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 3, 1996

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)

Registrants 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, 1996
Common Stock, No par value	4,190,890

Daktronics, Inc.

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

ASSETS	AUGUST 3, 1996 (UNAUDITED)	APRIL 27, 1996
CURRENT ASSETS		
Cash and cash equivalents	$ 255	$ 218
Accounts receivable less allowance for doubtful accounts of $161 at Aug 3, 1996 and $129 at April 27, 1996	9,940	8,630
Current maturities of long-term receivables	1,322	1,372
Inventories	10,919	9,800
Costs and estimated earnings in excess of billings on uncompleted contracts	4,840	2,684
Real estate held for sale	--	1,126
Prepaid expenses	212	245
Deferred income tax benefit	702	703
Income taxes receivable	--	64
Total current assets	$28,190	$24,842
LONG-TERM RECEIVABLES AND OTHER ASSETS		
Advertising rights	$ 1,941	$ 2,030
Long-term receivables, less current maturities	2,637	2,714
Consulting and noncompete agreements and other	1,570	1,688
	$ 6,148	$ 6,432
PROPERTY AND EQUIPMENT, at cost		
Land	$ 491	$ 455
Buildings	4,156	3,902
Machinery and equipment	8,769	8,398
Office furniture and equipment	240	233
Transportation equipment	491	423
	$14,147	$13,411
Less accumulated depreciation	7,205	6,918
	$ 6,942	$ 6,493
	$41,280	$37,767

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 3, 1996 (UNAUDITED)	APRIL 27, 1996

CURRENT LIABILITIES		
Notes payable	$ 8,305	$ 5,690
Current maturities of long-term debt	498	1,382
Accounts payable	5,346	4,330
Accrued expenses	2,272	2,295
Billings in excess of costs and estimated earnings on uncompleted contracts	982	1,001
Accrued loss on uncompleted contracts	640	640
Income taxes payable	372	--
Total current liabilities	$ 18,415	$ 15,338
LONG-TERM DEBT, less current maturities	$ 1,368	$ 1,544
DEFERRED INCOME	$ 511	$ 539
DEFERRED INCOME TAXES	$ 485	$ 485
SHAREHOLDERS' EQUITY		
Common stock, no par value Authorized 15,000,000 shares Issued 4,195,810 shares	$ 11,299	$ 11,299
Retained earnings	9,211	8,571
	$ 20,510	$ 19,870
Less: Cost of 4,920 treasury shares	(9)	(9)
	$ 20,501	$ 19,861
	$ 41,280	$ 37,767

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 3, 1996 (14 WEEKS)	JULY 29, 1995 (13 WEEKS)
Net sales	$ 17,022	$ 12,446
Cost of goods sold	12,614	9,710
Gross profit	$ 4,408	$ 2,736
Operating expenses:		
Selling	$ 2,056	$ 1,736
General and administrative	649	534
Product design and development	571	469
	$ 3,276	$ 2,739
Operating income (loss)	$ 1,132	$ (3)
Nonoperating income (expense):		
Interest income	93	80
Interest expense	(204)	(46)
Other income	60	55
Income before income taxes	$ 1,081	$ 89
Income tax expense	441	43
Net income	$ 640	$ 43

Earnings per share	$ .15	$ .01
Weighted average number of common and common equivalent shares	4,228	4,254

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 3, 1996 (14 weeks)	JULY 29, 1995 (13 weeks)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 640	$ 43
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	287	274
Amortization	195	130
Provision for doubtful accounts	33	(21)
Change in operating assets and liabilities	(3,116)	(1,418)
Net cash used in operating activities	$(1,961)	$ (992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$ (737)	$ (369)
Proceeds from sale of real estate held for sale	1,126	--
Other, net	45	(432)
Net cash provided by (used by) investing activities	$ 434	$ (801)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on notes payable	$ 2,615	$ 1,888
Principal payments on long-term debt	(1,051)	(186)
Net cash provided by financing activities	$ 1,564	$ 1,702
Increase (Decrease) in cash	$ 37	$ (91)
Cash:		
Beginning	218	380
Ending	$ 255	$ 289
SUPPLEMENTAL SCHEDULE OF NONCASH AND INVESTING AND FINANCING ACTIVITIES		
Real estate acquired by the assumption of long-term debt	$ --	$ 1,065

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 common and common equivalent share are calculated by dividing the earnings for the period by the weighted average number of common and common equivalent shares outstanding during the period, which includes the dilutive effect of outstanding stock options and warrants.

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 August 3, 1996 and the results of its operations and cash flows for the three months ended August 3, 1996 and July 29, 1995. 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 3, 1996	April 27, 1996
Raw materials........................	$ 6,533	$ 5,718
Work-in-process......................	2,239	2,606
Finished goods.......................	2,147	1,476
	$ 10,919	$ 9,800

NOTE C. LITIGATION

On May 4, 1995, the Company was served with a complaint, filed in the United States District Court Northern District of Georgia, By Display Solutions, Inc. alleging that the Company and Federal Sign Division of Federal Signal Corporation infringed on the plaintiff's patent rights. Based on the opinion of the Company's patent counsel, management of the Company believes that there is no infringement and intends to defend the litigation vigorously. The case is in its early stages of discovery and an evaluation of the likelihood of an unfavorable outcome, or estimate of the range or amount of possible loss, if any, is unavailable.

On May 20, 1996, the Company filed a complaint in United States District Court for the District of South Dakota Southern Division against Trans-Lux Corporation requesting a declaratory judgment. Trans-Lux Corporation asserted that the Company has infringed one certain patent. Based on the opinion of the Company's patent counsel, management of the Company believes that there has been no infringement and is seeking this declaratory judgement to affirm its position.

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, will be 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	
	AUGUST 3, 1996 (14 WEEKS)	JULY 29, 1995 (13 WEEKS)
Net sales	100.0%	100.0%
Cost of goods sold	74.1%	78.0%
Gross profit	26.9%	22.0%
Operating expenses	19.2%	22.0%
Operating income (loss)	6.7%	(0.0%)
Interest income	0.5%	0.6%
Interest expense	(1.2%)	(0.4%)
Other income	0.3%	0.4%
Income before income taxes	6.3%	.6%
Income tax expense	2.6%	.3%
Net income	3.7%	.3%

NET SALES

Net sales were $17.0 million for the three months ended August 3, 1996 compared to $12.4 million for the three months ended July 29, 1995. This represents a 37% increase which was the result of increased sales in almost all of the segments of the sports markets. Net sales in the government and business markets were comparable to the previous period. In addition the three months ended August 3, 1996 consisted of 14 weeks as compared to 13 weeks for the quarter ended July 29, 1995.

Based on current backlog and sales activities, the Company believes that net sales for the last nine months of fiscal year 1997 may exceed net sales for the last nine months of fiscal year 1996.

GROSS PROFIT

Gross profit increased 61% from $2.7 million for the three months ended July 29, 1995 to $4.4 million for the three months ended August 3, 1996. The increase in gross profit was the result of an increase in gross profit as a percentage of net sales and an increase in net sales. The increase in gross profit as a percentage of net sales was the result of improved market conditions and product development.

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

OPERATING EXPENSES

Selling expenses increased 18% from $1.7 million for the three months ended July 29, 1995 to $2.1 million for the three months ended August 3, 1996. The increase was due primarily to increased selling activity.

General and administrative expenses were $649,000 for the three months ended August 3, 1996 compared to $534,000 for the three months ended July 29, 1995. The increase was primarily attributable to increases in salary and personnel to support company growth.

Product design and development expenses increased from $469,000 for the three months ended July 29, 1995 to $571,000 for the three months ended August 3, 1996. The increase was due to a greater number of product development projects which included new products 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 from $80,000 for the three months ended July 29, 1995 to $93,000 for the three months ended August 3, 1996. The increase was due to higher average balances of long-term receivables.

INTEREST EXPENSE

Interest expense increased from $46,000 for the three months ended July 29, 1995 to $204,000 for the three months ended August 3, 1996. The increase was the result of an increase in average loan balances to fund the increase in working capital to support sales growth.

INCOME TAX EXPENSE

Income tax expense as a percentage of income before income taxes was 50% and 41% for the three months ended July 29, 1995 and August 3, 1996, respectively. The decrease was primarily due to the rounding of state tax accruals and the minimal income before taxes in 1995.

NET INCOME

Net income increased from $43,000 to $640,000 for the three months ended July 29, 1995 and August 3, 1996, respectively. The increase was due primarily to the increase in gross profit as a percentage of sales and net sales increasing at a faster rate than 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 $9.8 million at August 3, 1996 and $9.5 million at April 27, 1996. 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 3, 1996 was $2.0 million. Net income of $640,000 plus depreciation and amorization of $482,000 were offset by increases in inventory and receivables including costs and estimated earnings in excess of billings on uncompleted contracts. Cash provided by investing activities consisted of proceeds from the sale of real estate held for sale of $1.1 million which was offset by $737,000 of purchases of property and equipment. Cash provided from financing activities included $2.6 million net borrowings under the Company's line of credit and was offset by $1.0 million 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.

At August 3, 1996, the Company had a credit agreement with a bank providing for an unsecured revolving line of credit of $10.0 million, which includes up to $5.0 million for standby letters of credit. The line of credit is at the prime rate of interest as established by the bank from time to time (8.25% at August 3, 1996) and is due on September 30, 1996. As of August 3, 1996, $8.3 million had been drawn on the line of credit.

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 $20 million in bonded work outstanding. At August 3, 1996, the Company had $5.6 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

Item 1 - LITIGATION

On May 4, 1995, the Company was served with a complaint, filed in the United States District Court Northern District of Georgia, by Display Solutions, Inc. alleging that the Company and Federal Sign Division of Federal Signal Corporation infringed on the plaintiff's patent rights. Based on the opinion of the Company's patent counsel, management believes that there is no infringment and intends to defend the litigation vigorously. The case is in its early stages of discovery and an evaluation of the likelihood of an unfavorable outcome, or estimate of the range or amount of possible loss, if any, is unavailable.

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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 13, 1996

/s/ Paul J. Weinand, Treasurer

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

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MAY-03-1997
APR-28-1996
AUG-03-1996
255
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