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 September 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 November 2, 2001: 4,529,666

PATRICK INDUSTRIES, INC.

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PART I: FINANCIAL INFORMATION
<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED BALANCE SHEETS
<CAPTION>

<S>	(Unaudited) SEPTEMBER 30 2001 <C>	(Note) DECEMBER 31 2000 <C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,223,068	$ 6,716,128
Trade receivables	22,020,384	14,281,674
Inventories	34,218,578	30,937,954
Income taxes receivable	1,705,100	1,031,086
Prepaid expenses	739,300	770,017
Deferred tax assets	1,946,000	1,946,000
Total current assets	61,852,430	55,682,859
PROPERTY AND EQUIPMENT, at cost	89,929,278	92,421,319
Less accumulated depreciation	53,896,982	51,831,581
	36,032,296	40,589,738
INTANGIBLE AND OTHER ASSETS	5,917,524	6,247,573
Total assets	$103,802,250	$102,520,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,428	$ 3,671,428
Accounts payable	14,050,934	7,040,285
Accrued liabilities	3,767,573	3,555,008
Total current liabilities	21,489,935	14,266,721
LONG-TERM DEBT, less current maturities	15,814,288	18,785,716
DEFERRED COMPENSATION OBLIGATIONS	2,131,280	2,042,198
DEFERRED TAX LIABILITIES	1,176,000	1,176,000
SHAREHOLDERS' EQUITY		
Common stock	17,620,517	17,689,417
Retained earnings	45,570,230	48,560,118
Total shareholders' equity	63,190,747	66,249,535
Total liabilities and shareholders' equity	$103,802,250	$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>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
<CAPTION>

THREE MONTHS ENDED NINE
MONTHS ENDED

SEPTEMBER 30 SEPTEMBER
30

2001 2000 2001

2000

<S>	<C>	<C>	<C>	<C>
NET SALES	$ 77,527,508	$ 89,944,512	$224,731,037	$290,671,025
	-------------	-------------	------------	------------
COST AND EXPENSES				
Cost of goods sold	68,352,088	78,822,081	198,384,000	256,229,412
Warehouse and delivery expenses	3,797,846	3,815,775	10,765,128	11,879,685
Selling, general, and administrative expenses	6,316,568	6,161,205	18,596,419	19,483,014
Impairment charges	- - -	- - -	- - -	6,937,163
Restructuring charges (credit)	- - -	(173,127)	- - -	159,215
Interest expense, net	276,821	309,966	760,940	977,221
	-------------	-------------	------------	------------
	78,743,323	88,935,900	228,506,487	295,665,710
	-------------	-------------	------------	------------
INCOME (LOSS) BEFORE INCOME TAXES	(1,215,815)	1,008,612	(3,775,450)	(4,994,685)
INCOME TAXES (CREDITS)	(486,200)	403,800	(1,510,200)	(1,877,200)
	-------------	-------------	------------	------------
NET INCOME (LOSS)	$ (729,615)	$ 604,812	$ (2,265,250)	$ (3,117,485)
	=============	=============	============	============
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ (.16)	$ .11	$ (.50)	$ (.59)
	=============	=============	============	============
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	4,529,666	5,141,275	4,521,944	5,251,691

See accompanying notes to Unaudited Condensed Financial Statements.

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<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOWS

<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30 2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(2,265,250)	$(3,117,485)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,729,602	6,440,563
Impairment charges	- - -	6,937,163
(Gain) loss on sale of fixed assets	(23,918)	5,622
Deferred income taxes	- - -	(2,187,000)
Other	401,979	226,706
Change in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(7,738,710)	(4,692,536)

Inventories	(3,280,624)	3,216,654
Prepaid expenses	30,717	31,057
Income taxes receivable	(674,014)	(469,580)
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,370,923	1,103,651
Income taxes payable	- - -	(404,725)
Net cash provided by (used in) operating activities	(449,295)	7,090,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,356,235)	(2,805,760)
Proceeds from sale of property and equipment	494,193	32,192
Other	(26,344)	(67,500)
Net cash (used in) investing activities	(888,386)	(2,841,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(561,965)	(5,405,350)
Principal payments on long-term debt	(2,971,428)	(2,971,428)
Cash dividends paid	(549,922)	(648,859)
Other	(72,064)	(62,157)
Net cash (used in) financing activities	(4,155,379)	(9,087,794)
Decrease in cash and cash equivalents	(5,493,060)	(4,838,772)
Cash and cash equivalents, beginning	6,716,128	6,686,182
Cash and cash equivalents, ending	$ 1,223,068	$ 1,847,410

See accompanying notes to Unaudited Condensed Financial Statements.

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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 September 30, 2001, and December 31, 2000, and the results of operations and cash flows for the three months and the nine months ended September 30, 2001 and 2000.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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 the Company's December 31, 2000 audited financial statements. The results of operations for the three and nine month periods ended September 30, 2001 and 2000 are not necessarily indicative of the results to be expected for the full year.

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

	September 30 2001	December 31 2000
Raw materials	$19,400,933	$17,130,635
Work in process	2,044,069	2,040,040
Finished	4,510,838	4,647,673
Total manufactured goods	$25,955,840	$23,818,348
Distribution products	8,262,738	7,119,606
TOTAL INVENTORIES	$34,218,578	$30,937,954

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

4. Losses per common share for the nine months ended September 30, 2001 and 2000 have been computed based on the weighted average common shares outstanding of 4,521,944 and 5,251,691 respectively. Stock options outstanding are immaterial and had no effect on earnings per share.

   Dividends per common share for the quarter ending September 30, 2001 and 2000 were $.04 per share. This resulted in total dividends for the nine month periods ending September 30, 2001 and 2000 of $.12 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 $159,215.

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 extrusion, 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 SEPTEMBER 30, 2001				
SEGMENT	LAMINATING	DISTRIBUTION	WOOD	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$33,207,414	$27,457,654	$ 7,819,397	$ 9,043,043	$ 77,527,508
Intersegment sales	1,073,522	374,720	271,084	3,434,839	5,154,165
Total sales	$34,280,936	$27,832,374	$ 8,090,481	$ 12,477,882	$ 82,681,673*

EBIT (loss) **	$ (4,242)	$ 161,804	$ (287,329)	$ (118,748)	$ (248,515)

			THREE MONTHS ENDED SEPTEMBER 30, 2000		
Net outside sales	$38,165,378	$33,701,472	$ 8,300,991	$ 9,776,671	$ 89,944,512
Intersegment sales	1,491,451	9,899	309,784	3,931,986	5,743,120
Total sales	$39,656,829	$33,711,371	$ 8,610,775	$ 13,708,657	$ 95,687,632*
EBIT (loss) **	$ 543,840	$ 89,675	$ (486,739)	$ 63,830	$ 210,606

</TABLE>

<TABLE>

			NINE MONTHS ENDED SEPTEMBER 30, 2001		
SEGMENT	LAMINATING	DISTRIBUTION	WOOD	OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 98,397,222	$ 76,581,038	$ 23,108,459	$ 26,644,318	$ 224,731,037
Intersegment sales	3,262,851	753,176	724,772	10,394,577	15,135,376
Total sales	$ 101,660,073	$ 77,334,214	$ 23,833,231	$ 37,038,895	$ 239,866,413*
EBIT (loss) **	$ (226,242)	$ 673,878	$ (299,690)	$ (626,213)	$ (478,267)
Identifiable assets	$ 34,820,889	$ 16,963,481	$ 6,124,166	$ 11,837,793	$ 69,746,329

			NINE MONTHS ENDED SEPTEMBER 30, 2000		
Net outside sales	$ 124,878,455	$108,168,318	$ 27,396,451	$ 30,230,167	$ 290,673,391
Intersegment sales	4,754,771	50,352	855,883	13,487,646	19,148,652
Total sales	$ 129,633,226	$108,218,670	$ 28,252,334	$ 43,717,813	$ 309,822,043*
EBIT (loss) **	$ 2,356,039	$ 1,214,096	$ (1,136,157)	$ 92,122	$ 2,526,100
Identifiable assets	$ 39,497,207	$ 17,390,258	$ 7,070,088	$ 15,469,839	$ 79,427,392

</TABLE>

Reconciliation of segment EBIT to consolidated EBIT

<TABLE>

	3 Months Ended September 30,	9 Months Ended September 30,

	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
EBIT (loss) for segments	$ (248,515)	$ 210,606	$ (478,267)	$ 2,526,100
Corporate incentive agreements	170,022	1,310,348	719,645	1,798,720
Consolidation reclassifications	(24,410)	(91,703)	(85,157)	(408,661)
Gain (loss) on sale of assets	1,805	3,899	23,918	(5,123)
Unallocated corporate expenses	(1,076,032)	(236,870)	(3,207,932)	(1,276,755)
Other	238,136	(50,829)	13,283	444,633
Impairment charges	- - -	- - -	- - -	(6,937,163)
Restructuring charges	- - -	173,127	- - -	(159,215)
Consolidated EBIT (loss)**	$ (938,994)	$1,318,578	$(3,014,510)	$ (4,017,464)

</TABLE>

There has been no material change in assets in the above segments.

*Does not agree to Financial Statements due to consolidation eliminations.
**Earnings (loss) before interest and taxes.

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

GENERAL

Due to 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 nine months of fiscal 2001 showed similar results as shipments and production in the Manufactured Housing industry were down approximately 33% and shipments in the Recreational Vehicle industry were down nearly 16% from the same period in fiscal 2000. These conditions are expected to continue through the end of fiscal 2001 and into fiscal 2002. The Company's sales are 50% to Manufactured Housing, 25% to Recreational Vehicle, and 25% to other industries.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	88.2	87.6	88.3	88.2
Gross profit	11.8	12.4	11.7	11.8
Warehouse and delivery	4.9	4.2	4.8	4.0
Selling, general & administrative	8.2	6.9	8.3	6.7
Impairment charges	- - -	- - -	- - -	2.4
Restructuring charges (credit)	- - -	(0.2)	- - -	0.1
Operating income (loss)	(1.2)	1.5	(1.3)	(1.4)
Net income (loss)	(0.9)	0.6	(1.0)	(1.1)

RESULTS OF OPERATIONS

Quarter ended September 30, 2001 Compared to Quarter Ended September 30, 2000

Net Sales. Net sales decreased by $12.4 million, or 13.8%, from $89.9

million in the quarter ended September 30, 2000 to $77.5 million in the quarter ended September 30, 2001. This decrease is directly related to an estimated 33% 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 first nine months of fiscal 2001 compared to the first nine months of fiscal 2000.

Gross Profit. Gross profit decreased by $1.9 million, or 17.5%, from $11.1 million in the third quarter 2000 compared to $9.2 million in the third quarter of 2001. As a percentage of net sales, gross profit decreased 0.6%, from 12.4% in the third quarter of 2000 to 11.8% in the third quarter 2001. The decrease is due to a 13.8% decrease in consolidated net sales coupled with market conditions remaining highly competitive resulting in the inability of the Company to increase selling prices without losing business.

Warehouse and Delivery Expenses. Warehouse and delivery expenses remained constant at $3.8 million in the third quarters of 2001 and 2000. As a percentage of net sales, warehouse and delivery expenses increased 0.7%, from 4.2% in the third quarter of 2000 to 4.9% in the third quarter 2001. The increase as a percentage of net sales is due to the Company shipping less full truckloads than in the previous period, the increase in fuel costs from period to period, and an increase in rates charged by the transportation companies due to them running at capacity. This increase is attributable to the Company shipping fewer full truckloads of material compared to previous years, lower sales levels, higher shipping costs specifically related to the increase in gasoline prices over the past year, and transportation companies running at capacity.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $0.1 million, or 2.5%, from $6.2 million in the quarter ended September 30, 2000 to $6.3 million in the quarter ended September 30, 2001. As a percentage of net sales, selling, general, and administrative expenses increased 1.3%, from 6.9% in the third quarter of 2000 to 8.2% in the third quarter of 2001. 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 Loss. The Company experienced an operation loss of $0.9 million in the third quarter of 2001 compared to operating income of $1.3 million in the same quarter in 2000. This decrease of $2.2 million is due to the decline in sales volume for the industries to which the Company serves, as well as the factors described above.

Interest Expense, Net. Interest expense, net of interest income, decreased 10.7% from $310,000 in the third quarter of 2000 to $277,000 in the same period in 2001. This decrease is attributable to more funds invested in the third quarter 2001 as a result of reduced working capital needs as well as lower long-term debt levels due to normal debt service requirements.

Net Loss. The Company experienced a net loss of $730,000 in the third quarter of fiscal 2001 compared to net income of $605,000 in the third quarter of fiscal 2000. This decrease is attributable to the factors described above.

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

Net Sales. Net sales decreased by $27.1 million, or 23.1%, from $117.0 million in the quarter ended September 30, 1999 to $89.9 million in the quarter ended September 30, 2000. This decrease was a direct result of an estimated 25% decrease in units shipped and produced in the manufactured housing industry in the first nine months of fiscal 2000.

Gross Profit. Gross profit decreased by $2.4 million, or 17.6%, from $13.5 million in the third quarter 1999 compared to $11.1 million in the same quarter in 2000. Gross profit as a percentage of net sales increased by 0.9% from 11.5% in the third quarter of 1999 to 12.4% in the third quarter 2000. The decrease in overall gross profit was due primarily to a 23% decrease in consolidated net sales. The increase in gross profit as a percentage of net sales was due to the Company concentrating on maintaining margin levels in the highly competitive markets as well as significant concentration on operating efficiencies in the Laminating and Wood operating segments.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $0.4 million, from $4.2 million in the third quarter 1999 to $3.8 million in the third quarter 2000. As a percentage of net sales, warehouse and delivery expenses increased 0.7%, from 3.5% in the third quarter of 1999 to 4.2% in the third quarter 2000. This increase is attributable to lower sales levels, especially in the Distribution segment, and higher shipping costs specifically related to the increase in gasoline prices from the same quarter in 1999.

Selling, General and Administrative Expenses. To make the year to year comparison similar, a $0.2 million restructuring credit has been adjusted from the selling, general and administrative expense discussion for the period ended

September 30, 2000. Selling, general and administrative expenses decreased 8.1%, or $0.5 million, from $6.7 million in the quarter ended September 30, 1999 to $6.2 million in the same period in 2000. As a percentage of net sales, September 30, 2000 expenses were 6.9% compared to 5.7% for the three month period ended September 30, 1999. This 1.2% increase was due to the decline in consolidated net sales.

Restructuring Charges. As discussed in Note 7 of the financial statements, the Company recognized a credit in the amount of $173,000 in the third quarter of 2000 as a result of an over accrual related to estimated restructuring charges recorded in the second quarter.

Operating Income. Operating income decreased $1.3 million, from $2.6 million in the quarter ended September 30, 1999 to $1.3 million in the quarter ended September 30, 2000. The decrease in operating income in the third quarter of 2000 was due to the factors described above.

Interest Expense, Net. Interest expense, net of interest income, decreased 21.5%, from $395,000 in the third quarter of 1999 to $310,000 in the same period in 2000. This decrease is attributable to more funds being invested in the third quarter of 2000 compared to the third quarter of 1999 as a result of lower inventory and receivable levels, and lower borrowing levels.

Net Income. Net income decreased $0.7 million, or 55%, for the quarter ended September 30, 2000 compared to the same quarter in 1999. As a percentage of net sales, net income decreased 0.5%, from 1.2% in the third quarter of 1999 to 0.7% in the third quarter of 2000. This decrease is due primarily to the factors described above.

Nine Months Ended September 30, 2001 Compared to Nine Months Ended September 30, 2000

Net Sales. Net sales decreased $65.9 million, or 22.7%, from $290.7 million in the nine months ended September 30, 2000 to $224.7 million for the nine months ended September 30, 2001. This decrease is attributable to the 33% decline in units shipped and produced in the Manufactured Housing industry and 16% decline in units shipped and produced in the Recreational Vehicle industry. The Company's sales for the first nine months of fiscal 2001 are 50% to Manufactured Housing, 25% to Recreational Vehicle, and 25% to other industries.

Gross Profit. Gross profit decreased $8.1 million, or 23.5%, from $34.4 million in the first nine months of fiscal 2000 to $26.3 million in the first nine months of fiscal 2001. As a percentage of net sales, gross profit decreased 0.2%, from 11.9% in the nine months ended September 30, 2000 compared to 11.7% in the nine months ended September 30, 2001. The 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 9.4%, from $11.9 million in the nine months ended September 30, 2000 to $10.8 million in the same period in 2001. As a percentage of net sales, warehouse and delivery expenses increased 0.7%, from 4.1% in fiscal 2000 to 4.8% 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 Company shipping less full truckloads than in the previous period, the increase in fuel costs from period to period, and an increase in rates charged by the transportation companies due to them running at capacity.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $0.9 million, or 4.6%, from $19.5 million for the nine months ended September 30, 2000 to $18.6 million for the same period in 2001. As a percentage of net sales, selling, general, and administrative expenses increased 1.6% from 6.7% in the first nine months of fiscal 2000 to 8.3% in the first nine months 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 $0.2 million in the second and third quarters of 2000.

Operating Loss. The Company experienced an operating loss of $3.0 million for the nine months ended September 30, 2001 compared to an operating loss of $4.0 million for the nine months ended September 30, 2000. The operating loss is due to the factors described above.

Interest Expense, Net. Interest expense, net of interest income, decreased 22.1%, or $216,000, from $977,000 in the nine months ended September 30, 2000 to $761,000 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 due to normal debt service requirements.

Net Loss. The Company experienced a net loss after interest and taxes for the nine months ended September 30, 2000 and 2001 of $3.1 million and $2.3 million, respectively. These losses are attributable to the factors described above.

Nine Months Ended September 30, 2000 Compared to Nine Months Ended September 30, 1999

Net Sales. Net sales decreased $56.7 million, or 16.3%, from $347.4 million for the nine months ended September 30, 1999 to $290.7 million for the nine months ended September 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 nine months of fiscal 2000 are 55% to manufactured housing, 25% to recreational vehicle, and 20% to other industries.

Gross Profit. Gross profit decreased 21.3%, or $9.3 million, from $43.7 million in the first nine months of 1999 to $34.4 million in the first nine months of 2000. As a percentage of net sales, gross profit decreased 0.7%, from 12.6% in the nine months ended September 30, 1999 to 11.9% in the nine months ended September 30, 2000. This decrease is attributable to the 16.3% reduction in sales for the nine 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 4.0%, or $0.5 million, from $12.4 million in 1999 to $11.9 million in the first nine months of 2000. As a percentage of net sales, warehouse and delivery expenses increased 0.5%, from 3.6% in 1999 to 4.1% in the nine months ended September 30, 2000. This increase as a percentage of net sales is due to higher fuel costs for the three quarters ended September 30, 2000 and the 16.3% decrease in consolidated net sales, and especially the 23% decline in net sales of the Distribution segment.

Selling, General and Administrative Expenses. For the nine months ended September 30, 2000, a $6.9 million impairment charge and a $0.2 million restructuring charge has been included in the selling, general and administrative expenses. For the nine months ended September 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 remained consistent with 1999 at $19.5 million. As a percentage of net sales, however, September 30, 2000 expenses were 6.7% compared to 5.6% for the nine months ended September 30, 1999. This increase as a percentage of net sales was due primarily to the larger than anticipated 16.3% decrease in net sales for the nine months ended September 30, 2000.

Impairment Charges. As discussed in Note 5 of 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 $0.2 million in the second and third quarters of 2000. As discussed in Note 6 of the financial statements, the Company recognized restructuring charges of $159,000 in the nine months ended September 30, 2000.

Operating Income (Loss). The Company experienced an operating loss of $4.0 million for the nine months ended September 30, 2000 compared to operating income of $11.3 million for the nine months ended September 30, 1999. The operating loss in the nine months ended September 30, 2000 is due primarily to the factors described above.

Interest Expense, Net. Interest expense, net of interest income decreased 9.9%, from $1,084,000 million in the nine months ended September 30, 1999 to $977,000 in the same period in 2000. This decrease is due to more funds being invested as a result of lower inventory and receivable levels, and lower borrowing levels.

Net Income (Loss). The Company experienced a net loss for the nine months ended September 30, 2000 of $3.1 million compared to net income of $6.2 million in the same period in 1999. This decrease is due primarily to the factors described above.

BUSINESS SEGMENTS

Quarter ended September 30, 2001 Compared to Quarter Ended September 30, 2000

Laminating Segment Discussion

Net sales decreased in the third quarter of 2001 by $5.4 million, or 13.6%, from $39.7 million in the period ended September 30, 2000 to $34.3 million in the period ended September 30, 2001. This decline in sales volume was due to approximately 33% 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 100.8% in the laminating segment from income of $544,000 in the period ended September 30, 2000 compared to a loss of $4,200 in the period ended September 30, 2001. As a percentage of net sales, EBIT decreased 1.4% in the third quarter of fiscal 2001. This decline is due to the decrease in sales volume.

Distribution Segment Discussion

Net sales decreased 17.4%, or $5.9 million, from $33.7 million in the third quarter 2000 to $27.8 million in the third quarter 2001. This decrease is due primarily to the decline in units shipped and produced in the Manufactured Housing industry for which this segment serves, and the Company choosing not to accept certain lower margin business.

EBIT increased 80.4%, or $72,000, due to certain operations in this segment gaining operating margin due to eliminating some unprofitable products in fiscal 2001.

Wood Segment Discussion

Net sales decreased 6.0%, or $0.5 million, from $8.6 million in the three-month period ended September 30, 2000 to $8.1 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 an operating loss of $0.5 million in the third quarter of 2000 to an operating loss of $0.2 million in the third quarter of 2001. Management's continued commitment to improving operating results in this segment and returning it to profitability have caused the improved results. The closing of one of the segments under-performing units in fiscal 2000 resulted in additional cost savings.

Other Segment Discussion

Net sales in the other segment decreased by 9.0%, or $1.2 million, from $13.7 million in the three months ended September 30, 2000 to $12.5 million in the three month period ending September 30, 2001. The decline in sales volume is primarily attributable to a 16% decline in sales in Recreational Vehicle industry and increases in sales in the Company's aluminum extrusion division and machine manufacturing division which sell to areas mainly outside the Manufactured Housing and Recreational Vehicle industries.

EBIT for this segment decreased $183,000, or 286%, from $64,000 in the three month period ending September 30, 2000 to a loss of $119,000 in the same period in 2001. This decrease is due to the decrease in sales volume.

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

Laminating Segment Discussion

Net sales decreased in the third quarter of 2000 by $8.1 million, or 17.0%, from $47.8 million in the period ended September 30, 1999 to $39.7 million in the period ended September 30, 2000. This decline in sales volume was due to approximately 25% less shipments nationwide in the manufactured housing industry.

EBIT declined 37.5% from $870,000 in the three month period ended September 30, 1999 compared to $544,000 in the three month period ended September 30, 2000. As a percentage of net sales, EBIT decreased 0.5%, from 1.8% in the third quarter 1999 to 1.3% in the third quarter 2000. The ability to increase selling prices became more difficult 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 31.8%, or $15.7 million, from $49.4 million in the third quarter 1999 to $33.7 million in the third quarter 2000. This decrease is due to the decline in units shipped in the Manufactured Housing industry for which this segment serves, and the Company choosing not to accept certain lower margin business.

EBIT decreased 90.1%, or $873,000, due to the decrease in sales, competitive pricing situations, and higher fuel costs.

Wood Segment Discussion

Net sales decreased 18.8%, or $2.0 million, from $10.6 million in the period ended September 30, 1999 to $8.6 million in the period ended September 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 18.2% in the wood segment from a loss of $595,000 in the third quarter of 1999 to a loss of $487,000, excluding restructuring credits, in the third quarter of 2000. As a percentage of net sales, EBIT remained fairly consistent at a loss of 5.6% in the third quarters of both 1999 and 2000.

Other Segment Discussion

Net sales in the Other segment decreased by 14.7%, or $2.4 million, from $16.1 million in the three months ended September 30, 1999 to $13.7 million in the three month period ending September 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 $64,000, excluding restructuring charges, for the quarter ended September 30, 2000 compared to EBIT of $660,000 for the quarter ended September 30, 1999. This decrease of $596,000, or 90.3%, is a result of the reduced sales and one of the Company's Other segment business units experiencing operating inefficiencies related to the relocation of its existing business.

Nine Months Ended September 30, 2001 Compared to Nine Months Ended September 30, 2000

Laminating Segment Discussion

Net sales in the laminating segment decreased by 21.6%, or $28.0 million, from $129.6 million in the nine month period ending September 30, 2000 to $101.7 million in the same period in 2001. This decrease is attributable to the 33% decline in units shipped and produced in the Manufactured Housing industry and 16% decrease in units shipped and produced in the Recreational Vehicle industry.

EBIT decreased 110.0%, or $2.6 million, from $2.4 million in the nine months ended September 30, 2000 to a loss of $0.2 million for the nine months ended September 30, 2001. This decline is attributable to the decrease in sales volume.

Distribution Segment Discussion

Net sales in the distribution segment decreased $30.9 million, or 28.5%, from $108.2 million in the first nine months of fiscal 2000 to $77.3 million in the same period in fiscal 2001. This decrease is directly related to the 33% decrease in units shipped and produced in the Manufactured Housing industry.

EBIT decreased 44.5%, or $540,000, due to the decrease in sales and competitive pricing situations.

Wood Segment Discussion

Net sales in the wood segment decreased $4.4 million, or 15.6%, from $28.2 million in the nine months ended September 30, 2000 to $23.8 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 $1.1 million in the first nine months of fiscal 2000, to an operating loss of $0.3 million in the first nine months of fiscal 2001. Management's continued commitment to improving operating results in this segment and returning it to profitability caused the improvement in operating income. Additionally, depreciation expense has been reduced by approximately $526,000 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 5. The Company also closed one operating unit in this segment in fiscal 2000 which contributed to savings in 2001 of approximately $751,000.

Other Segment Discussion

Net sales in the other segment decreased 15.3%, or $6.7 million, from $43.7 million in the nine months ended September 30, 2000 to $37.0 million in the nine months ended September 30, 2001. This decline is due to reduced sales volume in the Recreational Vehicle industry.

EBIT decreased from operating income of $92,000 in the first nine months of fiscal 2000 to an operating loss of $626,000 in the same period in fiscal 2001. This decrease is due to the decline in sales volume.

Nine Months Ended September 30, 2000 Compared to Nine Months Ended September 30, 1999

Laminating Segment Discussion

Net sales decreased $16.1 million from $145.7 million in the nine months ended September 30, 1999 to $129.6 million for the nine months ended September 30, 2000, primarily due to the decline in volume in the manufactured housing industry.

EBIT decreased $2.6 million, or 52.7%, because of lower sales volumes and highly competitive pricing.

Distribution Segment Discussion

Net sales decreased $32.1 million, or 22.9%, from $140.3 million in the nine month period ended September 30, 1999 to $108.2 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 $2.2 million, or 64.1%, from $3.4 million in the first nine months of 1999 compared to $1.2 million in the first nine months of 2000. This decline is due to lower sales volumes and the increase in gasoline prices in the first nine months of fiscal 2000.

Wood Segment Discussion

Net sales decreased $5.1 million, or 15.4%, due to the decline in the manufactured housing industry. EBIT, exclusive of the impairment and restructuring charges, decreased approximately $1.0 million, from a loss of $2.2 million for the nine months ended September 30, 1999 to a loss of $1.1 million for the nine months ended September 30, 2000. This decrease in operating loss is a direct result of the Company gaining operating efficiencies at several of its wood segment business units.

Other Segment Discussion

Net sales decreased by $5.9 million, or 11.8%, from $49.6 million in the nine months ended September 30, 1999 to $43.7 million in the nine months ended September 30, 2000. This decline is due to the overall decline in the industries to which the Company serves.

EBIT, exclusive of the impairment and restructuring charges, decreased $2.2 million, or 96.0%, from $2.3 million in the nine months ended September 30, 1999 to $92,000 in the nine months ended September 30, 2000. Operating efficiencies were lost in this segment in the first nine months of 2000 due to plant reorganizing and low sales volumes.

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 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 but 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 6. Exhibits and Reports on Form 8-K

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.

PATRICK INDUSTRIES, INC.
(Company)

Date November 8, 2001 /S/Harold E. Wyland

Harold E. Wyland
(Chairman of the Board)

Date November 8, 2001 /S/David D. Lung

David D. Lung
(President)

Date November 8, 2001 /S/Keith V. Kankel

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