UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2001

OR

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

For the transition period from.................to.................

Commission file number 0-3922

PATRICK INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

INDIANA	35-1057796
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1800 South 14th Street, Elkhart, IN 46516
(Address of principal executive offices)
(ZIP Code)

(219) 294-7511
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former 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

Shares of Common Stock Outstanding as of July 31, 2001: 4,529,666

PATRICK INDUSTRIES, INC.

INDEX

PART I: FINANCIAL INFORMATION

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED BALANCE SHEETS

	(Unaudited) JUNE 30 2001	(Note) DECEMBER 31 2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,500,228	$ 6,716,128
Trade receivables	21,717,531	14,281,674
Inventories	33,079,100	30,937,954
Income tax refund claims receivable	1,262,085	1,031,086
Prepaid expenses	91,695	770,017
Deferred tax assets	1,946,000	1,946,000
Total current assets	64,596,639	55,682,859
PROPERTY AND EQUIPMENT, at cost	92,214,255	92,421,319
Less accumulated depreciation	54,485,607	51,831,581
	37,728,648	40,589,738
INTANGIBLE AND OTHER ASSETS	6,040,078	6,247,573
Total assets	$108,365,365	$102,520,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,428	$ 3,671,428
Accounts payable	14,996,779	7,040,285
Accrued liabilities	3,532,429	3,555,008
Total current liabilities	22,200,636	14,266,721
LONG-TERM DEBT, less current maturities	18,785,716	18,785,716
DEFERRED COMPENSATION OBLIGATIONS	2,101,586	2,042,198
DEFERRED TAX LIABILITIES	1,176,000	1,176,000
SHAREHOLDERS' EQUITY		
Common stock	17,620,517	17,689,417
Retained earnings	46,480,910	48,560,118
Total shareholders' equity	64,101,427	66,249,535
Total liabilities and shareholders' equity	$108,365,365	$102,520,170

NOTE: The balance sheet at December 31, 2000 has been taken from the audited financial statements at that date.

See accompanying Notes to Unaudited Condensed Financial Statements.

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

<CAPTION>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS NDED JUNE 30	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 78,908,792	$ 100,902,440	$ 147,203,529	$ 200,726,513
COST AND EXPENSES				
Cost of goods sold	68,822,170	88,336,721	130,031,912	177,407,331
Warehouse and delivery expenses	3,557,882	3,957,873	6,967,282	8,063,910
Selling, general, and administrative expenses	5,929,555	6,460,527	12,279,851	13,321,809
Impairment charges	--	--	--	6,937,163
Restructuring charges	--	332,342	--	332,342
Interest expense, net	246,390	353,622	484,119	667,255
	78,555,997	99,441,085	149,763,164	206,729,810
INCOME (LOSS) BEFORE INCOME TAXES	352,795	1,461,355	(2,559,635)	(6,003,297)
INCOME TAXES (CREDIT)	140,900	581,300	(1,024,000)	(2,281,000)
NET INCOME (LOSS)	$ 211,895	$ 880,055	$ (1,535,635)	$ (3,722,297)
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ .05	$ .16	$ (.34)	$ (.70)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,518,062	5,268,666	4,518,020	5,307,506

See accompanying Notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOWS

<CAPTION>

	SIX MONTHS ENDED JUNE 30	
	2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(1,535,635)	$(3,722,297)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,834,620	4,508,565
Impairment charges	--	6,937,163
(Gain) loss on sale of fixed assets	(22,113)	9,022
Deferred income taxes	--	(2,654,000)
Other	372,285	215,132
Change in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(7,435,857)	(6,381,238)
Inventories	(2,141,146)	(2,244,850)
Income tax refund claims receivable	(230,999)	--
Prepaid expenses	678,322	348,072
Increase (decrease) in:		
Accounts payable and accrued liabilities	8,081,621	3,648,160

Income taxes payable	--	(192,846)
Net cash provided by operating activities	1,601,098	470,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(877,246)	(1,810,626)
Proceeds from sale of fixed assets	23,392	26,861
Other	(20,883)	(45,000)
Net cash (used in) investing activities	(874,737)	(1,828,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(561,965)	(3,876,939)
Cash dividends paid	(368,853)	(437,870)
Other	(11,443)	(21,320)
Net cash (used in) financing activities	(942,261)	(4,336,129)
(Decrease) in cash and cash equivalents	(215,900)	(5,694,011)
Cash and cash equivalents, beginning	6,716,128	6,686,182
Cash and cash equivalents, ending	$ 6,500,228	$ 992,171
Cash Payments for:		
Interest	$ 503,719	$ 756,509
Income taxes	36,596	429,126

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals and the adjustments for the impairment of certain long-lived assets and restructuring charges as discussed in Notes 5 and 6) necessary to present fairly financial position as of June 30, 2001 and December 31, 2000, the results of operations and cash flows for the three months and the six months ended June 30, 2001 and 2000, and cash flows for the six months ended June 30, 2001 and 2000.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in Registrant's December 31, 2000 audited financial statements. The results of operations for the three month and six month periods ended June 30, 2001 and 2000 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on June 30, 2001 and December 31, 2000 consist of the following classes:

	June 30 2001	December 31 2000
Raw materials	$18,807,513	$17,130,635
Work in process	2,230,624	2,040,040
Finished goods	4,504,125	4,647,673
Total manufactured goods	$25,542,262	$23,818,348
Distribution products	7,536,838	7,119,606

TOTAL INVENTORIES	$33,079,100	$30,937,954

The inventories are stated at the lower of cost, First-In First-Out (FIFO) method, or market.

4. Loss per common share for the six months ended June 30, 2001 and 2000 have been computed based on the weighted average common shares outstanding of 4,518,020 and 5,307,506 respectively. Stock options outstanding are immaterial and had no effect on earnings per share.

   Dividends per common share for the quarter ending June 30, 2001 and 2000 were $.04 per share. This resulted in total dividends for the six month period ending June 30, 2001 and 2000 of $.08 per share.

5. The Company recognized a non-cash accounting charge in the first quarter of 2000 related to an impairment of certain long-lived assets as required by SFAS 121. The carrying values of these assets were calculated on the basis of discounted estimated future cash flow and resulted in a charge to operations of $6,937,163 or $.80 per share, net of tax. This charge was recognized as an impairment of assets in the March 31, 2000 financial statements. The SFAS 121 charge had no impact on the Company's 2000 cash flow or its ability to generate cash flow in the future. As a result of the SFAS 121 charge, depreciation and amortization expense related to these assets has decreased in subsequent periods and will decrease in future periods.

6. In April, 2000, the Company recorded a restructuring charge based on its decision to close one of its cabinet door manufacturing facilities and to relocate its Fabricated Metals facility. The Company looked at future costs in line with future levels of business and determined that it was not feasible to keep the cabinet door facility open in this particular region. The Company recorded estimated and actual costs related to these restructuring activities of $332,342.

7. The Company's reportable segments are as follows:

   Laminating - Utilizes various materials including gypsum, particleboard, plywood, and fiberboard which are bonded by adhesives or a heating process to a number of products including vinyl, paper, foil, and high pressure laminate. These laminated products are utilized to produce furniture, shelving, wall, counter, and cabinet products with a wide variety of finishes and textures.

   Distribution - Distributes primarily pre-finished wall and ceiling panels, particleboard, hardboard, and vinyl siding, roofing products, passage doors, building hardware, insulation, and other products.

   Wood - Uses raw lumber including solid oak, other hardwood materials, and laminated particleboard or plywood to produce cabinet door product lines.

   Other - Includes aluminum extruding, a painting and distribution division, an adhesive division, a pleated shade division, a plastic thermoforming division (closed effective February 2, 2001), and a machine manufacturing division.

   The table below presents unaudited information about the revenue and operating income of those segments:

<TABLE>

THREE MONTHS ENDED JUNE 30, 2001

<CAPTION>

	LAMINATING	DISTRIBUTION	WOOD	OTHER	SEGMENT TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 34,130,120	$ 27,061,159	$ 7,784,188	$ 9,933,325	$ 78,908,792
Intersegment sales	1,136,600	283,766	245,437	4,016,127	5,681,930
Total sales	$ 35,266,720	$ 27,344,925	$ 8,029,625	$ 13,949,452	$ 84,590,722*
EBIT**	$ 168,833	$ 544,567	$ 112,915	$ 344,285	$ 1,170,600

THREE MONTHS ENDED JUNE 30, 2000

<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 43,149,383	$ 38,592,181	$ 9,431,905	$ 9,731,337	$100,904,806
Intersegment sales	1,435,694	31,643	274,846	4,617,584	6,359,767
Total sales	$ 44,585,077	$ 38,623,824	$ 9,706,751	$ 14,348,921	$107,264,573*
EBIT**	$ 1,318,061	$ 727,383	$ 13,451	$ 80,688	$ 2,139,583

SIX MONTHS ENDED JUNE 30, 2001

<CAPTION>

	LAMINATING	DISTRIBUTION	WOOD	OTHER	SEGMENT TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 65,189,808	$ 49,123,384	$ 15,289,062	$ 17,601,275	$147,203,529
Intersegment sales	2,189,329	378,456	453,688	6,959,738	9,981,211
Total sales	$ 67,379,137	$ 49,501,840	$ 15,742,750	$ 24,561,013	$157,184,740*
EBIT (loss)**	$ (222,000)	$ 512,074	$ (12,361)	$ (507,465)	$ (229,752)
Total assets	$ 35,251,066	$ 15,718,155	$ 6,451,044	$ 12,603,615	$ 70,023,880

SIX MONTHS ENDED JUNE 30, 2000

<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 86,713,077	$ 74,466,846	$ 19,095,460	$ 20,453,496	$200,728,879
Intersegment sales	3,263,320	40,453	546,099	9,555,660	13,405,532
Total sales	$ 89,976,397	$ 74,507,299	$ 19,641,559	$ 30,009,156	$214,134,411*
EBIT (loss)**	$ 1,812,199	$ 1,124,421	$ (649,420)	$ 28,292	$ 2,315,492
Total assets	$ 42,616,484	$ 21,317,448	$ 8,449,495	$ 15,559,040	$ 87,942,467

Reconciliation of segment EBIT to consolidated EBIT

</TABLE>

<TABLE>

	3 Months Ended June 30,		6 Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
EBIT (loss) for segments	$1,170,600	$2,139,583	$ (229,752)	$2,315,492
Corporate incentive agreements	352,381	342,962	549,623	488,372
Consolidation reclassifications	(10,576)	(131,795)	(60,747)	(316,958)
Gain (loss) on sale of assets	14,250	(6,654)	22,113	(9,022)
Impairment charges	-	-	-	(6,937,163)
Restructuring charge	-	(332,342)	-	(332,342)
Unallocated corporate expenses	(780,480)	(614,873)	(2,131,900)	(1,039,885)
Other	(146,990)	418,096	(224,853)	495,464
Consolidated EBIT (loss)**	$ 599,185	$1,814,977	$ (2,075,516)	$(5,336,042)

*Does not agree to Financial Statements due to consolidation eliminations.

**Earnings before interest and taxes.

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

Due to the overall downturn in the Manufactured Housing and Recreational Vehicle industries, the Company's sales in fiscal 2000 declined 21% from the previous year to $362 million. The downturn in the Manufactured Housing industry began in the fourth quarter of 1999 due to retail sales lots being overstocked and unit production being reduced approximately 7% that year. In fiscal 2000 the Manufactured Housing industry was down nearly 29% in units shipped and produced due to the limited availability of dealer and retail financing, as well as excessive retail inventory levels, which included repossessed units. The decline in the Recreational Vehicle industry began in the second quarter of 2000 due to the Recreational Vehicle dealers making inventory reductions. The end result of this was an approximate 7% decline in units shipped and produced in that particular industry for the twelve months ended December 31, 2000. The first six months of fiscal 2001 showed similar results as shipments and production in the Manufactured Housing industry were down approximately 35% and shipments in the Recreational Vehicle industry were down nearly 20% from the same period in fiscal 2000. These conditions are expected to continue through the end of fiscal 2001 and possibly into fiscal 2002. The Company's sales are 48% to Manufactured Housing, 26% to Recreational Vehicle, and 26% to other industries.

The following table sets forth the percentage relationship to net sales of certain items in the Company's Statements of Operations:

<TABLE>

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	87.2	87.5	88.3	88.4
Gross profit	12.8	12.5	11.7	11.6
Warehouse and delivery	4.5	3.9	4.7	4.0
Selling, general, & administrative	7.5	6.4	8.3	6.6
Impairment charges	- - -	- - -	- - -	3.5
Restructuring charges	- - -	0.3	- - -	0.2
Operating income (loss)	0.8	1.8	(1.4)	(2.7)
Income taxes (credits)	0.2	0.6	(0.7)	(1.1)
Net income (loss)	0.3	0.9	(1.0)	(1.9)

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended June 30, 2001 Compared to Quarter Ended June 30, 2000

Net Sales. Net sales decreased by $22.0 million, or 21.8%, from $100.9 million in the quarter ended June 30, 2000 to $78.9 million in the quarter ended June 30, 2001. This decrease is directly related to an estimated 29% decrease in units shipped and produced in the Manufactured Housing industry and an estimated 16% decrease in units shipped in the Recreational Vehicle industry in the second quarter of fiscal 2001 compared to the second quarter of fiscal 2000.

Gross Profit. Gross profit decreased by $2.5 million, or 19.7%, from $12.6 million in the second quarter 2000 compared to $10.1 million in the second quarter of 2001. As a percentage of net sales, gross profit increased 0.3% from 12.5% in the second quarter of 2000 to 12.8% in the second quarter 2001. The overall decrease was due to a 21.8% decrease in consolidated net sales. The slight increase in gross profits as a percentage of net sales is a result of the Company's improvements in operating efficiencies through consolidation and restructuring. However, market conditions are still highly competitive resulting in the inability of the Company to increase selling prices without losing business.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $0.4 million, from $4.0 million in the second quarter 2000 to $3.6 million in the second quarter 2001. As a percentage of net sales, warehouse and delivery expenses increased 0.6% from 3.9% in the second quarter of 2000 to 4.5% in the second quarter of 2001. This increase is attributable to lower sales levels and higher shipping costs specifically related to the increase in gasoline prices over the past year and increase in rates charged by transportation companies.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased $0.5 million, or 8.2%, from $6.8 million in the quarter ended June 30, 2000 to $5.9 million in the quarter ended June 30, 2001. As a percentage of net sales, selling, general, and administrative expenses increased 1.1% from 6.1% in the second quarter of 2000 to 7.5% in the second quarter of 2001. The overall decrease is due to the Company making cost and staffing reductions. The increase in costs as a percentage of net sales is due to reduced volumes as a result of the decline in shipments in the Manufactured Housing and Recreational Vehicle industries.

Operating Income. Operating income decreased by 66.7%, or $1.2 million, from $1.8 million in the second quarter of 2000 to $0.6 million in the second quarter of 2001. The decrease in operating income is due to the decline in sales volume for the industries to which the Company serves.

Interest Expense, Net. Interest expense, net of interest income, decreased 30.3% from $354,000 in the second quarter of 2000 to $246,000 in the same period for 2001. This decrease is attributable to more funds invested in the second quarter of 2001 as a result of reduced working capital needs as well as lower long-term debt levels resulting from normal debt service requirements.

Net Income. Net income decreased by $668,000, or 75.9%, from $880,000 in the second quarter of 2000 to $212,000 in the second quarter of 2001. This decrease is attributable to the factors described above.

Quarter Ended June 30, 2000 Compared to Quarter Ended June 30, 1999

Net Sales. Net Sales decreased by $22.1 million, or 18.0%, from $123.0 million in the quarter ended June 30, 1999 to $100.9 million in the quarter ended June 30, 2000. This decrease was a direct result of an estimated 23% decrease in units shipped and produced in the manufactured housing industry in the first half of 2000.

Gross Profit. Gross profit decreased by $3.7 million, or 22.8%, from $16.3 million in the second quarter 1999 compared to $12.6 million in the same quarter in 2000. As a percentage of net sales, gross profit decreased 0.7% from 13.2% in the second quarter of 1999 to 12.5% in the second quarter 2000. This decrease was due to an 18% decrease in consolidated net sales as well as highly competitive market conditions affecting margins. Several of our operations have had to reduce margins in order to maintain sales levels which has resulted in lower gross profits.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $0.4 million from $4.4 million in the second quarter of 1999 to $4.0 million in the second quarter 2000. As a percentage of net sales, warehouse and delivery expenses increased from 3.6% in the second quarter of 1999 to 3.9% in the second quarter 2000. This increase is attributable to lower sales levels and higher shipping costs specifically related to the increase in gasoline prices in the first half of 2000.

Selling, General, and Administrative Expenses. To make the year to year comparison similar, a $0.3 million restructuring charge has been removed from the selling, general, and administrative expenses discussion for the period ended June 30, 2000. Selling, general, and administrative expenses decreased 10.1%, or, $0.7 million, from $7.2 million for the quarter ended June 30, 1999 compared to $6.5 million for the quarter ended June 30, 2000. As a percentage of net sales, however, June 30, 2000 expenses were 6.4% compared to 5.8% for the same three-month period ended June 30, 1999.

Restructuring Charges. As discussed in Note 6 of the financial statements, the Company recognized a restructuring charge of $332,000 in the second quarter of 2000.

Operating Income. Operating income decreased $2.9 million from $4.7 million in the quarter ended June 30, 1999 to $1.8 million in the quarter ended June 30, 2000. The decrease in operating income in the second quarter of 2000 was due to the factors described above.

Interest Expense, Net. Interest expense, net of interest income, increased 9.6% from $323,000 in the second quarter of 1999 to $354,000 in the same period in 2000. This slight increase is attributable to less being invested in the second quarter 2000.

Net Income. Net income decreased $1.8 million, or 67%, for the quarter ended June 30, 2000 compared to the same quarter in 1999. As a percentage of net sales, net income decreased 1.3% from 2.2% in the second quarter of 1999 to 0.9% in the second quarter of 2000. This decrease is due primarily to the factors described above.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Net Sales. Net sales decreased $53.5 million, or 26.7%, from $200.7 million in the six months ended June 30, 2000 to $147.2 million for the six months ended June 30, 2001. This decrease is attributable to the 35% decline in units shipped and produced in the Manufactured Housing industry and 20% decline in units shipped and produced in the Recreational Vehicle industry. The Company's sales for the first six months of fiscal 2001 are 48% to Manufactured Housing, 26% to Recreational Vehicle, and 26% to other industries.

Gross Profit. Gross profit decreased $6.1 million, or 26.4%, from $23.3 million in the first six months of fiscal 2000 to $17.2 million in the first six months of fiscal 2001. As a percentage of net sales, gross profit remained fairly consistent for the six months ended June 30, 2000 and 2001. The overall decrease is due to the significantly reduced sales volume in the industries to which the Company serves.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $1.1 million, or 13.6%, from $8.1 million in the six months ended June 30, 2000 to $7.0 million in the same period in 2001. As a percentage of net sales, warehouse and delivery expenses increased 0.7%, from 4.0% in fiscal 2000 to 4.7% in fiscal 2001. The overall decrease is due to the decline in sales volume. The increase as a percentage of net sales is due to the increase in fuel costs from period to period, coupled with an increase in rates charged by the transportation companies.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $1.0 million, or 7.8%, from $13.3 million for the six months ended June 30, 2000 to $12.3 million for the same period in 2001. As a percentage of net sales, selling, general, and administrative expenses increased 1.7%, from 6.6% in the first half of fiscal 2000 to 8.3% in the first half of fiscal 2001. The overall decrease is due to the Company making cost and staffing reductions. The increase in cost as a percentage of net sales is due to reduced volume as a result of the decline in shipments in the Manufactured Housing and Recreational Vehicle industries.

Impairment Charges. As discussed in Note 5 to the financial statements, the Company recognized an impairment charge of $6.9 million in the first quarter of 2000.

Restructuring Charges. As discussed in Note 6 to the financial statements, the Company recognized restructuring charges of $0.3 million in the second quarter of 2000.

Operating Loss. The Company experienced an operating loss of $2.1 million for the six months ended June 30, 2001 compared to an operating loss of $5.3 million for the six months ended June 30, 2000. The operating loss is due to the factors described above.

Interest Expense, Net. Interest expense, net of interest income, decreased 27.5%, or $183,000 from $667,000 in the six months ended June 30, 2000 to $484,000 in the same period in 2001. The decrease is due to more funds being invested as a result of reduced working capital needs as well as lower long term debt levels resulting from normal debt service requirements.

Net Loss. The Company experienced a net loss after interest and taxes for the six months ended June 30, 2000 and 2001 of $3.7 million and $1.5 million, respectively. These losses are attributable to the factors described above.

Six Months Ended June 30, 2000 Compared to Six Months Ended June 30, 1999

Net Sales. Net sales decreased $29.7 million, or 12.9%, from $230.3 million for the six months ended June 30, 1999 to $200.7 million for the six months ended June 30, 2000. This decrease is attributable to the decline in the number of units shipped and produced in the manufactured housing industry. The Company's sales in the first six months of fiscal 2000 are 55% to manufactured housing, 26% to recreational vehicle, and 19% to other industries.

Gross Profit. Gross profit decreased 22.9%, or $6.9 million, from $30.3 million in the first six months of 1999 to $23.3 million in the first six months of 2000. As a percentage of net sales, gross profit decreased 1.5% from 13.1% in the six months ended June 30, 1999 to 11.6% in the six months ended June 30, 2000. This decrease is attributable to the 12.9% reduction in sales for the six month period as well as highly competitive pricing pressures forcing the Company to reduce prices to maintain certain business.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased 1.7%, or $138,000, from $8.2 million in 1999 to $8.1 million in the first six months of 2000. As a percentage of net sales, warehouse and delivery expenses increased 0.5% from 3.5% in 1999 to 4.0% in the six months ended June 30, 2000. This increase as a percentage of net sales is due to higher fuel costs for the first half of fiscal 2000.

Selling, General, and Administrative Expenses. For the six months ended June 30, 2000, a $6.9 million impairment charge and a $0.3 million restructuring charge has been included in the selling, general, and administrative expenses. For the six months ended June 30, 1999, a $0.6 million gain on sale of assets has been included in the selling, general, and administrative expenses. Exclusive of the impairment charges, restructuring charges, and gain on sale of assets, selling, general, and administrative expenses decreased $634,000 from $13.9 million in the six months ended June 30, 1999 to $13.3 million in the same period ending June 30, 2000. As a percentage of net sales, however, June 30, 2000 expenses were 6.6% compared to 6.1% for the six months ended June 30, 1999. This increase as a percentage of net sales was due primarily to the 13% decrease in net sales for the six months ended June 30, 2000.

Impairment Charges. As discussed in Note 5 of the financial statement, the Company recognized an impairment charge of $6.9 million in the first quarter of 2000.

Restructuring Charges. As discussed in Note 6 of the financial statements, the Company recognized restructuring charges of $332,000 in the second quarter of 2000.

Operating Income (Loss). The Company experienced an operating loss of $5.3 million for the six months ended June 30, 2000 compared to operating income of $8.7 million for the six months ended June 30, 1999. The operating loss in the six months ended June 30, 2000 is due primarily to the factors described above.

Interest Expense, Net. Interest expense, net of interest income remained fairly constant at $0.7 million for the six months ended June 30, 2000 and 1999.

Net Income (Loss). The Company experienced a net loss for the six months ended June 30, 2000 of $3.7 million compared to net income of $4.9 million in the same period in 1999. This decrease is due primarily to the factors described above.

BUSINESS SEGMENTS

Quarter Ended June 30, 2001 Compared to Quarter Ended June 30, 2000

Laminating Segment Discussion

Net sales decreased in the second quarter of 2001 by $9.3 million, or 20.9%, from $44.6 million in the period ended June 30, 2000 to $35.3 million in the period ended June 30, 2001. This decline in sales volume was due to approximately 29% less shipments nationwide in the Manufactured Housing industry as well as declines of up to 43% in some of the Company's principal market areas.

EBIT declined 87.2% in the laminating segment from income of $1.3 million in the three month period ended June 30, 2000 compared to income of $0.2 million in the same period ended June 30, 2001. As a percentage of net sales, EBIT decreased 2.5% from 3.0% in the second quarter of 2000 to 0.5% in the second quarter of 2001. This decline is due to the decrease in sales volume.

Distribution Segment Discussion

Net sales decreased 29.2%, or $11.3 million, from $38.6 million in the second quarter 2000 to $27.3 million in the second quarter 2001. This decrease is due primarily to the decline in units shipped and produced in the Manufactured Housing industry.

EBIT decreased 25.1%, or $0.2 million, due to the decrease in sales and competitive pricing situations.

Wood Segment Discussion

Net sales decreased 17.3%, or $1.7 million, from $9.7 million in the three month period ended June 30, 2000 to $8.0 million in the same period in 2001. This decline is consistent with the overall decline in the Recreational Vehicle industry, which is the primary industry to which this segment serves.

EBIT for this segment has increased from operating income of $13,000 in the second quarter of 2000 to operating income of $113,000 in the second quarter of 2001. Management's continued commitment to improving operating results in this segment and returning it to profitability resulted in improvement in three of the segment's operating units. The closure of one of the segment's under-performing units in fiscal 2000 resulted in additional cost savings.

Other Segment Discussion

Net sales in the other segment decreased by 2.8%, or $0.4 million, from $14.3 million in the three months ended June 30, 2000 to $13.9 million in the three month period ending June 30, 2001. The slight decline in sales volume is primarily attributable to a 20% decline in sales in the Recreational Vehicle industry, coupled with increases in sales in the Company's aluminum extrusion division and machine manufacturing division, which sell to industries mainly outside the Manufactured Housing and Recreational Vehicle industries.

EBIT for this segment increased $264,000, or 326.7%, from $81,000 in the three month period ending June 30, 2000 to $344,000 in the same period in 2001. This increase is due to the increases in volume in the Company's aluminum extrusion and machine manufacturing divisions.

Quarter Ended June 30, 2000 Compared to Quarter Ended June 30, 1999

Laminating Segment Discussion

Net sales decreased in the second quarter of 2000 by $6.6 million, or 12.9%, from $51.2 million in the period ended June 30, 1999 to $44.6 million in the period ended June 30, 2000. This decline in sales volume was due to roughly 23% less shipments nationwide in the manufactured housing industry.

EBIT declined 26.6% in the laminating segment from $1.8 million in the period ended June 30, 1999 compared to $1.3 million in the period ended June 30, 2000. As a percentage of net sales, EBIT decreased 0.6% from 3.5% in the second quarter 1999 to 3.0% in the second quarter 2000. The ability to increase selling prices in the first half of 1999 became more difficult in the second half of 1999 and the first half of 2000 due to the Company having to make concessions in pricing to maintain business as a result of the decline in the overall industry.

Distribution Segment Discussion

Net sales decreased 22.2%, or $11.0 million, from $49.7 million in the second quarter 1999 to $38.6 million in the second quarter 2000. This decrease is due to the decline in units shipped in the manufactured housing industry for which this segment serves.

EBIT decreased 46.0%, or $620,000, due to the decrease in sales and competitive pricing situations.

Wood Segment Discussion

Net sales decreased 18.3%, or $2.2 million, from $11.9 million in the period ended June 30, 1999 to $9.7 million in the period ended June 30, 2000. This decline is due to the overall decline in the industry as well as some operating divisions choosing not to accept lower margin business.

EBIT increased 101.7% in the wood segment from a loss of $793,000 in the second quarter of 1999 to income of $13,000. As a percentage of net sales, EBIT increased 6.8% from a loss of 6.7% to income of 0.1% in the second quarter of 1999 and 2000, respectively. This increase is due specifically to one operating unit experiencing exceptional operating efficiencies and returning to profitability for the quarter for the first time in three years.

Other Segment Discussion

Net sales in the other segment decreased by 20.8%, or $3.8 million from $18.1 million in the three months ended June 30, 1999 to $14.3 million in the three month period ending June 30, 2000. This decrease is primarily attributable to decreased sales in all of the Company's other segment business units as a result of the overall decline in the industries to which the Company serves.

The other segment experienced an EBIT of $81,000 for the quarter ended June 30, 2000 compared to EBIT of $1.1 million for the quarter ended June 30, 1999. This decrease of $1.0 million, or 92.3%, is a result of one of the Company's other segment business units experiencing operating inefficiencies related to the relocation of its existing business as well as the overall decline in the industry trends mentioned above.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Laminating Segment Discussion

Net sales in the laminating segment decreased by 25.1%, or $22.6 million from $90.0 million in the six month period ending June 30, 2000 to $67.4 million in the same period in 2001. This decrease is attributable to the 35% decline in units shipped and produced in the Manufactured Housing and 20% decrease in units shipped and produced in the Recreational Vehicle industry.

EBIT decreased 112.3%, or $2.0 million, from $1.8 million in the six months ended June 30, 2000 to a loss of $0.2 million for the six months ended June 30, 2001. This decline is attributable to the decrease in sales volume.

Distribution Segment Discussion

Net sales in the distribution segment decreased $25.0 million, or 33.6%, from $74.5 million in the first half of fiscal

2000 to $49.5 million in the first half of fiscal 2001. This decrease is directly related to the 35% decrease in units shipped and produced in the Manufactured Housing industry.

EBIT decreased 54.5%, or $612,000, due to the decrease in sales and competitive pricing situations.

Wood Segment Discussion

Net sales in the wood segment decreased $3.9 million, or 19.9%, from $19.6 million in the six months ended June 30, 2000 to $15.7 million in the same period in 2001. This decline is consistent with the overall decline in the Recreational Vehicle industry, which is the primary industry to which this segment serves.

The operating loss in this segment decreased from a loss of $649,000 in the first six months of fiscal 2000 to an operating loss of $12,000 in the first six months of fiscal 2001. Management's continued commitment to improving operating results in this segment and returning it to profitability resulted in the improvement in three of the segment's operating units. Additionally, depreciation expense has been reduced by approximately $250,000 as a result of the Company recognizing a non-cash accounting charge in the first quarter of 2000 related to the impairment of certain long-lived assets as discussed in Note 6. The Company also closed one operating unit in this segment in fiscal 2000 which contributed to savings in 2001 of approximately $569,000.

Other Segment Discussion

Net sales in the other segment decreased 18.2%, or $5.4 million, from $30.0 million in the six months ended June 30, 2000 to $24.6 million in the six months ended June 30, 2001. This decline is due to reduced sales volume in the Recreational Vehicle industry.

EBIT decreased from operating income of $28,000 in the first half of fiscal 2000 to an operating loss of $507,000 in the first half of fiscal 2001. This decrease is due to the decline in sales volume.

Six Months Ended June 30, 2000 Compared to Six Months Ended June 30, 1999

Laminating Segment Discussion

Net sales decreased $7.9 million from $97.9 million in the six months ended June 30, 1999 to $90.0 million for the six months ended June 30, 2000 primarily due to the decline in volume in the manufactured housing industry.

EBIT decreased $2.3 million, or 55.9%, because of lower sales volumes and highly competitive pricing.

Distribution Segment Discussion

Net sales decreased $16.3 million, or 18.0%, from $90.8 million in the six month period ended June 30, 1999 to $74.5 million in the same period in 2000. This decline is due primarily to the overall decline in volume in the manufactured housing industry.

EBIT decreased $1.3 million, or 53.5%, from $2.4 million in the first six months of 1999 compared to $1.1 million in the first six months of 2000. This decline is due to lower sales volumes and the increase in gasoline prices in the first half of fiscal 2000.

Wood Segment Discussion

Net sales decreased $3.1 million, or 13.8%, due to the decline in the manufactured housing industry.

The wood segment experienced a decreased operating loss of approximately $925,000 from a loss of $1.6 million for the six months ended June 30, 1999 to a loss of $649,000 for the six months ended June 30, 2000. This decrease in operating loss is a direct result of the Company gaining operating efficiencies, and increased volume from the restructuring at several of its wood segment business units.

Other Segment Discussion

Net sales decreased by $3.5 million, or 10.4%, from $33.5 million in the six months ended June 30, 1999 to $30.0 million in the six months ended June 30, 2000. This decline is due to the decline in the manufactured housing industry and the other industries to which the Company serves.

Operating income, exclusive of the impairment charge, decreased $1.6 million, or 98.3%, from $1.7 million in the six months ended June 30, 1999 to $28,000 in the six months ended June 30, 2000. Operating efficiencies were lost in one division of this segment in the first six months of 2000 due to plant reorganizing and low sales volumes, and two other divisions had reduced sales levels because of the manufactured housing industry slow down .

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary capital requirements are to meet working capital needs, support its capital expenditure plans, and meet debt service requirements.

The Company, in September, 1995, issued to an insurance company in a private placement $18,000,000 of senior unsecured notes. The ten year notes bear interest at 6.82%, with semi-annual interest payments that began in 1996 and seven annual principal repayments of $2,571,428 which began September 15, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Company has an unsecured bank Revolving Credit Agreement that provides loan availability of $10,000,000 with maturity in the year 2003.

Pursuant to the private placement and the Credit Agreement, the Company is required to maintain certain financial ratios, all of which are currently complied with.

The Company believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements and normal recurring capital expenditures as currently contemplated. The fluctuations in inventory and accounts receivable and accounts payable balances, which affect the Company's cash flows, are part of normal business cycles.

SEASONALITY

Manufacturing operations in the manufactured housing and recreational vehicle industries historically have been seasonal and are generally at the highest levels when the climate is moderate. Accordingly, the Company's sales and profits are generally highest in the second and third quarters.

INFLATION

The Company does not believe that inflation had a material effect on results of operations for the periods presented.

SAFE HARBOR STATEMENT

Statements that do not address historical performance are "forward-looking statements" within the meaning of the Private Securities Litigation reform Act of 1995 and are based on a number of assumptions, including bot not limited to; (1) continued domestic economic growth and demand for the Company's products; and (2) the Company's belief with respect to its capital expenditures, seasonality and inflation. Any developments significantly deviating from these assumptions could cause actual results to differ materially from those forecast or implied in the aforementioned forward-looking statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders of the Company was held on May 15, 2001.

(b) Not applicable.

(c) 1. Set forth below is the tabulation of the votes on each nominee for election as a director:

NAME	FOR	WITHHOLD AUTHORITY
Mervin D. Lung	3,878,394	468,935
John H. McDermott	3,889,761	457,568
Harold E. Wyland	3,820,298	527,031
Keith V. Kankel	3,710,151	637,178

2. Set forth below is the tabulation of the votes for the adoption of proposed Amendment to the 1987 Stock Option Program:

FOR	AGAINST	ABSTAIN
2,986,517	1,297,614	63,198

(d) Not applicable.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(b) There were no reports filed on Form 8-K

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.

PATRICK INDUSTRIES, INC.
(Registrant)

Date August 13, 2001 /S/Harold E. Wyland

Harold E. Wyland
(Chairman of the Board)

Date August 13, 2001 /S/David D. Lung

David D. Lung
(President)

Date August 13, 2001 /S/Keith V. Kankel

Keith V. Kankel
(Vice President Finance)
(Principal Accounting Officer)