138	11,889
Current maturities of long-term receivables	1,002	1,072
Inventories	9,026	8,025
Costs and estimated earnings in excess of billings on uncompleted contracts	4,496	1,251
Prepaid expenses and other	407	129
Deferred income tax benefit	1,185	1,185
Total current assets	$25,832	$23,669
LONG-TERM RECEIVABLES AND OTHER ASSETS		
Advertising rights	$ 1,186	$ 1,766
Long-term receivables, less current maturities	4,165	3,038
Intangible assets and other	880	1,216
	$ 6,231	$ 6,020
PROPERTY AND EQUIPMENT, at cost		
Land	$ 492	$ 492
Buildings	4,725	4,283
Machinery and equipment	10,937	9,975
Office furniture and equipment	393	242
Transportation equipment	603	546
	$17,150	$15,538
Less accumulated depreciation	9,135	8,091
	$ 8,015	$ 7,447
	$40,078	$37,136

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 31, 1998 (UNAUDITED)	MAY 3, 1997
CURRENT LIABILITIES		
Notes payable, bank	$ 3,395	$ 2,675
Current maturities of long-term debt	562	713
Accounts payable	4,855	4,089
Accrued expenses	3,532	2,892
Billings in excess of costs and estimated earnings on uncompleted contracts	2,132	1,075
Accrued loss on uncompleted contracts	--	399
Income taxes payable	--	903
Total current liabilities	$ 14,476	$ 12,746
LONG-TERM DEBT		
Less current maturities	$ 946	$ 1,706
DEFERRED INCOME	$ 620	$ 481
DEFERRED INCOME TAXES	$ 453	$ 453
SHAREHOLDERS' EQUITY		
Common stock, no par value Authorized 15,000,000 shares Issued 4,324,210 shares	$ 11,723	$ 11,680
Retained earnings	11,869	10,079
	$ 23,592	$ 21,759
Less:		
Cost of 4,920 treasury shares	(9)	(9)
	$ 23,583	$ 21,750
	$ 40,078	$ 37,136

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 31, 1998 (13 WEEKS)	FEBRUARY 1, 1997 (13 WEEKS)	JANUARY 31, 1998 (39 WEEKS)	FEBRUARY 1, 1997 (40 WEEKS)
Net sales	$ 17,168	$ 11,516	$ 49,872	$ 44,795
Cost of goods sold	12,525	8,524	36,334	33,322
Gross profit	$ 4,643	$ 2,992	$ 13,538	$ 11,473
Operating expenses:				
Selling	$ 2,307	$ 1,869	$ 6,807	$ 5,956
General and administrative	828	682	2,340	1,997
Product design and development	500	543	1,660	1,674
	$ 3,635	$ 3,094	$ 10,807	$ 9,627
Operating income (loss)	$ 1,008	$ (102)	$ 2,731	$ 1,846
Nonoperating income (expense):				
Interest income	155	106	411	292
Interest expense	(149)	(170)	(361)	(607)
Other income	48	5	99	115
Income (loss) before income taxes	$ 1,062	$ (161)	$ 2,880	$ 1,646
Income tax expense (credit)	369	(83)	1,089	641
Net income (loss)	$ 693	$ (78)	$ 1,791	$ 1,005
Earnings (loss) per share:				
Basic	$ .16	$ (.02)	$ .41	$ .24
Diluted	$ .16	$ (.02)	$ .41	$ .24

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 31, 1998 (39 WEEKS)	FEBRUARY 1, 1997 (40 WEEKS)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,791	$ 1,005
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,044	882
Amortization	660	438
Provision for doubtful accounts	25	11
Change in operating assets and liabilities	(1,507)	(698)
Net cash provided by operating activities	$ 2,013	$ 1,638
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$(1,612)	$(1,736)
Proceeds from sale of real estate held for sale	--	1,126
Other, net	256	47
Net cash (used in) investing activities	$(1,356)	$ (563)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) on notes payable	$ 720	$ (227)
Principal payments on long-term debt	(917)	(951)
Net cash (used in) financing activities	$ (197)	$(1,178)
Increase (decrease) in cash and cash equivalents	$ 460	$ (103)
Cash and cash equivalents:		
Beginning	118	218
Ending	$ 578	$ 115

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.

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 subsidiaries as of January 31, 1998 and the results of its operations and cash flows for the three months and nine months ended January 31, 1998 and February 1, 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):

	January 31, 1998	May 3, 1997
Raw materials	$ 6,129	$ 4,638
Work-in-process	1,949	1,168
Finished goods	948	2,219
	$ 9,026	$ 8,025

NOTE C. EARNINGS PER SHARE

The Company adopted the Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share for the period ending January 31, 1998. This Statement establishes standards for computing and presenting earnings per share (EPS). It replaced the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement of all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. This Statement requires restatement of all prior-period EPS data presented. The adoption of the Statement had no impact on EPS previously reported.

Basic earnings per share is computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. The weighted average number of common shares outstanding for the three month period ended January 31, 1998 and February 1, 1997 as adjusted was 4,313,000 and 4,306,000 respectively. The weighted average number of common shares outstanding for the nine month period ended January 31, 1998 and February 1, 1997 as adjusted was 4,308,000 and 4,231,000 respectively.

Dilutive earnings per share is similar to the computation of basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive options outstanding had been exercised. The weighted average number of common and dilutive potential common shares outstanding for the three month period ended January 31, 1998 and February 1, 1997 as adjusted was 4,435,000 and 4,309,000 respectively. The weighted average number of common and dilutive potential common equivalent shares outstanding for the nine month period ended January 31, 1998 and February 1, 1997 as adjusted was 4,371,000 and 4,252,000 respectively.

NOTE D. 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. Based on the opinion of the Company's patent counsel, management of the Company believes that there is no infringement and intends to continue 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.

Another party has asserted the Company has infringed one certain patent. The Company commenced an action seeking a declaratory judgment that the patent is invalid and not infringed by the Company. The Company has settled this action at a cost which is not material to the financial statements.

During the year ended May 3, 1997, a lawsuit was brought by another party alleging the Company breached contracts, committed tortuous interference with contract, intentionally inflicted emotional distress and is responsible for compensatory and punitive damages. On October 28, 1997 a jury awarded the plaintiff exactly what the Company had presented as owing the plaintiff for royalties and commissions which has been paid by the Company. The plaintiff has appealed part of the verdict. The Company has settled this action at a cost which is not material to the financial statements.

The Company has recorded estimated legal costs to be incurred in connection with litigation described above.

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. The fiscal year ending May 3, 1997, was a 53-week year.

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 31, 1998 (13 WEEKS)	FEBRUARY 1, 1997 (13 WEEKS)	JANUARY 31, 1998 (39 WEEKS)	FEBRUARY 1, 1997 (40 WEEKS)
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	73.0%	74.0%	72.9%	74.4%
Gross profit	27.0%	26.0%	27.1%	25.6%
Operating expenses	21.1%	26.9%	21.6%	21.5%
Operating income	5.9%	(0.9%)	5.5%	4.1%
Interest income	0.9%	0.9%	0.8%	0.7%
Interest expense	(0.9%)	(1.5%)	(0.7%)	(1.4%)
Other income (expense)	.3%	0.1%	0.2%	0.3%
Income before income taxes	6.2%	(1.4%)	5.8%	3.7%
Income tax expense (credit)	2.2%	(0.7%)	2.2%	1.4%
Net income (loss)	4.0%	(0.7%)	3.6%	2.3%

NET SALES

Net sales were $17.2 million and $49.9 million for the three and nine months ended January 31, 1998, compared to $11.5 million and $44.8 million for the three and nine months ended February 1, 1997, representing an increase of 50% for the three month period and an increase of 11% 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 sports and business 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 1998 will be similar to and may exceed the last three months of fiscal year 1997.

GROSS PROFIT

Gross profit increased 55% from $3.0 million for the three months ended February 1, 1997 to $4.6 million for the three months ended January 31, 1998. Gross profit as a percentage of net sales was 26.0% for the three months ended February 1, 1997 compared to 27.0% for the three months ended January 31, 1998. The increase was the result of higher gross profit margins in all market segments. Primarily a result of the Company's standardization program.

Gross profit increased 18% from $11.5 million for the nine months ended February 1, 1997 to $13.5 million for the nine months ended January 31, 1998. Gross profit as a percentage of net sales was 25.6% for the nine months ended February 1, 1997, compared to 27.1% for the nine months ended January 31, 1998. The increase for the nine month period was the result of the same conditions previously mentioned.

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 23% from $1.9 million for the three months ended February 1, 1997, to $2.3 million for the three months ended January 31, 1998. Selling expenses increased 14% from $6.0 million for the nine months ended February 1, 1997 to $6.8 million for the nine months ended January 31, 1998. The increases were due primarily to the addition of sales staff and increased selling activity.

General and administrative expenses increased from $682,000 and $2.0 million for the three and nine months ended February 1, 1997 to $828,000 and $2.3 million for the three and nine months ended January 31, 1998. The increases were due to increased overhead to enhance company growth.

Product design and development was $543,000 and $1.7 million for the three and nine months ended February 1, 1997 to $500,000 and $1.7 million for the three and nine months ended January 1, 1998. The Company continues to make improvements on existing products and develops new products for use in current and potential markets.

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 $106,000 and $292,000 for the three and nine months ended February 1, 1997 to $155,000 and $411,000 for the three and nine months ended January 31, 1998. The increase was due to higher average balances of long-term receivables.

INTEREST EXPENSE

Interest expense decreased from $170,000 and $607,000 for the three and nine month periods ended February 1, 1997 to $149,000 and $361,000 for the three and nine months ended January 31, 1998. The decrease was due to a decrease in average loan balances.

INCOME TAX EXPENSE

Income taxes as a percentage of income before income taxes was 39% and 38% for the nine months ended February 1, 1997 and January 31, 1998 respectively

NET INCOME

Net income was $693,000 for the three months ended January 31, 1998 compared to a net loss of $78,000 for the three months ended February 1, 1997. Net income for the nine months ended January 31, 1998 was $1.8 million compared to net income of $1.0 million for the nine months ended February 1, 1997. The increase was due to increased net sales and an increase in gross profit as a percentage of 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 $11.4 million at January 31, 1998 and $10.9 million at May 3, 1997. 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 provided by operations for the nine months ended January 31, 1998 was $2.0 million. Net income of $1.8 million plus depreciation and amortization of $1.7 million were offset by increases in receivables including costs and estimated earnings in excess of billings on uncompleted contracts and inventories. Cash used by investing activities consisted primarily of $1.6 million of purchases of property and equipment. Cash provided from financing activities included $720,000 net borrowings under the Company's line of credit and was offset by $917,000 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 February 1, 1997 and January 31, 1998. 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 (8.5% at January 31, 1998) and is due on September 30, 1998. As of January 31, 1998, $3.4 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 $19.5 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 January 31, 1998, the Company had $3.4 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.

PART II - OTHER INFORMATION

None

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 9, 1998

/s/ Paul J. Weinand, Treasurer

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

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