UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2003 or [ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE Act OF 1934

Commission file Number 0-3922
PATRICK INDUSTRIES, INC.
(Exact name of Company as specified in its charter)

Indiana	35-1057796
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification No.)

1800 South 14th Street, P.O. Box 638, Elkhart, Indiana	46515
(Address of principal executive offices)	(ZIP code)

Company's telephone number, including area code: (574) 294-7511

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, WITHOUT PAR VALUE
PREFERRED SHARE PURCHASE RIGHTS
(Title of each class)

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K [ ]

Indicate by check mark whether the registrant is an accelerated filer.
YES NO X

The aggregate market value of the voting stock held by non-affiliates of the Company on June 30, 2003 (based upon the closing price on NASDAQ and an estimate that 76.3% of the shares are owned by non-affiliates) was $22,374,322. The closing market price was $6.38 on that day and 4,596,261 shares of the Company's common stock were outstanding.

As of March 16, 2004 there were 4,676,549 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 14, 2004 are incorporated by reference into Parts III of this Form 10-K.

PART I

ITEM 1. BUSINESS

The Company is a leading manufacturer and supplier of building products and materials to the Manufactured Housing and Recreational Vehicle industries. In addition, the Company is a supplier to certain other industrial markets, such as furniture manufacturing, marine, architectural, and the automotive aftermarket. The Company manufactures decorative vinyl and paper panels, wrapped mouldings, cabinet doors, electronic desks, kitchen cabinets, countertops, aluminum extrusions, drawer sides, adhesives, and laminating machines. The Company is also an independent wholesale distributor of pre-finished wall and ceiling panels, drywall and drywall finishing products, particleboard, vinyl and cement siding, interior passage doors, roofing products, high pressure laminates, decorative mirrors and glass, insulation, and other related products.

The Company has a nationwide network of distribution centers for its products, thereby reducing intransit delivery time and cost to the regional manufacturing plants of its customers. The Company believes that it is one of the few suppliers to the Manufactured Housing and Recreational Vehicle industries that have such a nationwide network. The Company maintains five manufacturing plants and a distribution facility near its principal offices in Elkhart, Indiana, and operates eleven other warehouse and distribution centers and twelve other manufacturing plants in twelve other states.

Strategy

Over time, the Company has developed very strong working relationships with its customers. In so doing, the Company has oriented its business and expansion to the needs of these customers. These customers include all of the larger Manufactured Housing and Recreational Vehicle manufacturers. The Company's customers generally demand high quality standards and a high degree of flexibility from their suppliers. The result has been that the Company focuses on maintaining and improving the quality of its manufactured products, and has developed a nationwide manufacturing and distribution presence in response to its customers' need for flexibility. As the Company explores new markets and industries, it believes that this nationwide network provides it with a strong foundation for expansion.

The Company continually seeks to improve its position as a leading supplier to the Manufactured Housing and Recreational Vehicle industries and other industries to which its products, manufacturing processes, or sales and distribution system are applicable. Currently, approximately 41% of the Company's sales are to the Manufactured Housing industry, 31% to the Recreational Vehicle industry, and 28% to other industries compared to 2002 where sales were 47%, 30% and 23%, respectively. These industries, and the impact that they have on their suppliers, are characterized by cyclical demand and production, small order quantities, and short lead times. These characteristics have an impact on the suppliers, many of whom tend to be small, regional, and specific product line companies.

Management has identified several tools which it expects to utilize to accomplish its operating strategies, including the following:

Diversification into Additional Industries

While the Company continually seeks to improve its position as a leading supplier to the Manufactured Housing and Recreational Vehicle industries, it is also seeking to expand its product lines into other industrial markets. Many of the Company's products, such as its countertops, cabinet doors, laminated panels, and shelving, have applications in the furniture and cabinetry markets. In addition, the manufacturing processes for the Company's aluminum extrusions are easily applied to the production of products for the marine, automotive and truck accessories markets and aftermarkets, and many other markets. The Company's adhesives are produced for almost all industrial applications.

Because order size from these additional industries tends to be for larger numbers of units, the Company enjoys better production efficiencies for these orders. The Company believes that diversification into additional industries will reduce its vulnerability to the cyclical nature of the Manufactured Housing and Recreational Vehicle industries. In addition, the Company believes that its nationwide manufacturing and distribution capabilities enable it to serve its customers more effectively and position itself for product expansion.

Expansion of Manufacturing Capacity

In the last 5 years, the Company has invested approximately $22.6 million to upgrade existing facilities and equipment and to purchase manufacturing and distribution facilities for its laminated paneling products, industrial adhesives, cabinet doors, and furniture components. The capacity created by these investments has enabled the Company to accommodate future growth in the Company's product lines and markets.

Strategic Acquisitions and Expansion

The Company supplies a broad variety of building material products and, with its nationwide manufacturing and distribution capabilities, is well-positioned for the introduction of new products. The Company, from time to time, considers the acquisition of additional product lines, facilities or other assets to complement or expand its existing business. In 1999, the Company expanded the Sun Adhesive facility in Decatur, Alabama to increase capacity and in March, 2004, the Company purchased a new building complex in Elkhart, Indiana for the consolidation of its manufacturing operations in that area. This acquisition should provide opportunities for improved efficiencies and capacity for future growth both in manufacturing and distribution operations.

Restructuring and Impairment

In the last three years the Company has incurred restructuring charges of $0.9 million related to the closing, consolidation, and relocation of five manufacturing divisions in various states. The charges included severance payments, write-down of obsolete inventories, equipment relocation, and future rental commitments related to closed facilities. These strategic initiatives were done to eliminate duplication of efforts, close negative performing operations, and increase volume levels at other locations. The majority of cost savings related to these plans will be realized in future years.

Additionally, in the last three years the Company has incurred impairment charges of $2.8 million related to the write-down of the net book value of long-lived assets primarily in the Company's Wood and Other segments. The impairment costs were calculated by estimating discounted future cash flow and comparing it to the carrying value of these assets. These write-downs were non-cash charges and effectively eliminated all of the goodwill on the Company's books as well as reducing future yearly depreciation expense.

Business Segments

The Company's operations through December 31, 2003 comprise four reportable segments. Information related to those segments is contained in "Note 14-Segment Information" appearing in the financial statements included herein as noted in the index appearing under Item 15(a)(1) and (2). Beginning in 2004, the Company's operations will be presented in three reportable segments.

Principal Products

The Company distributes pre-finished wall and ceiling panels, vinyl and cement siding, roofing products, high pressure laminates, passage doors, building hardware, insulation, decorative mirrors and glass, and other products. Through its manufacturing divisions, the Company manufactures decorative vinyl and paper panels, cabinet doors, shelving, countertops, wrapped wood mouldings, aluminum extrusions, drawer sides, furniture components, wood adhesives, and laminating presses. In conjunction with its manufacturing capabilities, the Company also provides value added processes including custom fabrication, edge-banding, drilling, and cut to size capabilities.

Pre-finished wall panels contributed more than 10% to total sales. The percentage contributions of this class of product to total sales was 39.6%, 36.5%, and 36.0% for the years ended December 31, 2003, 2002, and 2001, respectively.

The Company has no material patents, licenses, franchises, or concessions and does not conduct significant research and development activities.

Manufacturing Processes and Operations

The Company's laminating facilities utilize 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.

The Company's Metals division utilizes technology to produce aluminum extrusions for framing and window applications. In addition, this division makes extrusions for running boards, accessories and parts for trucks, vans, automobiles, marine industry products, and other construction-related materials.

The Company manufactures two distinct cabinet door product lines. One product line is manufactured from raw lumber utilizing solid oak and other hardwood materials. The Company's other line of doors is made of laminated fiberboard. The Company's doors are sold mainly to the Manufactured Housing and Recreational Vehicle industries, and the Company also markets to the cabinet manufacturers and "ready-to-assemble" furniture manufacturers.

The Company's adhesive division, which supplies adhesives used in most of the Company's manufacturing processes and to outside industrial customers, uses a process of mixing non-toxic non-hazardous chemicals with water to produce adhesives sold in tubes, pails, barrels, totes, and rail tank cars.

Markets

The Company is engaged in the manufacturing and distribution of building products and material for use primarily by the Manufactured Housing and Recreational Vehicle industries and other Industrial markets.

Manufactured Housing

The Manufactured Housing industry has historically served as a more affordable alternative to the home buyer. Because of the relatively lower cost of construction as compared to site-built homes, manufactured homes traditionally have been one of the principal means for first-time home buyers to overcome the obstacles of large down payments and higher monthly mortgage payments. Manufactured housing also presents an affordable alternative to site-built homes for retirees and others desiring a lifestyle in which home ownership is less burdensome than in the case of site-built homes. The increase in square footage of living space in manufactured homes created by multi-sectional models has made them more attractive to a larger segment of home buyers.

Manufactured homes are built in accordance with national, state, and local building codes. Manufactured homes are factory-built and transported to a site where they are installed, often permanently.

Some manufactured homes have design limitations imposed by the constraints of efficient production and over-the-road transit. Delivery expense limits the effective competitive shipping range of the manufactured homes to approximately 400 to 600 miles.

Modular homes, which are a component of the manufactured housing industry, are factory built homes that are built in sections and transported to the site for installation. These homes are generally set on a foundation and are subject to land/home financing conditions. These units in recent years have been gaining in popularity due to their aesthetic similarity to site-built homes and their relatively less expensive cost as well as their less restrictive access to financing when compared to the chattel lending market.

The Manufactured Housing industry is cyclical and is affected by the availability of alternative housing such as apartments, town houses, and condominiums. In addition, interest rates, availability of financing, regional population, employment trends, and general regional economic conditions affect the sale of manufactured homes. The Manufactured Housing Institute reported that during the four-year period ended December 31, 1991, shipments of manufactured homes declined 26.6% to a total of approximately 171,000 units nationally in 1991. The reported number of units increased sharply in the five years following 1991, with increases in each of those years. Manufactured home unit shipments reached a peak for the latest cycle in 1998 at 372,800, which represents 118% more units than in 1991. The industry has seen an approximate 65% decline in unit shipments since 1998, with 2003 shipments finishing at 130,900.

These cycles have a historic precedent. The Company believes that the factors responsible for the national decline prior to 1992 included weakness in the manufacturing, agricultural, and, in particular, oil industry sectors. These industry sectors have historically provided a significant portion of the Manufactured Housing industry's customer base. Additionally, high vacancy rates in apartments, high levels of repossession inventories, and over-built housing markets in certain regions of the country resulted in fewer sales of new manufactured homes in the past. Changes in these market characteristics had caused the manufactured housing cycle to change positively until 1999. Beginning in mid-1999 and continuing through 2003, the Manufactured Housing industry has had to contend with increased repossessed inventory levels, credit requirements that became more stringent, and a reduction in availability of lenders for both retail and dealers. As a result, the industry has experienced four consecutive years of significant declines in the number of industry shipments with 2003 finishing at levels which were almost 62% lower than those experienced in 1999. There is speculation that the coming year will provide an increase of approximately 5% to 10% in unit shipments from the 2003 levels, however nothing tangible has been seen yet. Repossessed inventory levels have been reduced to a manageable level, however the availability of financing and access to the

Asset-Backed securities market is still restricted. Additionally, employment growth is needed to provide more significant increased demand, thus resulting in increased production and shipment levels.

Manufactured Housing Shipments:

1990	188,200
1991	170,700
1992	210,800
1993	254,300
1994	303,900
1995	339,600
1996	363,400
1997	353,400
1998	372,800
1999	348,700
2000	250,600
2001	193,200
2002	168,500
2003	130,900

Recreational Vehicles

The Recreational Vehicle industry has been characterized by cycles of growth and contraction in consumer demand reflecting prevailing general economic conditions which affect disposable income for leisure time activities. Fluctuations in interest rates, consumer confidence, and concerns about the availability and price of gasoline, in the past, have had an adverse impact on recreational vehicle sales. Recently the industry has been characterized by increased demand as a result of continued growth in disposable incomes, low inflation, low interest rates and renewed growth in employment. Long term trends point to market growth because of favorable demographics.

Recreational vehicle classifications are based upon standards established by the Recreational Vehicle Industry Association. The principal types of recreational vehicles include conventional travel trailers, folding camping trailers, fifth wheel trailers, motor homes, and van conversions. These recreational vehicles are distinct from mobile homes, which are manufactured houses designed for permanent and semi-permanent residential dwelling.

Conventional travel trailers and folding camping trailers are non-motorized vehicles which are designed to be towed by passenger automobiles, pick-up trucks, or vans. They provide comfortable, self-contained living facilities for short periods of time. Conventional travel trailers and folding camping trailers are towed by means of a frame hitch attached to the towing vehicle. Fifth wheel trailers, designed to be towed by pick-up trucks, are constructed with a raised forward section that is attached to the bed area of the pick-up truck. This allows for a bi-level floor plan and more living space than a conventional travel trailer.

A motor home is a self-powered vehicle built on a motor vehicle chassis. The interior typically includes a driver's area, kitchen, bathroom, dining, and sleeping areas. Motor homes are self-contained with their own lighting, heating, cooking, refrigeration, sewage holding, and water storage facilities. Although they are not designed for permanent or semi-permanent living, motor homes do provide comfortable living facilities for short periods of time.

Van conversions are conventional vans modified for recreational or other use.

Sales of recreational vehicle products have been cyclical. Shortages of motor vehicle fuels and significant increases in fuel prices have had a material adverse effect on the market for recreational vehicles in the past, and could adversely affect demand in the future. The Recreational Vehicle industry is also affected by the availability and terms of financing to dealers and retail purchasers. Substantial increases in interest rates and decreases in the general availability of credit have had a negative impact upon the industry in the past and may do so in the future. Recession and lack of consumer confidence generally results in a decrease in the sale of leisure time products such as recreational vehicles.

The industry shipped 321,200 units in 1999. Increased gasoline prices and uncertainty with regards to the economy resulted in shipment declines over the next two years of more than 20%. The industry rebounded in 2002 due to improved consumer confidence, depleted dealer inventories, lower interest rates, and a fear of flying after the September 11, 2001 terrorist attacks. Shipment levels in 2003 improved yet again almost to the 1999 levels and 2004 shipments are expected to be better than those attained in 2003.

Recreational Vehicle Shipments:

1990 - 173,100
1991 - 163,300
1992 - 203,400
1993 - 227,800
1994 - 259,200
1995 - 247,000
1996 - 247,500
1997 - 254,500
1998 - 292,700
1999 - 321,200
2000 - 300,100
2001 - 256,800
2002 - 311,000
2003 - 320,800

Other Markets

Many of the Company's products, such as its countertops, laminated panels, cabinet doors, and shelving may be utilized in the furniture and cabinetry markets. The Company's aluminum extrusion process is easily applied to the production of accessories for trucks, vans, and automobiles, as well as architectural and certain other building products. The Company's adhesives are marketed in many industrial adhesive markets.

While demand in these industries also fluctuates with general economic cycles, the Company believes that these cycles are less severe than those in the Manufactured Housing and Recreational Vehicle industries. As a result, the Company believes that diversification into these new markets will reduce its reliance on the markets it has traditionally served and will mitigate the impact of their historical cyclical patterns on its operating results.

Marketing and Distribution

The Company's sales are to Manufactured Housing and Recreational Vehicle manufacturers and other building products manufacturers. The Company has approximately 2,000 customers. The Company has three customers, who together accounted for approximately 26% and 27% of the Company's total sales in 2003 and 2002, respectively. Ten other customers collectively accounted for approximately 19% of 2003 sales. The Company believes it has good relationships with its customers.

Products for distribution are purchased in carload or truckload quantities, warehoused, and then sold and delivered by the Company. Approximately 43% of the Company's distribution segment products are shipped directly from the suppliers to the customers. The Company typically experiences a two to four week delay between issuing its purchase orders and delivering of products to the Company's warehouses or customers. The Company's customers do not maintain long-term supply contracts, and therefore the Company must bear the risk of accurate advance estimation of customer orders. The Company maintains a substantial inventory to satisfy these orders. The Company has no significant backlog of orders.

The Company operates twelve warehouse and distribution centers and seventeen manufacturing plants located in Alabama, Arizona, California, Florida, Georgia, Indiana, Kansas, Minnesota, Nevada, North Carolina, Oregon, Pennsylvania, and Texas. Through the use of these facilities, the Company is able to minimize its in-transit delivery time and cost to the regional manufacturing plants of its customers.

Suppliers

During the year ended December 31, 2003, the Company purchased approximately 67% of its raw materials and distributed products from twenty different suppliers. The five largest suppliers accounted for approximately 40% of the Company's purchases. Materials are primarily commodity products, such as lauan, gypsum, aluminum, particleboard, and other lumber products which are available from many suppliers. Alternate sources of supply are available for all of the Company's major materials.

Competition

The Manufactured Housing and Recreational Vehicle industries are highly competitive with low barriers to entry. This level of competition carries through to the suppliers to these industries. Competition is based primarily on price, product features, quality, and service. The Company has several competitors in each of its classes of products. Some manufacturers and suppliers of materials purchased by the Company also compete with it and sell directly to the same industries. Most of the Company's competitors compete with the Company on a regional basis. In order for a competitor to compete with the Company on a national basis, the Company believes that a substantial capital commitment and experienced personnel would be required. The industrial markets in which the Company continues to expand are also highly competitive.

Employees

As of December 31, 2003, the Company had 1,065 employees of which 952 employees were engaged directly in production, warehousing, and delivery operations, 54 in sales, and 59 in office and administrative activities. There are three manufacturing plants and one distribution center covered by collective bargaining agreements. The Company considers its relationships with its employees to be good.

The Company provides retirement, group life, hospitalization, and major medical plans under which the employee pays a portion of the cost.

Executive Officers of the Company

The following table sets forth the executive officers of the Company, as of December 31, 2003:

Name	Position
Keith V. Kankel	Interim President and Chief Executive Officer
Andy L. Nemeth	Vice President Finance, Secretary-Treasurer and Chief Financial Officer
Gregory J. Scharnott	Vice President Operations and Distribution - East
Paul E. Hassler	Vice President Operations and Distribution - West (President and Chief Executive Officer effective April 5, 2004)
Alan M. Rzepka	Vice President Sales & Marketing

Keith V. Kankel (age 61) assumed the position of Interim President and Chief Executive Officer of the Company in October, 2003 following the resignation of David D. Lung. Mr. Kankel previously held the position of Secretary-Treasurer from 1974 through 2002 and Vice President of Finance from 1987 through July, 2002, when he retired. He will continue as Interim President and Chief Executive Officer until April 5, 2004, after which he will remain with the Company for the remainder of the year on a part time basis as Senior Vice President of Special Projects. Mr. Kankel has been a member of the Board of Directors of the Company since 1977.

Andy L. Nemeth (age 35) assumed the position of Secretary-Treasurer in July, 2002, and in May, 2003, Mr. Nemeth was elected Vice President Finance. Mr. Nemeth was a Division Controller from May, 1996 to July,

2002 and prior to that he spent five years in public accounting with Coopers & Lybrand (now Pricewaterhouse Coopers).

Gregory J. Scharnott (age 54) was elected Vice President Operations and Distribution - East in December, 2003. Prior to that, Mr. Scharnott was Executive Director of Midwest Operations from February, 2001 to June, 2002, and Vice President of Operations from June, 2002 to December, 2003. Mr. Scharnott has over 25 years of manufacturing management experience, including 20 years with the General Electric Company.

Paul E. Hassler (age 56) assumed the position of Vice President Operations and Distribution - West in December, 2003. Prior to that, Mr. Hassler served as General Manager of California Operations from 1986 to 1994 and Executive Director of West Coast Operations from 1994 to 2003. Mr. Hassler has over 32 years of Manufactured Housing and Recreational Vehicle experience in various capacities. In February, 2004, Mr. Hassler was elected President and Chief Executive Officer of the Company effective April 5, 2004.

Alan M. Rzepka (age 47) assumed the position of Vice President of Sales & Marketing in May, 2000.
Mr. Rzepka was National Sales Manager from January, 1997 to May, 2000 and prior to that was Director of Manufacturing Purchasing since 1994.

Website Access to Company Reports

We make available free of charge through our website, www.patrickind.com, (1) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission and (2) the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters, our Corporate Governance Guidelines and our Corporate Compliance and Code of Ethics Policy. Our internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.

ITEM 2. PROPERTIES AND EQUIPMENT

As of December 31, 2003, the Company maintained the following warehouse, manufacturing and distribution facilities:

<TABLE>

Location	Use	Area Sq. Ft.	Ownership or Lease Arrangement
<C>	<S>	<S>	<S>
Elkhart, IN	Manufacturing(3)	40,400	Leased to 2005
Elkhart, IN	Mfg. & Dist.(1)(3)	173,400	Owned
Elkhart, IN	Manufacturing (2)	42,000	Leased to 2004
Elkhart, IN	Manufacturing(2)	30,000	Leased to 2004
Elkhart, IN	Manufacturing(2)	31,000	Leased to 2004
Elkhart, IN	Admin. Offices	10,000	Owned
Mishawaka, IN	Manufacturing(4)	191,000	Owned, Subject to Mortgage
Decatur, AL	Distribution(1)	30,000	Leased to 2004
Decatur, AL	Manufacturing(2)(4)	35,000	Owned
Decatur, AL	Manufacturing(2)(4)	59,000	Owned
Valdosta, GA	Distribution(1)	30,800	Owned
New London, NC	Mfg. & Dist.(1)(2)	163,200	Owned, Subject to Mortgage
Halstead, KS	Distribution(1)	36,000	Owned
Waco, TX	Mfg. & Dist.(1)(2)	105,600	Leased to 2004
Waco, TX	Manufacturing(2)	21,000	Leased to 2004
Mt. Joy, PA	Distribution(1)(2)	58,500	Owned
Mt. Joy, PA	Manufacturing(2)	30,000	Owned
Ocala, FL	Manufacturing(2)	55,500	Owned
Fontana, CA	Mfg. & Dist.(1)(2)	110,000	Owned
Fontana, CA	Manufacturing(2)	71,800	Owned
Fontana, CA	Manufacturing(2)	32,000	Leased to 2004
Fontana, CA	Distribution(1)	22,400	Leased to 2004
Woodland, CA	Distribution (1)	17,200	Leased to 2005
Phoenix, AZ	Manufacturing (2)	36,000	Leased to 2004
Phoenix, AZ	Manufacturing (2)	7,500	Leased to 2004
Woodburn, OR	Mfg. & Dist.(1,2,3)	153,000	Owned, Subject to Mortgage
Boulder City, NV	Manufacturing(4)	24,700	Leased to 2006

(1) Distribution center
(2) Vinyl/paper/foil laminating
(3) Cabinet doors and other wood related
(4) Aluminum, adhesives, and other

</TABLE>

Additionally, the Company owns a 109,000 square foot building in Elkhart, IN which is being used for administrative offices and materials storage. The Company also owns a 30,900 square foot building with administrative offices in Elkhart, IN which is currently for sale. During 2003, the Company sold its vacant 50,900 square foot manufacturing building in Goshen, IN and its 62,000 square foot vacant building in Bristol, IN. In March, 2004 the Company purchased a 155,000 square foot building complex in Elkhart, IN for the consolidation of several of the above Elkhart manufacturing operations during 2004. As of December 31, 2003, the Company owned or leased 30 trucks, 38 tractors, 83 trailers, 137 forklifts, 1 automobile and a corporate aircraft. All owned and leased facilities and equipment are in good condition and well maintained.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to claims and suits in the ordinary course of business. In management's opinion, currently pending legal proceedings and claims against the Company will not, individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

The Company's common stock is listed on The NASDAQ Stock MarketSM under the symbol PATK. The high and low trade prices of the Company's common stock as reported on NASDAQ/NMS for each quarterly period during the last three years were as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2003	7.640 - 6.490	6.690 - 6.330	6.860 - 6.330	8.850 - 6.840
2002	9.944 - 7.059	10.000 - 8.050	9.000 - 6.760	7.999 - 5.440
2001	7.563 - 5.625	9.180 - 6.250	8.550 - 6.000	7.280 - 5.450

The quotations represent prices between dealers, do not include retail mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions.

There were approximately 500 holders of the Company's common stock as of March 16, 2004 as taken from the transfer agent's shareholder listing. It is estimated that there are approximately 2,000 holders of the Company's common stock held in street name.

The Company declared a first time regular quarterly dividend of $.04 per common share starting June 30, 1995 and continued it through the first quarter of 2003. The Board of Directors decided to suspend the quarterly dividend in the second quarter of 2003 due to industry conditions. Any future determination to pay cash dividends will be made by the Board of Directors in light of the Company's earnings, financial position, capital requirements, and such other factors as the Board of Directors deems relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for each of the five years set forth below has been derived from financial statements audited by McGladrey & Pullen, LLP, independent certified public accountants, certain of which have been included elsewhere herein. The following data should be read in conjunction with the Financial Statements and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein:

<TABLE>

	As of or for the Year Ended December 31,				
	2003	2002	2001	2000	1999
	(dollars in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 274,682	$ 308,755	$ 293,070	$ 361,620	$ 457,356
Gross profit	32,183	39,193	34,012	41,905	57,339
Warehouse and delivery expenses	12,916	14,329	14,407	15,140	16,715
Selling, general, and administrative expenses	18,442	23,546	24,926	25,241	27,058
Impairment charges	- - -	- - -	2,834	6,937	- - -
Restructuring charges	235	269	423	718	- - -
Interest expense, net	680	891	962	1,224	1,393
Income taxes (credits)	(35)	63	(3,769)	(2,821)	4,769
Net income (loss)	(55)	95	(5,771)	(4,534)	7,404
Basic earnings (loss) per common share	(.01)	.02	(1.28)	(0.89)	1.30
Diluted earnings (loss) per common share	(.01)	.02	(1.28)	(0.89)	1.29
Weighted average common shares outstanding	4,601	4,547	4,524	5,118	5,714
Cash dividends, per common share	.04	.16	.16	.16	.16
Working capital	35,635	38,566	39,082	41,416	47,553
Total assets	81,142	86,466	91,970	102,520	126,203
Long-term debt	7,771	11,443	15,114	18,786	22,457
Shareholders' equity	59,248	59,279	59,504	66,250	79,567

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

After coming off of a fairly positive 2002 year, the twelve months ending December 31, 2003 proved to be a challenge for the Company as well as a year faced with much economic uncertainty. Market conditions were adversely affected early in the year by the unstable situation in the Middle East, the War in Iraq, and a relatively stagnant economy. Consumer confidence levels in 2003 fluctuated up and down on a monthly and quarterly basis with December finishing the second highest month and quarter of the year. The Company's sales were approximately 11.0% less than the previous year and declined each quarter from 2002 as sales decreased by 10.5%, 14.1%, 13.1%, and 5.5% for the first, second, third, and fourth quarters of 2003, respectively. The fourth quarter 2003 included $1.2 million in positive adjustments compared to the fourth quarter of 2002, which included a $1.6 million write-off of receivables and inventory related to the Oakwood Homes Corporation Bankruptcy filing. The Company reported a slight loss year to date for 2003 of $55,000 compared to income in 2002 of $95,000.

The Manufactured Housing Industry, which represents approximately 41% of the Company's 2003 sales, continued to struggle as total shipments were in their fifth year of decline and the lowest in over forty years. Unit shipments in 2003 were approximately 130,900, or 22.3%, less than the 168,500 in 2002. Further, the 2003 shipment levels were 62% less or approximately 218,000 units less, than they were in 1999, the year that the downturn began. These low shipment levels have caused significant closings and consolidations in the industry and have promoted an environment of extremely competitive pricing which has negatively impacted the Company's margins. While repossessed inventory levels declined to more manageable levels in 2003, slow jobs growth, the lack of significant dealer and retail financing, and restricted access to the Asset Backed Securities market continues to deter significant growth in this industry. Current estimates for 2004 shipment levels are approximately 145,000 units, or a projected 10% increase over 2003. There are indications that the market is improving and prospective new lenders are considering entering the financing arena, however preliminary signs indicate that tangible evidence of this, if any, won't be seen until at least the second quarter.

As trends are changing and modular housing units have become more popular with the consumers, the manufacturers have shifted some of the product mix that goes into these units. They have specified increased amounts of distribution type wallboard versus the laminated substrates that have traditionally been used in the past. This shift has negatively impacted the demand for the Company's laminated wallboard that used to be dominant in these units. This trend is expected to continue not only in the modular units, but also in the conventional HUD code manufactured housing units.

The Recreational Vehicle Industry, which makes up approximately 31% of the Company's 2003 sales, on the other hand experienced a near record year and the second highest shipment levels in the last 25 years to finish at 320,800 units, or 3.2% better than 2002. Low interest rates, an improving economy, shifting demographic trends, and changing attitudes towards RV's have stimulated growth and preliminary signs indicate that 2004 shipment levels will be consistent, if not better, than those achieved in 2003.

The Industrial market segment, which continues to be an area of focus for the Company, provides opportunities for future growth. Sales to this particular market comprise the remaining 28% of consolidated sales and the longer production runs contribute to increased efficiencies and improved profit margins. The Company has been proactive in its investment in equipment to help diversify its manufacturing and fabricating capabilities to penetrate the industrial and other markets and help offset the demand decreases from modular housing market. Additionally, the Company continues to look for new products to increase its market share in the industries that it serves.

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

	Year Ended December 31, 2003	2002	2001
Net sales	100.0%	100.0%	100.0%
Cost of sales	88.3	87.3	88.4
Gross profit	11.7	12.7	11.6
Warehouse and delivery	4.7	4.7	4.9
Selling, general and administrative	6.7	7.6	8.5
Impairment charges	- -	- -	1.0
Restructuring charges	0.1	0.1	0.1
Operating income (loss)	0.2	0.3	(2.9)
Net income (loss)	0.0	0.0	(2.0)

RESULTS OF CONSOLIDATED OPERATIONS

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Net Sales. Net sales decreased by $34.1 million, or 11.0%, from $308.8 million in 2002 to $274.7 million in 2003. The decrease is primarily attributable to the 22.3% decrease in shipments in the Manufactured Housing industry which was partially offset by the strong market conditions in the Recreational Vehicle industry and the 3.2% increase in shipments compared to 2002. Additionally, the Company's approximate 4% increase in sales to the Industrial market segment helped to partially offset the Manufactured Housing shipment decline.

Gross Profit. Gross profits decreased by $7.0 million, or 17.9%, from $39.2 million in 2002 to $32.2 million in 2003. As a percentage of net sales, gross profit decreased approximately 1.0%, from 12.7% in 2002 to 11.7% in 2003. The decrease in dollars and percentage of net sales is attributable to the 11.0% decrease in consolidated net sales and competitive pricing situations in both the Manufactured Housing and Recreational Vehicle markets as the Company and its major competitors generally supply both of these industries with products. The Company has continued its focus on increasing operating efficiencies and reducing fixed costs where possible while operating at current sales levels which are close to break-even.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased by $1.4 million, or 9.9%, from $14.3 million in 2002 to $12.9 million in 2003. As a percentage of net sales, warehouse and delivery expenses remained fairly constant at 4.7% of net sales for 2002 and 2003. The decrease in dollars is due to reduced sales levels and the Company reducing the size of the fleet that it rents or owns. The efforts to keep costs aligned with revenues are ongoing and contributed to the warehouse and delivery expenses as a percentage of net sales remaining fairly constant.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $5.1 million, or 21.7%, from $23.5 million for the twelve months ending December 31, 2002 to $18.4 million in the same period in 2003. As a percentage of net sales, selling, general and administrative expenses decreased by 0.9%, from 7.6% in 2002 to 6.7% in 2003. Approximately $2.0 million of the decrease is attributable to the Company making significant fixed cost cutting efforts in 2003 in order to keep costs aligned with revenues. Additionally, the 2003 figures include several positive adjustments including gains on sale of two vacant buildings of approximately $0.3 million, a gain on sale of equipment held for sale as a result of closing of one of the operations in the wood segment of $0.4 million, and a gain on cash value of life insurance policies of $0.6 million. Comparatively, the 2002 figures include a negative adjustment of $1.6 million related to the Oakwood

Homes bankruptcy filing. Exclusive of the adjustments mentioned above, selling, general and administrative expenses were 7.2% of net sales for 2003 and 7.1% of net sales for 2002.

Restructuring Charges. As discussed in Note 10 of the financial statements, the Company recognized restructuring charges of approximately $235,000 in 2003 and $269,000 in 2002.

Operating Income. Operating income decreased by $0.4 million, from $1.0 million in 2002 to $0.6 million in 2003. The decrease in operating income is due to the factors described above.

Interest Expense, net. Interest expense, net decreased by $0.2 million, or 23.7%, from $0.9 million in 2002 to $0.7 million in 2003. The decrease is due to a decline in interest rates on the variable rate bonds and normal debt service requirements resulting in reduced long term debt outstanding.

Net Income (Loss). Net income decreased by $150,000, from income of $95,000 in 2002 to a loss of $55,000 in 2003. The decrease in net income is due to the factors described above.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Net Sales. Net sales increased $15.7 million, or 5.4%, from $293.1 million for the year ended December 31, 2001 to $308.8 million for the year ended December 31, 2002. This increase is attributable to a 21% increase in units shipped and produced in the Recreational Vehicle industry as well as an increase in penetration into the industrial and other markets.

Gross Profit. Gross profit increased by 15.2%, or $5.2 million, from $34.0 million for the year ended December 31, 2001 to $39.2 million for the year ended December 31, 2002. As a percentage of net sales, gross profit increased 1.1%, from 11.6% in 2001 to 12.7% for the same period in 2002. These improvements are primarily due to increased sales, increased operating efficiencies specifically in the laminating and other segments, and the reduction of certain fixed overhead expenses. The Company has focused on strategic cost cutting measures over the past two years as well as certain restructuring activities related to significantly underperforming operating units. These initiatives will continue as the Manufactured Housing industry continues to show uncertainty specifically related to dealer and retail financing.

Warehouse and Delivery Expenses. Warehouse and delivery expenses have remained fairly constant at $14.3 million in 2002 compared to $14.4 million in 2001. As a percentage of net sales, however, warehouse and delivery expenses decreased approximately 0.2%, from 4.9% in 2001 to 4.7% in 2002. The decrease in percentage of net sales is a result of efficiencies gained from the increased sales volume by the Company continuing to ship more full truckloads compared to the previous year, as well as a reduction in the size of the fleet that the Company owns or leases.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $1.4 million, or 5.5%, from $24.9 million in 2001 to $23.5 million in 2002. As a percentage of net sales, selling, general, and administrative expenses decreased by 0.9%, from 8.5% in 2001 to 7.6% in 2002. The 2002 totals include the write-off of receivables and inventory of approximately $1.6 million related to Oakwood Homes Corporation filing for bankruptcy protection in the fourth quarter. Exclusive of this charge, selling, general, and administrative expenses decreased by approximately $3.0 million from 2001. The decrease in both dollars and percentage of net sales is due to the Company continuing to concentrate on fixed and variable cost reductions as well as the benefit of reduced depreciation from year to year.

Impairment Charges. As discussed in Note 10 of the financial statements, the Company recognized impairment charges of approximately $2.8 million in the fourth quarter of 2001 related to two underperforming operations in the Company's Other segment. Impaired assets included Goodwill and certain fixed assets.

Restructuring Charges. As discussed in Note 10 of the financial statements, the Company recognized restructuring charges of approximately $269,000 in 2002 and $423,000 in 2001.

Operating Income. Operating income increased by $9.6 million, from a loss of $8.6 million in 2001 to income of $1.0 million in 2002. The increase in operating income is due to the factors described above.

Interest Expense, Net. Interest expense, net decreased by $71,000 due to a decline in rates on the variable tax exempt bonds as well as the normal debt service requirements resulting in reduced long term debt outstanding.

Net Income. Net income increased by $5.9 million, from a loss of $5.8 million in 2001 to income of $95,000 in 2002. The increase in net income is attributable to the factors described above.

BUSINESS SEGMENTS

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 pre-finished wall and ceiling panels, particleboard, hardboard and vinyl siding, roofing products, high pressure laminates, passage doors, building hardware, insulation, and other products.

Wood - Uses raw lumber including solid oak, hardwood, particleboard, medium density fiberboard, and laminated particleboard or plywood to produce cabinet doors, drawer sides, laminated table tops, and various cut to size parts used in the furniture, desk, hotel, restaurant and cabinet industries. Effective for 2004, the wood segment will be eliminated and the operations will be combined into the remaining segments.

Other - Includes aluminum extrusion and fabricating, manufacture of adhesive products, pleated shades, and laminating equipment.

The table below presents information about the revenue and earnings before interest and taxes of those segments. A reconciliation to consolidated totals is presented in footnote 14 of the Company's 2003 financial statements.

<TABLE>

		Year Ended December 31	
	2003	2002	2001
		(dollars in thousands)	
<S>	<C>	<C>	<C>
Sales			
Laminating	$140,118	$148,863	$131,144
Distribution	90,631	108,134	104,337
Wood	25,266	31,998	30,182
Other	34,447	37,590	46,397
Earnings (Loss) Before Interest and Taxes (EBIT)			
Laminating	$ 461	$ 2,530	$ (1,120)
Distribution	974	1,847	619
Wood	(1,379)	(1,648)	(1,027)
Other	622	240	(1,730)

</TABLE>

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

Laminating Segment Discussion

Net sales in the laminating segment decreased by $8.7 million, or 5.9%, from $148.8 million in 2002 to $140.1 million in 2003. The decrease is primarily attributable to a 22.3% decrease in shipments in the Manufactured Housing Industry. This decrease was partially offset by a 3.2% increase in shipments in the Recreational Vehicle Industry as well as increased sales into the Industrial market.

Operating income decreased by $2.0 million, or 81.8%, from $2.5 million in 2002 to $0.5 million in 2003. This decrease is primarily attributable to reduced gross margins as a result of significant competitive pricing pressures in both the Manufactured Housing and Recreational Vehicle markets, which comprise 60% of the sales in this segment. Additionally, while the Company has focused on fixed cost reduction in its manufacturing operations, workers compensation and utility costs have continued to increase which have contributed to the negatively impacted margins.

Distribution Segment Discussion

Net sales in the distribution segment decreased by $17.5 million, or 16.2%, from $108.1 million in 2002 to $90.6 million in 2003. This decrease is attributable to the 22.3% decrease in shipments in the Manufactured Housing industry, which is the primary market that this segment serves.

Operating income decreased by $0.8, million from $1.8 million in 2002 to $1.0 million in 2003. The decrease in operating income is due to decreased sales volume.

Wood Segment Discussion

Net sales decreased by $6.7 million, or 21.0%, from $32.0 million in 2002 to $25.3 million in 2003. The decrease is attributable to the closing of two of the unprofitable divisions in this segment, one in mid 2002 and the other in 2003. Together, these two divisions accounted for approximately $13.8 million of the sales volume in this segment in 2002 compared to $4.8 million in 2003. The decreased sales from these two divisions were partially offset by increased sales of approximately $2.3 million in another division in this segment in 2003.

Operating losses in the wood segment decreased by $0.3, million from a loss of $1.6 million in 2002 to a loss of $1.3 million in 2003. Savings of $0.5 million from the closing of one of the unprofitable divisions in this segment in 2002 and decreased losses from another division in this segment of $0.7 million were partially offset by losses in another division in this segment of approximately $0.9 million, which was closed during 2003.

Other Segment Discussion

Net sales decreased by $3.1 million, or 8.4%, from $37.6 million in 2002 to $34.5 million in 2003. The decline in sales is attributable to the Company selling one of the divisions in this segment in 2002.

Operating income increased by $0.4, million from $0.2 million in 2002 to $0.6 million in 2003. The increase is due to operating efficiencies gained as a result of increased sales volume of one of the divisions in this segment.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Laminating Segment Discussion

Net sales in the laminating segment increased $17.7 million, or 13.5%, from $131.1 million in 2001 to $148.8 million in 2002. This increase is primarily attributable to an approximate 21% increase in shipments in the Recreational Vehicle industry as well as increased penetration into the industrial and other markets by certain operating units in this segment. Additionally, the Company closed three divisions in the other segment in 2001 which had sales of approximately $5.9 million for the twelve months ended December 31, 2001. Certain of these operations were merged into a facility in the laminating segment which was operating at less than capacity and contributed to increased volume in 2002 resulting in improved efficiencies and profitability.

Operating income increased $3.6 million, from a loss of $1.1 million in 2001 to income of $2.5 million in 2002. This increase is due to the increased sales volume, the elimination of certain low margin business in exchange for business that resulted in higher production runs and increased operating efficiencies, and the cost cutting measures that the Company has undertaken over the past two years to reduce fixed and variable costs.

Distribution Segment Discussion

Net sales increased by $3.8 million, or 3.6%, from $104.3 million in 2001 to $108.1 million in 2002. This increase is due to certain operating units in this segment gaining market share despite the downturn in the Manufactured Housing industry which is the major industry this segment serves. Oakwood Homes Corporation, which filed for bankruptcy protection in the fourth quarter, accounted for a significant portion of this increase and future periods may reflect decreases as the Company has limited its exposure by reducing receivables and inventory specifically related to this particular customer, which is operating as a "Debtor in Possession".

Operating income increased $1.2 million, from $0.6 million in 2001 to $1.8 million in 2002. This increase is due to the increased sales volume, the elimination of certain low margin business, and the elimination of certain unprofitable product lines.

Wood Segment Discussion

Net sales increased $1.8 million, or 6.0%, from $30.2 million in 2001 to $32.0 million in 2002. The increase in shipments in the Recreational Vehicle industry, which is the primary industry this segment serves, was the major contributor to the increase in sales in this segment. However, as discussed in Note 10 to the financial statements, the Company closed one of the operating units in this segment in June, 2002, which partially offset the impact that the increase in industry shipments had on this segment.

Operating losses in this segment increased $0.6 million, from a loss of $1.0 million in 2001 to a loss of $1.6 million in 2002. The increased losses are the result of production inefficiencies and labor problems in two of the operating units in this segment. Additionally, one of these operating units encountered significant material problems and scrap related to a change in raw material required by a customer as a result of the annual model change. The new material is very susceptible to damage and consequently has required the Company to incur additional costs related to increased handling, production rework, and customer returns. The Company is taking steps to reduce these increased costs; however, losses are expected to continue through at least the first quarter of 2003.

Other Segment Discussion

Net sales in this segment decreased $8.8 million, or 19.0%, from $46.4 million in 2001 to $37.6 million in 2002. This decline is attributable to the closing and consolidation of three operations in this segment in 2001 as well as the 12.8% decrease in units shipped in the Manufacturing Housing industry in 2002.

Operating income increased $1.9 million, from a loss of $1.7 million in 2001 to income of $0.2 million in 2002. This increase is the result of the closing and consolidation of three unprofitable operating units in 2001 as well as a return to profitability of one of the operating units which experienced losses in 2001.

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 that began in September, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Company has a secured bank revolving credit agreement that provides loan availability of $10,000,000 with maturity in the year 2006.

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's Board of Directors from time to time has authorized the repurchase of shares of the Company's common stock, in the open market or through negotiated transactions, at such times and at such prices as management may decide.

In conjunction with its strategic and capital plan, the Company intends to increase its capital expenditures for property and equipment in 2004 to approximately $11 million. Capital expenditures over the past three years have been approximately $5.3 million, $4.2 million, and $1.8 million for 2003, 2002, and 2001, respectively. The Company expects to enter into borrowing arrangements with its financial institutions to fund the expenditures for two new buildings included in this plan, and believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements, remaining capital expenditures, and common stock purchase program as currently contemplated. The changes in inventory and accounts receivable balances, which affect the Company's cash flows, are part of normal business cycles that cause them to change periodically.

A summary of our contractual cash obligations at December 31, 2003 is as follows:

<TABLE>

CONTRACTUAL OBLIGATIONS	TOTAL	2004	2005	2006	2007	2008
	PAYMENTS DUE BY PERIOD					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt, including interest at Variable rates**	$5,243,875	$1,205,875	$1,186,625	$1,167,375	$849,000	$835,000
Long-term debt, including interest at Fixed rates**	$5,566,675	$2,871,021	$2,695,654	$0	$0	$0
Operating Leases	$3,727,584	$1,923,548	$886,965	$502,892	$279,623	$134,556
Total contractual cash obligations	$14,538,134	$6,000,444	$4,769,244	$1,670,267	$1,128,623	$969,556

**Interest payments have been calculated using the fixed rate of 6.82% for the Senior notes and the average 2003 annual interest rate of 1.75% for the Industrial Revenue Bonds.

</TABLE>

We also have a commercial commitment as described below:

<TABLE>

OTHER COMMERCIAL COMMITMENT	TOTAL AMOUNT COMMITTED	OUTSTANDING AT 12/31/03	DATE OF EXPIRATION
<S>	<C>	<C>	<C>
Revolving Credit Agreement	$10,000,000	$0	May 31, 2006

</TABLE>

We believe that our cash balance, availability under our line of credit, if needed, and anticipated cash flows from operations will be adequate to fund our cash requirements for fiscal 2004.

Critical Accounting Policies

Our significant accounting policies are summarized in the footnotes to our financial statements. Some of the most critical policies are also discussed below.

Our major operating assets are accounts receivable, inventory, and property and equipment. Excluding the write-off of certain assets related to the Oakwood Homes Corporation bankruptcy filing in 2002, we have not experienced significant bad debts expense and our reserve for doubtful accounts of $250,000 should be adequate for any exposure to loss in our December 31, 2003 accounts receivable. We have also established reserves for slow moving and obsolete inventories and believe them to be adequate. We depreciate our property and equipment over their estimated useful lives and we have not identified any items that are impaired for the year ended December 31, 2003. The Company ships product based on specific orders from customers and revenue is recognized upon delivery.

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.

SALE OF PROPERTY

During 2003, the Company sold its 50,900 square foot manufacturing facility in Goshen, Indiana. This building had previously been leased to a third party and the transaction resulted in a gain on sale of approximately $158,000. Also during 2003, the Company sold its vacant 62,000 square foot building located in Bristol, Indiana in a transaction that resulted in a gain on sale of approximately $178,000.

PURCHASE OF PROPERTY

In March, 2004, the Company purchased a 155,000 square foot building complex in Elkhart, Indiana for approximately $1,800,000. The Company intends to consolidate certain manufacturing operations in Elkhart, Indiana into this location and plans on spending an additional $1.0 million in improvements to this facility.

The Company intends to build a new distribution facility on its Fontana, California property for an approximate cost of between $1.5 and $2.0 million. This building is currently in the planning stage and is anticipated to be completed in the fourth quarter of 2004.

The Company purchased in 2002 a previously leased building complex near its principal offices in Elkhart, Indiana for an appraised value of $2 million from a major shareholder and Chairman Emeritus of the Company.

INFLATION

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

SAFE HARBOR STATEMENT

The Company makes forward-looking statements from time to time and desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements.

The statements contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as other statements contained in the Quarterly Report and statements contained in future filings with the Securities and Exchange Commission and publicly disseminated press releases, and statements which may be made from time to time in the future by management of the Company in presentations to shareholders, prospective investors, and others interested in the business and financial affairs of the Company, which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any projections of financial performance or statements concerning expectations as to future developments should not be construed in any manner as a guarantee that such results or developments will, in fact, occur. There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly different from that set forth in such forward-looking statement. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company referred to above are also subject to the following risks and uncertainties:

- The Company operates in a highly competitive business environment, and its sales could be negatively affected by its inability to maintain or increase prices, changes in geographic or product mix, or the decision of its customers to purchase competitive products instead of the Company's products. Sales could also be affected by pricing, purchasing, financing, operational, advertising, or promotional decisions made by purchasers of the Company's products.

- On an annual basis, the Company negotiates renewals for property, casualty, workers compensation, general liability, and health insurance coverages. Due to conditions within these insurance markets and other factors beyond the Company's control, future coverages and the amount of the related premiums could have a negative effect on the Company's results.
- The primary markets to which the Company sells include the Manufactured Housing and Recreational Vehicle Industries, which are cyclical and dependent on various factors including interest rates, access to financing, inventory and production levels, and other economic and demographic factors. The Company's sales levels could be negatively impacted by changes in any one of the above items.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to interest rate changes on its debt. Long term debt includes $5,142,859 of indebtedness bearing interest at a fixed rate of 6.82%. The related maturities and interest are reported in the contractual obligations table in Item 7.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is set forth in Item 15 (a) 1. on page 25 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's disclosure controls and procedures are effective in all material respects in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the previous mentioned evaluation.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors of the Company

The information required by this item with respect to directors is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2004, under the captions "Election of Directors", and "Section 16(a) Beneficial Ownership Reporting Compliance", which information is hereby incorporated herein by reference. The information with respect to executive officers is set forth at the end of Part I of this Form 10-K.

Executive Officers of the Company

Reference is made to "Executive Officers of the Company" in Part I of this annual report.

Audit Committee Financial Expert

The Company has determined that Robert C. Timmins, Larry D. Renbarger, Terrence D. Brennan, and Walter E. Wells all qualify as "audit committee financial experts" as defined in Item 401(h) of Regulation S-K, and that these directors are "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act.

Code of Business Conduct

The Company has adopted a Code of Ethics Policy applicable to all employees. Additionally, the Company has adopted a Code of Business Conduct applicable to Senior Executives including, but not limited to the Chief Executive Officer and Chief Financial Officer of the Company. The Company's Code of Ethics and Code of Business Conduct Applicable to Senior Executives is available on the Company's web site at www.patrickind.com under "Corporate Governance". The Company intends to post on its web site any amendments to, or waivers from its Corporate Governance Guidelines and its Code of Ethics and Business Conduct Policy applicable to Senior Executives. The Company will provide shareholders with a copy of these policies upon written request directed to the Company's Secretary at the Company's address.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2004, under the caption "Compensation of Executive Officers and Directors," which information is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCK MATTERS

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2004, under the captions "Election of Directors", and "Equity Compensation Plan Information", which information is hereby incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is set forth in Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2004, under the caption "Certain Transactions," which information is hereby incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2004, under the heading "Accounting Information", which information is hereby incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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Consolidated Statements of cash flows-years ended December 31, 2003, 2002, and 2001	F-5

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(a) 2. FINANCIAL STATEMENT SCHEDULES

Independent auditor's report on supplemental schedule & consent	F-22
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All other schedules have been omitted as not required, not applicable, not deemed material or because the information is included in the Notes to Financial Statements.

(a) 3. EXHIBITS

The exhibits listed in the accompanying Exhibit Index on pages 51, 52, and 53 are filed or incorporated by reference as part of this report.

(b) REPORTS ON FORM 8-K

October 16, 2003
Item 5. Other Events and Regulation FD Disclosure
Exhibit 99.1 - Press Release Announcing the Resignation of David D. Lung as President and Chief Executive Officer

October 21, 2003
Item 7. Financial Statements and Exhibits
Exhibit 99.1 - Press Release Announcing Third Quarter 2003 Earnings

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the date indicated.

PATRICK INDUSTRIES, INC

By /s/ Robert C. Timmins

Robert C. Timmins, Lead Director

Pursuant to the Requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

<TABLE>

Signature	Title	Date
<S>	<C>	<C>
/s/ Robert C. Timmins Robert C. Timmins	Lead Director	March 19, 2004
/s/ Keith V. Kankel Keith V. Kankel	President, Chief Executive Officer, and Director	March 19, 2004
/s/ Andy L. Nemeth Andy L. Nemeth	Vice President Finance, Secretary-Treasurer, Chief Financial Officer	March 19, 2004
/s/ Mervin D. Lung Mervin D. Lung	Chairman Emeritus and Director	March 19, 2004
/s/ David D. Lung David D. Lung	Director	March 19, 2004
/s/ Harold E. Wyland Harold E. Wyland	Director	March 19, 2004
/s/ John H. McDermott John H. McDermott	Director	March 19, 2004

/s/ Terrence D. Brennan Terrence D. Brennan	Director	March 19, 2004
/s/ Walter E. Wells Walter E. Wells	Director	March 19, 2004
/s/ Larry D. Renbarger Larry D. Renbarger	Director	March 19, 2004

</TABLE>

Patrick Industries, Inc.
And Subsidiaries

Consolidated Financial Report
12.31.2003

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PATRICK INDUSTRIES, INC.
Elkhart, Indiana

We have audited the accompanying consolidated balance sheets of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2003.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Elkhart, Indiana
January 23, 2004

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 7,077,390	$ 3,552,232
Trade receivables	14,240,556	11,544,753
Inventories	23,042,444	32,091,945
Income tax refund claims receivable	--	1,592,551
Prepaid expenses	913,650	849,344
Deferred tax assets	1,954,000	1,981,000
TOTAL CURRENT ASSETS	47,228,040	51,611,825
Property and Equipment, net	30,692,910	31,916,597
Other Assets	3,221,010	2,937,438
TOTAL ASSETS	$81,141,960	$86,465,860
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	$ 3,671,429	$ 3,671,428
Accounts payable	4,883,038	5,822,511
Accrued liabilities	3,038,926	3,552,574
TOTAL CURRENT LIABILITIES	11,593,393	13,046,513
Long-Term Debt, less current maturities	7,771,430	11,442,860
Deferred Compensation Obligations	2,103,403	2,176,577
Deferred Tax Liabilities	426,000	521,000

TOTAL LIABILITIES	21,894,226	27,186,950
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, no par value; authorized 1,000,000 shares	--	--
Common stock, no par value; authorized 12,000,000 shares; issued 2003 4,616,886 shares; 2002 4,584,261	18,236,386	18,028,833
Retained earnings	41,011,348	41,250,077
TOTAL SHAREHOLDERS' EQUITY	59,247,734	59,278,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$81,141,960	$86,465,860

See Notes to Financial Statements.

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2003, 2002, AND 2001

<CAPTION>

<S>	2003 <C>	2002 <C>	2001 <C>
Net sales	$ 274,681,995	$ 308,754,982	$ 293,070,216
Cost of goods sold	242,498,880	269,561,768	259,057,716
GROSS PROFIT	32,183,115	39,193,214	34,012,500
Operating expenses:			
Warehouse and delivery	12,916,460	14,329,135	14,406,931
Selling, general, and administrative	18,442,660	23,546,020	24,926,575
Impairment charges	-	-	2,833,987
Restructuring charges	235,000	269,180	423,617
TOTAL OPERATING EXPENSES	31,594,120	38,144,335	42,591,110
OPERATING INCOME (LOSS)	588,995	1,048,879	(8,578,610)
Interest expense, net	679,645	891,259	961,800
INCOME (LOSS) BEFORE INCOME TAXES (CREDITS)	(90,650)	157,620	(9,540,410)
Federal and state income taxes (credits)	(35,200)	63,100	(3,769,000)
NET INCOME (LOSS)	$ (55,450)	$ 94,520	$ (5,771,410)
Basic earnings (loss) per common share	$ (0.01)	$ 0.02	$ (1.28)
Diluted earnings (loss) per common share	$ (0.01)	$ 0.02	$ (1.28)

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2003, 2002, AND 2001

<CAPTION>

	Preferred Stock	Common Stock	Retained Earnings	Total
Balance, December 31, 2000	$ -	$ 17,689,417	$ 48,560,118	$ 66,249,535
Net loss	-	-	(5,771,410)	(5,771,410)
Issuance of 24,000 shares of common stock for stock award plan	-	170,640	-	170,640
Repurchase and retirement of 63,000 shares of common stock	-	(239,540)	(182,417)	(421,957)
Dividends on common stock ($.16 per share)	-	-	(723,287)	(723,287)
Balance, December 31, 2001	-	17,620,517	41,883,004	59,503,521
Net income	-	-	94,520	94,520
Issuance of 24,000 shares of common stock for stock award plan	-	216,000	-	216,000
Issuance of 30,595 shares of common stock upon exercise of common stock options	-	192,316	-	192,316
Dividends on common stock ($.16 per share)	-	-	(727,447)	(727,447)
Balance, December 31, 2002	-	18,028,833	41,250,077	59,278,910
Net (loss)	-	-	(55,450)	(55,450)
Issuance of 12,000 shares of common stock for stock award plan	-	78,600	-	78,600
Issuance of 20,625 shares of common stock upon exercise of common stock options	-	128,953	-	128,953
Dividends on common stock ($.04 per share)	-	-	(183,279)	(183,279)
Balance, December 31, 2003	$ -	$ 18,236,386	$ 41,011,348	$ 59,247,734

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003, 2002, AND 2001

<CAPTION>

	2003	2002	2001
<S>	<C>	<C>	<C>
Cash Flows From Operating Activities			
Net income (loss)	$ (55,450)	$ 94,520	$ (5,771,410)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	5,897,051	6,295,388	7,512,286
Impairment charges	-	-	2,833,987
Deferred income taxes	(68,000)	473,000	(1,163,000)
(Gain) loss on sale of property and equipment	(840,121)	11,775	(66,581)
Other	205,689	371,051	632,275
Change in assets and liabilities:			
Decrease (increase) in:			
Trade receivables	(2,695,803)	2,177,463	559,458
Inventories	9,049,501	(3,466,198)	2,312,207
Income tax refund claims receivable	1,592,551	1,454,248	(2,015,713)
Prepaid expenses	(64,306)	(44,946)	(34,381)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(1,453,121)	(1,998,108)	785,601
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,567,991	5,368,193	5,584,729
Cash Flows From Investing Activities			
Capital expenditures	(5,293,264)	(4,186,726)	(1,817,120)
Proceeds from sale of property and equipment	1,862,952	904,599	540,193
Other	(546,950)	116,929	(23,270)
NET CASH (USED IN) INVESTING ACTIVITIES	(3,977,262)	(3,165,198)	(1,300,197)
Cash Flows From Financing Activities			
Principal payments on long-term debt	(3,671,429)	(3,671,428)	(3,671,428)
Payments on deferred compensation obligations	(278,863)	(258,094)	(135,186)
Proceeds from exercise of common stock options	128,953	192,316	-
Repurchase of common stock	-	-	(421,957)
Cash dividends paid	(183,279)	(727,447)	(730,988)
Other	(60,953)	(100,393)	(126,818)
NET CASH (USED IN) FINANCING ACTIVITIES	(4,065,571)	(4,565,046)	(5,086,377)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,525,158	(2,362,051)	(801,845)
Cash and cash equivalents, beginning	3,552,232	5,914,283	6,716,128
Cash and cash equivalents, ending	$ 7,077,390	$ 3,552,232	$ 5,914,283

See Notes to Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS, USE OF ESTIMATES, RISKS AND UNCERTAINTIES, AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS:

The Company's operations consist primarily of the manufacture and distribution of building products and materials for use primarily by the Manufactured Housing and Recreational Vehicle industries for customers throughout the United States. Credit is generally granted on an unsecured basis for terms of 30 days.

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES:

The Company purchases significant amounts of materials, which are commodities, from a limited number of suppliers. The purchase price of such items can be volatile as it is subject to prevailing market conditions, both domestically and internationally. The Company's purchases of these items can be based on supplier allocations.

SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of Patrick Industries, Inc., its wholly-owned subsidiary, Harlan Machinery Company, Inc., and its majority-owned subsidiary, Patrick Mouldings, L.L.C. ("the Company"). During the year ended December 31, 2002, Patrick Mouldings, L.L.C. ceased operations, and is not a consolidated subsidiary at December 31, 2003. All significant intercompany accounts and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS:

The Company has cash on deposit in financial institutions in amounts which, at times, may be in excess of insurance coverage provided by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the Company considers all overnight repurchase agreements and commercial paper with a maturity of 30 days or less acquired in connection with its sweep account arrangements with its bank to be cash equivalents.

TRADE RECEIVABLES:

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Trade receivables in the accompanying balance sheets at December 31, 2003 and 2002 are stated net of an allowance for doubtful accounts of $250,000 and $300,000 respectively. Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. In conjunction with the Company's credit terms, trade receivables are considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

INVENTORIES:

Inventories are stated at the lower of cost (first-in, first-out (FIFO) method) or market. Inventories are also written-down for management's estimates of product which will not sell at historical cost. Write-downs of inventories establish a new cost basis which is not increased for future increases in the market value of inventories or changes in estimated obsolescence.

During the year ended December 31, 2003, the Company entered into an agreement whereby certain materials, which were previously acquired as inventory, are held on consignment and entered into inventory when the material is introduced into the manufacturing process.

PROPERTY AND EQUIPMENT:

Property and equipment is recorded at cost. Depreciation has been computed primarily by the straight-line method applied to individual items based on estimated useful lives which generally range from 10 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment, transportation equipment, and leasehold improvements.

LONG-LIVED ASSETS:

The Company reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets.

During the year ended December 31, 2001, recorded goodwill was considered to be impaired and was written off (see Note 10).

REVENUE RECOGNITION:

The Company ships product based on specific orders from customers and revenue is recognized upon delivery.

STOCK OPTION PLAN:

At December 31, 2003, the Company has a stock option plan with shares of common stock reserved for options to key employees. The Company accounts for those plans under the recognition and measurement principles of APB Opinion # 25, Accounting for Stock Issued to Employees, and related interpretations. Accordingly, no stock-based employee compensation cost has been recognized, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share had compensation cost for the stock-based compensation plan been determined based on the grant date fair value of awards (the method described in FASB Statement No. 123, Accounting for Stock-Based Compensation):

<TABLE>

<S>	2003 <C>	2002 <C>	2001 <C>
Net income (loss):			
As reported	$ (55,450)	$ 94,520	$ (5,771,410)
Deduct total stock-based employee compensation expense determined under fair value based method for all rewards net of related tax effects	(152,155)	(152,155)	(150,699)
Pro forma	$ (207,605)	$ (57,635)	$ (5,922,109)
Basic earnings (loss) per share:			
As reported	$ (0.01)	$ 0.02	$ (1.28)
Pro forma	(0.04)	(0.01)	(1.31)
Diluted earnings (loss) per share:			
As reported	$ (0.01)	$ 0.02	$ (1.28)
Pro forma	(0.04)	(0.01)	(1.31)

</TABLE>

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company's financial instruments consist principally of cash and cash equivalents, receivables, long-term debt and accounts payable. The Company believes cash and cash equivalents, receivables, and accounts payable are recorded at amounts that approximate their current market values. Based on the borrowing rates currently available to the Company for long-term debt with similar terms and average maturities, the fair value of the long-term debt instruments approximates their carrying value.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46), Consolidation Of Variable Interest Entities. FIN 46 requires that if an entity has a controlling financial interest in a variable interest entity, the assets, liabilities and results of activities of the variable interest entity should be included in the consolidated financial statements of the entity. FIN 46 as amended must be applied at the end of periods ending after March 15, 2004. The Company does not believe that the adoption of FIN 46 will have a material impact on the financial statements, as at this time the Company does not have a variable interest in any variable interest entities.

In May 2003, the FASB issued SFAS No. 150, Accounting For Certain Financial Instruments With Characteristics Of Both Liabilities And Equity. SFAS 150 establishes standards on the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The provisions of SFAS 150 are effective for financial instruments entered into or modified after May 31, 2003 and to all other instruments that exist as of the beginning of the first interim financial reporting period beginning after June 15, 2003. SFAS 150 did not have a material impact on the Company's financial statements as the Company did not have any financial instruments within the scope of this pronouncement.

In December 2003, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 104 (SAB No. 104), Revenue Recognition, which codifies, revises and rescinds certain sections of SAB No. 101, Revenue Recognition, in order to make this interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. The changes noted in SAB No. 104 did not have a material effect on the Company's financial statements.

EARNINGS PER COMMON SHARE:

Following is information about the computation of the earnings per share data for the years ended December 31, 2003, 2002, and 2001:

<TABLE>

<S>	2003 <C>	2002 <C>	2001 <C>
Numerator for basic and diluted earnings per share, net income (loss)	$ (55,450)	$ 94,520	$ (5,771,410)
Denominator:			
Weighted average shares, denominator for basic earnings per share	4,600,746	4,547,075	4,523,891
Effect of dilutive potential common shares, employee stock options (a)	-	66,821	-
Denominator for diluted earnings per share	4,600,746	4,613,896	4,523,891
Basic earnings (loss) per share	$ (0.01)	$ 0.02	$ (1.28)
Diluted earnings (loss) per share	$ (0.01)	$ 0.02	$ (1.28)

(a) Due to the loss incurred during the years ended December 31, 2003 and 2001, 29,139 and 40,942 dilutive potential common shares, respectively, are not included because the effect would be antidilutive.

</TABLE>

NOTE 2. BALANCE SHEET DATA

INVENTORIES:	2003	2002
Raw materials	$ 12,733,414	$ 20,756,789
Work in process	1,630,052	1,625,099
Finished goods	3,501,779	4,190,366
Materials purchased for resale	5,177,199	5,519,691
	$ 23,042,444	$ 32,091,945

PROPERTY AND EQUIPMENT:		
Land and improvements	$ 3,783,829	$ 3,858,329
Buildings and improvements	24,656,022	26,188,501
Machinery and equipment	57,116,232	56,263,774
Transportation equipment	1,754,781	1,772,221
Leasehold improvements	3,309,180	3,417,097
	90,620,044	91,499,922
Less accumulated depreciation	59,927,134	59,583,325
	$ 30,692,910	$ 31,916,597

OTHER ASSETS:		
Cash value of life insurance	$ 2,979,950	$ 2,433,000
Other	241,060	504,438
	$ 3,221,010	$ 2,937,438

ACCRUED LIABILITIES:		
Payroll and related expenses	$ 1,018,117	$ 951,320
Property taxes	561,390	841,236
Group insurance	700,000	805,000
Other	759,419	955,018
	$ 3,038,926	$ 3,552,574

NOTE 3. PLEDGED ASSETS AND LONG-TERM DEBT

Long-term debt at December 31, 2003 and 2002 is as follows:

	2003	2002
Senior Notes, insurance company	$ 5,142,859	$ 7,714,288
Indiana Development Finance Authority Bonds	900,000	1,200,000
State of Oregon Economic Development Revenue Bonds	2,400,000	2,800,000
State of North Carolina Economic Development Revenue Bonds	3,000,000	3,400,000
	11,442,859	15,114,288
Less current maturities	3,671,429	3,671,428
	$ 7,771,430	$ 11,442,860

The senior notes bear interest at a fixed rate of 6.82% and are unsecured. The notes are due in annual principal installments of $2,571,429 and the final installment is due September 15, 2005. This agreement requires that the Company maintain a minimum level of tangible net worth.

The Indiana Development Finance Authority Bonds are payable in annual installments of $300,000 plus interest at a variable tax exempt bond rate, set periodically to enable the bonds to be sold at par (1.4% at December 31, 2003). The final installment is due November 1, 2006. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit totaling approximately $954,000.

The State of Oregon Economic Development Revenue Bonds are payable in annual installments of $400,000 plus interest at a variable tax exempt bond rate (1.4% at December 31, 2003). The final installment is due December 1, 2009. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit totaling approximately $2,508,000.

The State of North Carolina Economic Development Revenue Bonds are payable in annual installments of $400,000 plus quarterly interest payments at a variable tax exempt bond rate (1.4% at December 31, 2003). Annual payments of $500,000 are due in each of the last two years with a final payment due August 1, 2010. The bonds are collateralized by real estate and equipment purchased with the bond funds and are backed by a bank standby letter of credit totaling approximately $3,108,000.

The Company has an unsecured revolving credit agreement which allows borrowings up to $10,000,000 or a borrowing base defined in the agreement and expires on May 31, 2006. Interest on this note is at prime or the Eurodollar rate plus a percentage based on the Company's cash flow. The Company pays a commitment fee of between .25% and .375% of the unused portion of the revolving line, based on the Company's cash flow. In addition, this agreement requires the Company to, among other things, maintain minimum levels of debt service coverage, tangible net worth, working capital, and debt to net worth.

Aggregate maturities of long-term debt for the next five years ending December 31, are 2004 $3,671,429; 2005 $3,671,430; 2006 $1,100,000; 2007 $800,000; 2008 $800,000; and thereafter $1,400,000.

In addition, the Company is contingently liable for standby letters of credit of approximately $2,700,000 to meet credit requirements for one of the Company's insurance providers.

Interest expense for the years ended December 31, 2003, 2002, and 2001 was approximately $755,000, $1,035,000, and $1,280,000 respectively.

NOTE 4. EQUITY TRANSACTIONS

SHAREHOLDER RIGHTS PLAN:

On February 29, 1996, the Company's Board of Directors adopted a shareholder rights agreement, granting certain new rights to holders of the Company's common stock. Under the agreement, one right was granted for each share of common stock held as of March 20, 1996, and one right will be granted for each share subsequently issued. Each right entitles the holder to 1/100th of a preferred share after paying the exercise price (currently $30), and in an unfriendly takeover situation, to purchase Patrick common stock having a market value equal to two times the exercise price. Also, if the Company is merged into another corporation, or if 50 percent or more of the Company's assets are sold, then rightholders are entitled, upon payment of the exercise price, to buy common shares of the acquiring corporation's common stock having a then current market value equal to two times the exercise price. In either situation, these rights are not available to the acquiring party. However, these exercise features will not be activated if the acquiring party makes an offer to acquire the Company's outstanding shares at a price which is judged by the Board of Directors to be fair to all Patrick shareholders. The rights may be redeemed by the Company under certain circumstances at the rate of $.01 per right. The rights will expire on March 20, 2006. The Company has authorized 100,000 shares of preferred stock, Series A, no par value, in connection with this plan, none of which have been issued.

REPURCHASE OF COMMON STOCK:

The Company's Board of Directors from time to time has authorized the repurchase of shares of the Company's common stock, in the open market or through negotiated transactions, at such times and at such prices as management may decide.

NOTE 5. COMMITMENTS AND RELATED PARTY TRANSACTIONS

The Company leases office, manufacturing, and warehouse facilities and certain equipment under various noncancelable agreements, which expire at various dates through 2008. These agreements contain various renewal options and provide for minimum annual rentals plus the payment of real estate taxes, insurance, and normal maintenance on the properties. Certain of the leases are with the chairman emeritus/major shareholder and expire at various dates through August 31, 2005.

The total minimum rental commitment at December 31, 2003 under the leases mentioned above is approximately $3,728,000 which is due approximately $1,924,000 in 2004, $887,000 in 2005, $502,000 in 2006, $280,000 in 2007 and $135,000 in 2008.

The total rent expense included in the statements of operations for the years ended December 31, 2003, 2002, and 2001 is approximately $3,800,000, $3,900,000, and $4,300,000 respectively, of which approximately $828,000 was paid in 2003, $1,100,000 was paid in 2002, and $1,300,000 was paid in 2001, to the chairman emeritus/major shareholder.

In June 2002, the Company purchased a previously leased building complex near its principal offices in Elkhart, Indiana for its appraised value of $2,000,000 from the chairman emeritus/major shareholder.

NOTE 6. MAJOR CUSTOMER

Net sales for the years ended December 31, 2003, 2002, and 2001 included sales to one customer accounting for 14.7%, 12.7%, and 11.9%, respectively of total net sales of the Company.

The balances due from this customer at December 31, 2003 and 2002 were approximately $2,031,000 and $2,119,000 respectively.

NOTE 7. INCOME TAX MATTERS

Federal and state income taxes (credits) for the years ended December 31, 2003, 2002, and 2001, all of which are domestic, consist of the following:

	2003	2002	2001
Current:			
Federal	$ 32,800	$ (233,900)	$ (2,133,000)
State	-	(176,000)	(473,000)
Deferred	(68,000)	473,000	(1,163,000)
	$ (35,200)	$ 63,100	$ (3,769,000)

The provisions for income taxes (credits) for the years ended December 31, 2003, 2002, and 2001 are different from the amounts that would otherwise be computed by applying a graduated federal statutory rate of 35% to income before income taxes. A reconciliation of the differences is as follows:

2003	2002	2001

Rate applied to pretax income	$ (31,700)	$ 55,100	$ (3,339,000)
State taxes, net of federal tax effect	(4,000)	9,000	(572,000)
Other	500	(1,000)	142,000
	$ (35,200)	$ 63,100	$ (3,769,000)

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the current period plus or minus the change during the period in deferred tax assets and liabilities.

The composition of the deferred tax assets and liabilities at December 31, 2003 and 2002 is as follows:

	2003	2002
Gross deferred tax liability, accelerated depreciation	$ (2,040,000)	$ (2,057,000)
Gross deferred tax assets:		
Trade receivables allowance	99,000	119,000
Inventory capitalization	335,000	336,000
Accrued expenses	738,000	767,000
Deferred compensation	861,000	860,000
Unvested stock awards	248,000	197,000
Inventory reserves	144,000	18,000
AMT credit carryforward	63,000	115,000
State NOL carryforwards	301,000	600,000
Goodwill	452,000	276,000
Other	327,000	229,000
	3,568,000	3,517,000
Net deferred tax assets	$ 1,528,000	$ 1,460,000

The deferred tax amounts above have been reflected on the accompanying consolidated balance sheets as of December 31, 2003 and 2002 as follows:

	2003	2002
Current deferred tax assets	$ 1,954,000	$ 1,981,000
Long-term deferred tax liabilities	(426,000)	(521,000)
	$ 1,528,000	$ 1,460,000

NOTE 8. SELF-INSURED PLANS

The Company has a self-insured health plan for its employees under which there is both a participant stop loss and an aggregate stop loss based on total participants. The Company is potentially responsible for annual claims not to exceed approximately $4,619,000 in the aggregate at December 31, 2003. The excess loss portion of the employees' coverage has been insured with a commercial carrier.

The Company is partially self-insured for its workers' compensation liability.

The Company is responsible for a per occurrence limit, with an aggregate amount not to exceed approximately $2,750,000 on an annual basis. The excess loss portion of the employees' coverage has been insured with a commercial carrier.

The Company has accrued an estimated liability for these benefits based upon claims incurred.

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NOTE 9. COMPENSATION PLANS

DEFERRED COMPENSATION OBLIGATIONS:

The Company has deferred compensation agreements with certain key employees. The agreements provide for monthly benefits for ten years subsequent to retirement, disability, or death. The Company has accrued an estimated liability based upon the present value of an annuity needed to provide the future benefit payments.

BONUS PLAN:

The Company pays bonuses to certain management personnel. Historically, bonuses are determined annually and are based upon corporate and divisional income levels. The charge to operations amounted to approximately $632,000, $790,000, and $540,000, for the years ended December 31, 2003, 2002, and 2001 respectively.

PROFIT-SHARING PLAN:

The Company has a qualified profit-sharing plan, more commonly known as a 401(k) plan, for substantially all of its employees with over one year of service and who are at least 21 years of age. The plan provides for a matching contribution by the Company as defined in the agreement and, in addition, provides for a discretionary contribution annually as determined by the Board of Directors. The amounts of contributions for the years ended December 31, 2003, 2002, and 2001 were immaterial.

STOCK OPTION PLAN:

A summary of transactions of granted shares under option for the years ended December 31, 2003, 2002 and 2001 is as follows:

<TABLE>

	2003		2002		2001	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding, beginning of year	274,775	$ 6.24	349,800	$ 6.25	452,500	$ 12.55
Issued during the year	-	-	-	-	240,000	6.30
Canceled during the year	(9,688)	6.24	(44,430)	6.24	(342,700)	14.62
Exercised during the year	(20,625)	6.25	(30,595)	6.29	-	-
Outstanding, end of year	244,462	$ 6.24	274,775	$ 6.24	349,800	$ 6.24
Eligible, end of year for exercise	223,425	$ 6.25	182,856	$ 6.27	147,450	$ 6.27
Weighted average fair value of options granted during the year		N/A		N/A		$ 1.86

</TABLE>

A further summary about fixed options outstanding at December 31, 2003 is as follows:

	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
Exercise price of $6.13	84,150	6.5	$ 6.13	63,113	$ 6.13
Exercise price of $6.30	160,312	5.5	$ 6.30	160,312	$ 6.30

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions for 2001: dividend rate of 2.25% for all years; risk-free interest rate of 5.25%; expected lives of 5 years; and price volatility of 43%.

STOCK AWARD PLAN:

The Company has adopted a stock award plan for the non-employee directors. Grants awarded during May 2003 of 12,000 shares are subject to forfeiture in the event the recipient terminates within one year from the date of grant as a director. Of the 24,000 shares granted during May 2002, 12,000 shares vested in May 2003, and 12,000 shares are set to vest in May 2004. The related compensation expense is being recognized over the one-year vesting period. Total compensation expense for the years ended December 31, 2003 and 2002 was $241,260 and $188,840 respectively.

NOTE 10. RESTRUCTURINGS AND ASSET IMPAIRMENTS

In July 2003, the Company decided to close an unprofitable cabinet door division in the Wood Segment. Accordingly, the Company recorded restructuring charges of approximately $235,000, or $.03 per share, net of tax, related to severance, retention, and accrued vacation for approximately 61 hourly and salaried employees, all of which were terminated from this particular operation. Other charges included shut down expenses and the write-off of obsolete inventory. The operation was closed in September 2003 and all of the restructuring reserve was utilized in the fourth quarter.

In June 2002, the Company decided to close an unprofitable division in the Wood segment and consolidate it into another existing plant location. Accordingly, the Company recorded charges of approximately $269,000 which included plant shut down expenses, the write-down of obsolete inventory, and severance payments of approximately $62,000 to 51 employees. These restructuring charges approximated $162,000 after tax, or $.04 per share and were all utilized in the third quarter of 2002.

- --

In 2001, restructuring charges were incurred from the decision to relocate two manufacturing plants in the Other segment and consolidate them into existing plant locations. The Company recorded charges of approximately $424,000 which included the write-down of obsolete inventory, plant shut down expenses, and severance payments of approximately $61,000 to 25 employees. These restructuring charges approximated $254,000 after tax, or $.06 per share. The restructuring reserve at December 31, 2001 was approximately $408,000, all of which was utilized in the first quarter of 2002.

During 2001 the Company determined that asset impairment existed by comparing the estimated future undiscounted cash flows of certain long lived-assets with their respective carrying values. Impairment charges were the result of two of the Company's divisions in the Other segment, which were non-core business units, experiencing negative operating results as well as lower projected sales volume levels due to the overall downturn in the Manufactured Housing and Recreational Vehicle Industries. Accordingly, the Company recorded a pre-tax charge to operations of approximately $2,834,000, of which, approximately $186,000 related to the write-down of certain fixed assets and $2,648,000 related to the write-down of goodwill. This charge approximated $1,700,000 after tax or $.38 per share in 2001.

NOTE 11. CONTINGENCIES

The Company is subject to claims and suits in the ordinary course of business. In management's opinion, current pending legal proceedings and claims against the Company will not, individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

NOTE 12. CASH FLOWS INFORMATION

Supplemental information relative to the statements of cash flows for the years ended December 31, 2003, 2002, and 2001 is as follows:

	2003	2002	2001
Supplemental disclosures of cash flows information:			
Cash payments for:			
Interest	$ 727,295	$ 875,059	$ 1,062,450
Income taxes	$ 81,285	$ 717,232	$ 125,234
Supplemental schedule of noncash financing activities:			
Issuance of common stock for stock award plan	$ 78,600	$ 216,000	$ 170,640

- --

NOTE 13. UNAUDITED INTERIM FINANCIAL INFORMATION

Presented below is certain selected unaudited quarterly financial information for the years ended December 31, 2003 and 2002 (dollars in thousands, except per share data):

<TABLE>

Quarter Ended

	March 31,	June 30,	September 30,	December 31,
	2003			
<S>	<C>	<C>	<C>	<C>
Net sales	$ 67,285	$ 70,950	$ 70,267	$ 66,180
Gross profit	7,071	8,562	8,909	7,641
Net income (loss)	(900)	25	228	592 *
Earnings (loss) per common share	(0.20)	0.01	0.05	0.13
Weighted average common shares outstanding	4,584,261	4,590,327	4,611,037	4,616,886

* During the 4th quarter ended December 31, 2003, the Company recorded pre-tax positive adjustments of $1.2 million, or .16 cents per share net of tax related to gains on disposal of a building, sale of equipment as a result of a plant closing, and increases in cash surrender value of life insurance policies.

	2002			
Net sales	$ 75,243	$ 82,567	$ 80,848	$ 70,097
Gross profit	9,736	10,855	10,350	8,252
Net income (loss)	270	636	153	(964)*
Earnings (loss) per common share	0.06	0.14	0.03	(0.21)
Weighted average common shares outstanding	4,529,770	4,544,015	4,556,136	4,557,970

* During the 4th quarter ended December 31, 2002, the Company wrote-off receivables of approximately $1,600,000 which had an impact of $.21 per share, net of taxes.

</TABLE>

NOTE 14. SEGMENT INFORMATION

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting, which segregates its business by product category and production/ distribution process. 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, drywall and drywall finishing products, particleboard, hardboard, vinyl siding, roofing products, passage doors, building hardware, insulation, and other products.

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

Other -- Includes aluminum extrusion and fabricating, an adhesive division, a pleated shade division, a plastic thermoforming division, and a machine manufacturing division.

The accounting policies of the segments are the same as those described in

"Significant Accounting Policies," except that segment data includes intersegment revenues, as well as a charge allocating a majority of the corporate costs to each of its operating segments based on a percentage of sales. Assets are identified with the segments with the exception of cash, land and buildings, and intangibles which are identified with the corporate division. The corporate division charges rents to the segment for use of the land and buildings based upon market rates. The Company accounts for intersegment sales as if the sales were to third parties, that is, at current market prices. The Company also records income from purchase incentive agreements as corporate division revenue. The Company evaluates the performance of its segments and allocates resources to them based on a variety of indicators including revenues, cost of goods sold, earnings before interest and taxes (EBIT), and total identifiable assets.

The table below presents information about the net income (loss) and segment assets used by the chief operating decision makers of the Company as of and for the years ended December 31, 2003, 2002, and 2001.

<TABLE>

	Laminating	Distribution	Wood	Other	Total
			2003		
<S>	<C>	<C>	<C>	<C>	<C>
Sales	$ 133,569	$ 89,992	$ 24,679	$ 26,442	$ 274,682
Sales, intersegment	6,549	639	587	8,005	15,780
Total sales	140,118	90,631	25,266	34,447	290,462
Cost of goods sold	127,593	78,980	23,962	30,421	260,956
EBIT	461	974	(1,379)	622	678
Identifiable assets	28,549	9,779	4,483	5,280	48,091
Depreciation	2,279	172	506	526	3,483

	Laminating	Distribution	Wood	Other	Total
			2002		
Sales	$ 142,156	$ 107,376	$ 31,266	$ 27,957	$ 308,755
Sales, intersegment	6,707	758	732	9,633	17,830
Total sales	148,863	108,134	31,998	37,590	326,585
Cost of goods sold	132,969	94,839	30,061	33,096	290,965
EBIT	2,530	1,847	(1,648)	240	2,969
Identifiable assets	33,609	10,357	5,207	5,614	54,787
Depreciation	2,461	250	626	627	3,964
			2001		
Sales	$ 127,092	$ 103,298	$ 29,256	$ 33,424	$ 293,070
Sales, intersegment	4,052	1,039	926	12,973	18,990
Total sales	131,144	104,337	30,182	46,397	312,060

Cost of goods sold	119,702	92,500	27,657	42,181	282,040
EBIT	(1,120)	619	(1,027)	(1,730)	(3,258)
Identifiable assets	30,324	12,561	5,323	8,318	56,526
Depreciation	2,644	343	647	1,201	4,835

</TABLE>

A reconciliation of total segment sales, cost of goods sold, and EBIT to consolidated sales, cost of goods sold, and segment information to the consolidated financial statements as of and for the years ended December 31, 2003, 2002, and 2001 is as follows (dollars in thousands):

	2003	2002	2001
Sales:			
Total sales for reportable segments	$ 290,462	$ 326,585	$ 312,060
Elimination of intersegment revenue	(15,780)	(17,830)	(18,990)
Consolidated sales	$ 274,682	$ 308,755	$ 293,070

<TABLE>

<S>	2003 <C>	2002 <C>	2001 <C>
Cost of goods sold:			
Total cost of goods sold for reportable segments	$ 260,956	$ 290,965	$ 282,040
Elimination of intersegment cost of goods sold	(15,780)	(17,830)	(18,990)
Consolidation reclassifications	(1,197)	(1,397)	(1,535)
Corporate incentive agreements	(1,815)	(2,427)	(2,286)
Other	335	251	(171)
Consolidated cost of goods sold	$ 242,499	$ 269,562	$ 259,058
Earnings before interest and taxes (EBIT):			
EBIT for reportable segments	$ 678	$ 2,969	$ (3,258)
Corporate incentive agreements	1,815	2,427	2,286
Consolidation reclassifications	852	131	21
Gain (loss) on sale of property and equipment	840	(12)	67
Impairment charge	-	-	(2,834)
Restructuring charge	(235)	(269)	(424)
(Underallocated) corporate expenses	(3,361)	(4,197)	(4,437)
Consolidated EBIT	$ 589	$ 1,049	$ (8,579)
Consolidated assets:			
Identifiable assets for reportable segments	$ 48,091	$ 54,787	$ 56,526
Corporate property and equipment	19,632	22,235	22,586
Current assets not allocated to segments	10,511	6,703	9,917
Intangible and other assets not allocated to segments	3,221	2,937	3,209
Consolidation eliminations	(313)	(196)	(268)
Consolidated assets	$ 81,142	$ 86,466	$ 91,970
Depreciation and amortization:			
Depreciation for reportable segments	$ 3,483	$ 3,964	$ 4,835
Corporate depreciation and amortization	2,414	2,331	2,677

Consolidated depreciation and amortization	$ 5,897	$ 6,295	$ 7,512

</TABLE>

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTAL SCHEDULE AND CONSENT

To the Board of Directors
PATRICK INDUSTRIES, INC.
Elkhart, Indiana

Our audits of the consolidated financial statements of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES included Schedule II, contained herein, for each of the years in the three-year period ended December 31, 2003. Such schedule is presented for purposes of complying with the Securities and Exchange Commission's rule and is not a required part of the basic consolidated financial statements. In our opinion, such schedule presents fairly the information set forth therein, in conformity with generally accepted accounting principles.

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-04187) and in the related Prospectus of our report, dated January 23, 2004, with respect to the consolidated financial statements and schedule of PATRICK INDUSTRIES, INC. AND SUBSIDIARIES included in this Annual Report on Form 10-K for the year ended December 31, 2003.

Elkhart, Indiana
(Date of filing)

PATRICK INDUSTRIES, INC.
AND SUBSIDIARIES

<TABLE>

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
DECEMBER 31, 2003, 2002, AND 2001

<CAPTION>

<S>	Balance At Beginning Of Period <C>	Charged To Operations <C>	Deductions From Reserves <C>	Balance At Close Of Period <C>
Allowance for doubtful accounts deducted from trade receivables in the balance sheets:				
2001	$ 750,000	$ 196,195	$ 771,195	$ 175,000

2002	$ 175,000	$1,762,297	$1,637,297	$ 300,000
2003	$ 300,000	$ (155,149)	$ (105,149)	$ 250,000

* Negative balances due to recovery of previously written off balances.

Allowance for restructuring charges - in accrued liabilities in the balance sheets:				
2001	$ 126,000	$ 423,617	$ 141,617	$ 408,000
2002	$ 126,000	$ 269,180	$ 395,180	$ -
2003	$ -	$ 235,000	$ 235,000	$ -
Allowance for inventory write-downs - in accrued liabilities in the balance sheets:				
2001	$ 11,123	$3,510,816	$3,521,939	$ -
2002	$ -	$2,569,662	$2,484,505	$ 85,157
2003	$ 85,157	$1,674,989	$1,518,716	$ 241,430

</TABLE>

INDEX TO EXHIBITS

Exhibit Number	Exhibits
3(a)	-Amended Articles of Incorporation of the Company as further amended (filed as Exhibit 3(a) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference) ....
3(b)	-By-Laws of the Company (filed as Exhibit 3(b) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference) ....
3(c)	- Preferred Share Purchase Rights Agreement (filed April 3, 1996 on Form 8-A and incorporated herein by reference) ....
10(a)	-Second Amendment to February 2, 1994 Credit Agreement, dated as of June 26, 1995 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference) ....
10(b)	-Note Agreement, dated September 1, 1995, between the

	Company and Nationwide Life Insurance Company (filed as Exhibit 10(b) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference) ....
10(c)	-Commercial Lease and Option to Purchase dated as of October 1, 1995 between Mervin Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(c) to the Company's Form 10-K for the fiscal year ended December 31, 1995 and incorporated herein by reference) ....
10(d)	-First Amendment to Credit Agreement, dated as of October 27, 1994 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
10(e)	-Loan Agreement dated as of December 1, 1994 between the State of Oregon Economic Development Commission, along with the Pledge and Security Agreement relating thereto (filed as Exhibit 10(b) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
10(f)	-Credit Agreement dated as of February 2, 1994 among the Company, NBD Bank, as agent, and NBD Bank, N.A. (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1993 and incorporated herein by reference) ....

Exhibit Number	Exhibits
10(g)	-Loan Agreement dated as of November 1, 1991 between the Company and the Indiana Development Finance Authority, along with the Pledge and Security Agreement relating thereto (filed as Exhibit 10(c) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference) .....
*10(h)	-Patrick Industries, Inc. 1987 Stock Option Program, as amended (filed as Exhibit 10(e) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
*10(i)	-Patrick Industries, Inc. 401(k) Employee Savings Plan (filed as Exhibit 10(a) to the Company's Form 10-K for the fiscal year ended December 31, 1993 and incorporated herein by reference) ....
*10(j)	-Form of Employment Agreements with Executive Officers (filed as Exhibit 10(e) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference) .....
*10(k)	-Form of Deferred Compensation Agreements with Executive Officers (filed as Exhibit 10(f) to the Company's Form 10-K/A-1 amending its report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference) ....
10(l)	-Commercial Lease and dated as of October 1, 1994 between Mervin D. Lung, as lessor, and the Company, as lessee (filed as Exhibit 10(k) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
10(m)	-Commercial Lease dated September 1, 1994 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(l) to the Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
10(n)	-Commercial Lease dated November 1, 1994 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(m) to the

	Company's Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference) ....
10(o)	-Commercial Lease dated October 1, 1999 between Mervin D. Lung, as lessor, and the Company, as lessee (filed as Exhibit 10(o) to the Company's Form 10-K for the fiscal year ended December 31, 1999 and incorporated herein by reference) ....
10(p)	-Commercial Lease dated September 1, 2000 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(p) to the Company's Form 10-K for the fiscal year ended December 31, 2000 and incorporated herein by reference) ....

Exhibit Number	Exhibits
10(q)	-Commercial Lease dated November 1, 2000 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(q) to the Company's Form 10-K for the fiscal year ended December 31, 2000 and incorporated herein by reference) ....
10(r)	-Credit Agreement dated as of January 28, 2000 among the Company, Bank One, Indiana, N.A. (filed as Exhibit 10(r) to the Company's Form 10-K for the fiscal year ended December 31, 2000 and incorporated herein by reference)..........
10(s)	-Commercial Lease dated August 1, 2001 between Mervin D. Lung Building Company, Inc., as lessor, and the company, as lessee (filed as Exhibit 10(s) to the Company's Form 10-K for the fiscal year ended December 31, 2001 and incorporated herein by reference) ....
10(t)	-Commercial Lease dated October 1, 2002 between M. D. Lung, Inc., as lessor, and the company, as lessee (filed as Exhibit 10(t) to the Company's Form 10-K for the fiscal year ended December 31, 2002 and incorporated herein by reference) ....
10(u)**	-Commercial Lease dated September 1, 2003 between Mervin D. Lung Building Company, Inc., as lessor, and the Company, as lessee (filed as Exhibit 10(u) to the Company's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)..........
10(v)**	-Credit Agreement dated April 11, 2003 among the Company, Bank One, N.A. (filed as Exhibit 10(v) to the Company's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)............
12**	-Computation of Operating Ratios...........
23	-Consent of accountants (included in Independent auditor's report on supplemental schedule & consent on page F-21) .....
31.1**	-Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer.....
31.2**	-Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer.....
32**	-Certification pursuant to 18 U.S.C. Section 1350......

*Management contract or compensatory plan or arrangement
**Filed herewith

Exhibit 10(u)

COMMERCIAL LEASE

THIS AGREEMENT, made and entered into this First day of September 2003, between MERVIN D. LUNG BUILDING COMPANY, INC., an Indiana Corporation, of St. Joseph County, State of Indiana, hereafter known as "LESSOR", and PATRICK INDUSTRIES, INC., an Indiana corporation with principal offices in Elkhart County, Indiana, hereinafter referred to as "LESSEE", for and in consideration of the covenants and agreements hereinafter mentioned, that real estate located in Elkhart County, State of Indiana, and more particularly described in ITEM 1. LEASED PREMISES.

WHEREAS, LESSOR is owner of certain property situated in Elkhart, Indiana; and

WHEREAS. LESSEE is desirous of leasing said property.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained with applicable ordinances, laws and regulations, the parties agree as follows:

1. LEASED PREMISES: the LESSOR hereby leases to LESSEE those premises bearing the street address of 3905 Lexington Park Drive, Elkhart, Indiana, 46514, more particularly described as follows:

> Part of the Northeast Fractional Quarter of Section Two (2), Township Thirty-seven (37) North, Range Four (4) East, Cleveland Township, Elkhart County, Indiana, and more particularly described as follows:
>
> Commencing at the Southeast corner of said quarter section; thence due North along the east line of said quarter section one thousand two hundred ninety-three and forty-five hundredths (1293.45) feet to the south right-of-way of the Penn Central Railroad; thence south eighty-nine (89) degrees fifty-nine (59) minutes west along the south right-of-way line of said railroad three hundred sixty-five (365) feet to the point of beginning of this description; thence continuing south, eighty-nine (89) degrees forty-nine minutes along the south line of said railroad three hundred twenty-five (325) feet; thence due south four hundred thirty-eight (438) feet to the north right-of-way line of a 60-foot road; thence north eighty-nine (89) degrees fifty-nine (59) minutes east along the north line of said road three hundred twenty-five (325) feet; thence due north four hundred thirty-eight (438) feet to the point of beginning.

2. TERM: The term of this Lease shall be for two years, from the 1st of September 2003, through the 31st day of August, 2005.

3. RENTAL: Lessee agrees to pay to Lessor in advance of the first day of each month throughout the term of this lease, a rental of Nine Thousand One Hundred Forty Six Dollars and Forty Gents ($9,146.40) Dollars per month (40,381 sq ft including 1,056 sq ft of office). Lessee further agrees to pay all insurance premiums for fire, extended coverage and hazard insurance on the leased premises in amounts provided for in this agreement. Lessee additionally, agrees to pay, Real Estate Taxes assessed after the 2002 tax year, payable in 2003, as provided in this Agreement.

4. CONDITION. USE AND CARE OF LEASED PREMISES: Lessee hereby accepts the leased premises in its present condition. Lessee agrees to use said

premises for its warehousing and display, sales, repair and modification of its products, and for all additional uses and purposes as may be customarily incidental to the operation of Lessee's business.

Lessee agrees that in no event shall it conduct any business on said premises which would be in violation of any local, state or federal rules, regulations, ordinances, or statutes.

Lessee agrees that it shall place no sign upon leased premises until Lessor shall first have approved, in writing, the size and location of said sign.

Lessee agrees to maintain the leased premises in good condition at all times, subject only to reasonable wear and tear of the kind normally accounted for by depreciation; and Lessee agrees to maintain the leased premises in a neat

and presentable condition at all times and not to permit accumulations of any unsightly deposits of rubbish or other matter.

Lessor reserves the right to make an inspection of the leased premises at reasonable times during business hours no oftener than once every three (3) months; provided, however, that said inspection shall not in any way interrupt Lessee's normal business operations.

Lessee shall have the right to make such interior changes, improvements, and alterations to the leased premises, at its own cost and expense, as may be desired or necessary to adapt the leased premises to the business to be carried out by the Lessee; provided, however, that no structural change shall be made in such leased premises without prior written consent of the Lessor, and Lessee will not allow any liens or encumbrances to attach to the premises for any such changes, improvements, and/or alterations, and will hold the Lessor harmless for any such liens and encumbrances that may arise therefrom. Any changes, alterations, and/or additions made by the Lessee in the leased premises shall be and become a part of such premises and remain thereon or the property of the Lessor; but if such alterations, changes or additions, or any of them, are removable without injury to the premises, then the same may be removed at the option of the Lessee.

5. EFFECT OF DESTRUCTION OF THE LEASED PREMISES: If the leased premises should be wholly or substantially destroyed without any fault on the part of the Lessee, then an equitable adjustment of the rental due hereunder shall he made with respect to the length of time between the date of the destruction and the date when the premises are restored, said adjustment to be made upon

a prorata basis. If Lessor elects not to restore the destroyed premises or if such restoration is not completed within four (4) months from the date of such destruction, then this lease shall terminate as of said date of destruction.

6. TAXES AND UTILITIES: Lessor agrees to pay all real estate taxes

levied with respect to the leased premises at the rate of taxes assessed for the 2002 taxes payable in 2003, subject to other paragraphs of this agreement.

Lessee agrees to pay, installments, any increase in real estate taxes levied, with respect to the leased premises, subsequent to the 2002 tax year.

Lessee agrees to pay, all taxes levied with respect to all property of Lessee situated on the leased premises.

Lessee agrees to pay the installation costs of all current charges for all utilities used by Lessee on the leased premises, excepting water.

7. LESSOR'S RESPONSIBILITY FOR REPAIR OF LEASED PREMISES: The Lessor shall be responsible, at its expense, to keep in repair the warehouse flooring, heating and air conditioning equipment, and the exterior of said leased premises, including the roof, exterior walls, footings, foundations, parking areas and access roads, The Lessee, however, shall have the responsibility of notifying the Lessor immediately when any repairs are required hereunder, before the Lessor shall be held responsible for the repair. The Lessee, however shall be responsible for maintenance or repairs of a minor nature which result from ordinary wear and tear of the leased premises, as well as the utilities contained therein, or result from the acts of the Lessee, its agents, employees or invites.

8, ASSIGNMENT OR SUBLETTING: Lessee may assign or sublet all or any

portion of the leased premises; provided, however, that nothing in this paragraph shall be
construed as relieving Lessee from any responsibility it may have under this lease for nonpayment of rent or any other responsibility, and. provided further that Lessee shall remain primarily liable on said lease in the event of any assignment or subletting.

9. HOLD HARMLESS. INSURANCE AND SUBROGATION:

Lessee agrees to maintain in full force and. effect at all times public liability insurance with bodily injury limits of at least $500,000 per injury, $1,000,000 aggregate, and property damage limits in amounts of at least $500,000 with an insurance carrier acceptable to Lessor duly protecting Lessor. Lessee also agrees to keep the real property, including all fixtures, adequately insured against fire and other casualty; Lessee agrees to keep all personal property adequately insured against fire and other casualty. Lessee shall deliver to Lessor evidence of the existence of such liability insurance.

Lessee agrees to hold Lessor free and harmless from any and all liability to which Lessor might otherwise be subjected by reason of Lessee's activities on leased premises, including, among other things, reimbursing Lessor for all costs, attorneys' fees, etc., that may be incurred by Lessor in defending against any such claimed liability except that neither Lessor or Lessee shall be liable to the other for damage or loss to property growing out of or in connection with Lessee' s use and occupancy of the leased premises or to the contents caused by the negligence or fault of Lessor or Lessee or of their respective agents, employees, subtenants, assignees, or invitees, to the extent such damage or loss is covered by the parties. Lessor and Lessee agree to notify their respective insurance companies, in writing, of the provisions of this paragraph, and in the event either party cannot waive its subrogation

rights pursuant to this paragraph, such parties shall immediately notify the other party of this fact in writing.

Lessor shall be entitled at all times to post on the leased premises appropriate notices of non-responsibility with respect to any work by Lessee which might otherwise subject the leased premises to mechanic's lien claims.

10. RIGHTS OF LESSOR ON RECEIVERSHIP OR BANKRUPTCY OF ANY LESSEE: At the option of Lessor, this lease shall terminate and Lessor shall forthwith be entitled to the possession of the leased premises upon the occurrence of any of the following events:

(a) The execution by any Lessee of an assignment for the benefit of creditors.

(b) The appointment by any court of competent jurisdiction of a receiver or other similar officer to administer the assets of any Lessee.

(c) The filing of a petition in bankruptcy by or against any Lessee.

(d) The filing of a petition for an arrangement or any other similar proceeding under any provision of the Federal Bankruptcy Act, as amended, with respect to any Lessee. This option shall be exercised, if at all, by Lessor mailing postage prepaid, a written notice to Lessee at the leased premises or to the assignee, trustee, etc. , as the case may be, at his place of business, advising of Lessor's election to so terminate this lease as of the date of the occurrence of such event. Such written notice must be mailed within ninety (90) days after Lessor receives actual notice of the occurrence of such event.

Lessee, when used in this paragraph, shall mean any one or more of several persons embraced within the term Lessee under this lease.

11. RIGHTS OF LESSOR UPON DEFAULT BY LESSEE: If at any time Lessee

defaults, under this lease, by failing to fully observe and perform all conditions and promises to be observed and performed by Lessee hereunder or defaults in any other manner, and such default is not cured within ten (10) days (except default in payment of rent for which the period is three (3) days after the delivery in person to Lessee by or on behalf of Lessor or the mailing to Lessee, by or on behalf of Lessor, postage prepaid, addressed to Lessee at the leased premises of a written notice of such default and a demand that the default be cured, then at any time thereafter Lessor may pursue any one or more of the following remedies (such remedies being cumulative and not mutually exclusive):

(a) Lessor may immediately recover from Lessee all amounts due to Lessor hereunder, together with damages arising from Lessee's default

(b) Lessor shall forthwith be entitled to the possession of the leased premises without thereby in any way relieving Lessee of Lessee's obligation to pay rent hereunder. If pursuant hereto, Lessor should repossess the leased premises, Lessor may, at its option, re-let the leased premises for the benefit of Lessee, in which case Lessee agrees to pay all costs of re-letting, pay monthly, the excess of the monthly rental provided, for hereunder over the monthly rental received from such re-letting with Lessor being entitled to retain the excess, if any, of the monthly rental received from such re-letting over the monthly rental provided for hereunder, Neither repossession with Lessor being entitled to retain the excess, if any, of the monthly rental received from such re-letting over the monthly rental provided for hereunder. Neither repossession by Lessor hereunder nor re-letting by Lessor hereunder shall in any way take away

Lessor's right to thereafter terminate this lease as provided for in the following subparagraph (c).

(c) Lessor may terminate this lease by delivering to Lessee in person or by mailing, postage prepaid, to Lessee at the leased premises, a writing stating Lessor's election to terminate this lease.

If Lessor should thus terminate this lease, then Lessor may forthwith recover, from Lessee the excess of rentals provided for hereunder above the then reasonable rental value of the remainder of the term of this lease.

Lessee agrees that if Lessor pursues any of the foregoing remedies, Lessee will pay to Lessor all expenses and attorney's fees reasonably incurred by Lessor in connection therewith and that in any litigation the same shall be provided for as incidental damages.

12. Lessee agrees that this lease and Lessee's rights hereunder shall at all times during the term hereof be subject and subordinate to the lien of any mortgage, deed of trust or other encumbrance which presently exists with respect to the leased premises or which may be placed upon the leased premises hereafter by Lessor or Lessor's successor in interest and Lessee agrees to execute and deliver to Lessor or Lessor's successor in interest any instrument or instruments requested by Lessor with respect to any such encumbrance placed or to be placed upon the leased premises and subordinating this lease thereto.

13. OPTION TO RENEW: At the expiration of the term of the Lease, Lessee shall have the option to renew the Lease for an additional twenty-four (24) months, commencing September 1, 2005 and ending August 31, 2007. All provisions

of the Lease

for the renewal term, excepting that basic rent for the renewal term shall be renegotiated by and between the parties prior to the commencement of said renewal term. Notice of exercise of said option to renew shall be given by the Lessee to the excepting that basic rent for the renewal term shall be renegotiated by and between the parties prior to the commencement of said renewal term. Notice of exercise of said option to renew shall be given by the Lessee to the Lessor no less than sixty (60) days prior to the termination of this lease term.

This agreement constitutes the entire agreement by and between the parties and may only be altered, amended or changed in writing.

IN WITNESS WHEREOF, the parties have hereunto executed this agreement on the day first above written.

LESSOR:
MERVIN D. LUNG BUILDING COMPANY, INC.
By:
Mervin D. Lung, President

LESSEE:
PATRICK INDUSTRIES, INC.
By:
David D. Lung, President & CEO

AMENDMENT TO CREDIT FACILITIES

This Amendment to Credit Facilities ("Amendment") is effective as of April 11, 2003 (the "Amendment Effective Date") by Patrick Industries, Inc. ("Company") and Bank One, NA, a national banking association ("Bank").

RECITALS

A. Company and Bank are parties to a Credit Agreement, dated February 2, 1997, as amended by a First Amendment to Credit Agreement dated January 28,2000 and by a Modification Agreement dated August 1,2001 and by an Amendment to Credit Agreement dated January 28,2003 (as amended, the "Credit Agreement").

B. Bank has provided a Line of Credit to Company under which Bank has extended certain letters of credit for the account of the Company in an aggregate principal amount not to exceed $3,250,000 (the "Letter of Credit Line").

C. The Company is obligated to Bank under the following reimbursement agreements:

(i) the Reimbursement and Pledge Agreement between the Company and the Bank dated as of August 13, 1998, relating to the Five Million Dollars ($5,000,000) principal amount The Stanly County Industrial Facilities and Pollution Control Financing Authority Variable Rate Demand Economic Development Revenue Bonds (Patrick Industries, Inc. Project), Series 1998 (the "1998 Reimbursement Agreement"),

(ii) the Reimbursement Agreement made by the Company in favor of the Bank dated as of December 1, 1994, relating to the Six Million Dollars ($6,000,000) principal amount State of Oregon Economic Development Revenue Bonds, Series CLI (Patrick Industries, Inc. Project), dated December 22, 1994 (the "1994 Reimbursement Agreement"),

(iii) the Reimbursement Agreement made by the Company in favor of the Bank dated as of November 1, 1991, relating to the Three Million Nine Hundred Thousand Dollars ($3,900,000) principal amount The Indiana Development Finance Authority Limited Obligation Refunding Revenue Bonds (Patrick Industries, Inc. Project), Series 1991, dated Decembers, 1991 (the "1991 Reimbursement Agreement") (collectively, the 1998 Reimbursement Agreement, the 1994 Reimbursement Agreement and the 1991 Reimbursement Agreement are referred to herein as the "Reimbursement Agreements").

D. The Company has requested Bank to amend the Credit Agreement and the Letter of Credit Line and the Reimbursement Agreements, effective as of the Amendment Effective Date, as herein provided. Bank has agreed to amend the Credit Agreement and Letter of Credit Line and Reimbursement Agreements as set forth in this Amendment, all subject to the terms and conditions of this Amendment, including the conditions precedent set forth in Section 6.

AGREEMENT

NOW, THEREFORE, in consideration of the Recitals and the mutual covenants and agreements herein, and for other good and valuable considerations, the receipt and sufficiency of which are acknowledged by the parties to this Amendment, it is agreed as follows:

1. Definitions. Terms which are defined in the Credit Agreement shall have the same meanings in this Amendment as are ascribed to them in the Credit Agreement, as amended hereby, excepting only those terms which are expressly defined in this Amendment, which shall have the meanings ascribed to them in this Amendment.

2. Amendments to Credit Agreement. The Credit Agreement is amended as follows:

a. The definition of "Revolving Credit Termination Date" set forth in Section 1 of the Existing Agreement is amended and restated in its entirety as of the Amendment Effective Date to read as follows:

"Revolving Credit Termination Date" shall mean the earlier to occur of (a) May 31,2006 and (b) the date on which the Commitment shall be terminated pursuant to Section 2.2 or Section 6.2.

b. A new definition of Debt Service Coverage Ratio is added to Section 1 of the Credit Agreement to provide as follows:

"Debt Service Coverage Ratio" means the ratio of the sum of Company's EBITDA plus goodwill impairment less dividends, taxes and common stock repurchases, to the sum of the current portion of Company's long term debt payments and interest expense.

"Capital Expenditures" means purchases of property and equipment as referred to in the Company's year end statement of cash flows required to be included with Company's financial statements under Section 5.1(d) of the Loan Agreement.

c. The definition of "Revolving Credit Loan Eurodollar Margin" in Section 1.1 of the Credit Agreement shall be amended and restated as follows:

"Revolving Credit Loan Eurodollar Margin" shall mean, with respect to any Revolving Credit Loan that is also a Eurodollars Rate Loan, the following amounts based on the ratio of consolidated Funded Debt to consolidated EBITDA of the Company and its Subsidiaries as of the end of the most recent fiscal quarter of the Company for which financial statements of the Company have been delivered pursuant to Section 5.1(d)(ii):

Ratio of Funded Debt to Consolidated EBITDA	Revolving Credit Loan Eurodollar Margin
greater than 3.00 to 1.00	1.75% per annum
greater than 2.50 to 1.00 but not greater than 3.00 to 1.00	1.625% per annum
greater than 2.00 to 1.00 but not greater than 2.50 to 1.00	1.50% per annum
less than or equal to 2.00 to 1.00	1.375% per annum

d. Section 2.3 of the Credit Agreement is amended to provide in its entirety as follows:

2.3 Fees, (a) The Company agrees to pay to the Bank a commitment fee on the daily average unused amount of the Revolving Credit Commitment equal to one-quarter of one percent (.25%) per annum. Accrued commitment fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December, and on the Revolving Credit Termination Date.

e. Section 5.2(c)of the Credit Agreement shall be amended and restated as follows:

(c) Tangible Net Worth. Permit or suffer the consolidated Tangible Net Worth of the Company and its Subsidiaries to be less than $52,000,000 at any time, which amount shall be increased by an amount equal to 50% of the Cumulative Net Income of the Company and its Subsidiaries for each fiscal year, beginning with the fiscal year ending on December 31, 2003 and annually thereafter.

f. Section 5.2(d) of the Credit Agreement shall be amended and restated as follows:

(d) Total Liabilities to Tangible Net Worth. Permit or suffer the ratio of consolidated Total Liabilities of the Company and its Subsidiaries to consolidated Tangible Net Worth of the Company and its Subsidiaries to be greater than 1.00 to 1.00 at any time.

g. Section 5.2(b) of the Credit Agreement, captioned "Working Capital" is deleted, and that provision is replaced with "RESERVED" to avoid renumbering other provisions.

h. A new Section 5.2(j) is added to the Credit Agreement to provide as follows:

(j) Capital Expenditures. The Company shall not permit or suffer its Capital Expenditures during any calendar year to exceed $6,000,000 in the aggregate.

i. A new Section 5.2(k) is added to the Credit Agreement to provide as follows:

(k) Debt Service Coverage. The Company shall not permit or suffer its Debt Service Coverage Ratio to be less than 1.10 to 1.00.

3. Amendment to Letter of Credit Line. The Letter of Credit Line is amended as follows:

a. To increase that Letter of Credit Line to $3,500,000 for the issuance of standby letters of credit with expiries not to exceed one year and commercial letters of credit with expiries not to exceed six months.

b. To extend the term of that Letter of Credit Line until the earlier to occur of (a) May 31, 2004 and (b) the date on which the Bank takes the action referred to in Section 6.2(ii) of the Credit Agreement.

c. Any reference in the Letter of Credit Line to Commission Rate or fee for issuing a letter of credit shall be amended to refer to a Commission Rate or fee for issuing a letter of credit of one and one-quarter percent (1.25%) per annum.

4. Amendment to Reimbursement Agreements. The Commission Rate in Section 2.02(b) of the 1991 Reimbursement Agreement, Section 2.02(b) of the 1994 Reimbursement Agreement and Section 2.5.2 of the 1998 Reimbursement Agreement is amended to refer to a Commission Rate of one and one-quarter percent (1.25%) per annum.

5. Security Interest. All obligations of Company to Bank under the Credit Agreement, Letter of Credit Line and the Reimbursement Agreements shall be secured by a security interest in all of Company's accounts receivable and inventory, now owned or hereafter acquired, pursuant to the Security Agreement in the form attached as Exhibit A (the "Security Agreement").

6. Representations and Warranties. The Company represents and warrants to Bank that:

a. (i) The execution, delivery and performance of this Amendment and all agreements and documents delivered pursuant hereto by the Company has been duly authorized by all necessary action (whether corporate, partnership or otherwise) and does not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to the Company, or of the Company's articles of incorporation, by-laws, articles of organization or operating agreement (as applicable) or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which the Company's properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by any of them of this Amendment and all

agreements and documents delivered pursuant hereto; and (iii) this Amendment and all agreements and documents delivered pursuant hereto by the Company are its legal, valid and binding obligations and enforceable against the Company in accordance with the terms thereof.

b. After giving effect to the amendments contained in this Amendment, the representations and warranties contained in Section 4 of the Credit Agreement are true and correct on and as of the Amendment Effective Date with the same force and effect as if made on and as of the Amendment Effective Date, except that the representation in Section 4.6 of the Credit Agreement shall be deemed to refer to the financial statements of Company most recently delivered to Bank prior to the Amendment Effective Date.

c. No Event of Default or Unmatured Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the Amendment Effective Date.

7. GENERAL RELEASE. THE COMPANY FOR ITSELF AND ITS LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "RELEASING PARTIES"), HEREBY RELEASES AND DISCHARGES BANK, ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "RELEASED PARTIES") FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES AND CAUSES OF ACTION WHICH ANY OF THE RELEASING PARTIES HAS ASSERTED OR CLAIMED OR MIGHT NOW OR HEREAFTER ASSERT OR CLAIM AGAINST ALL OF ANY OF THE RELEASED PARTIES, WHETHER KNOWN OR UNKNOWN, ARISING OUT OF, RELATED TO OR IN ANY WAY CONNECTED WITH OR BASED UPON ANY PRIOR RELATED EVENT (AS SUCH TERM IS HEREINAFTER DEFINED). THE TERM "PRIOR RELATED EVENT" SHALL MEAN ANY ACT, OMISSION, CIRCUMSTANCE, AGREEMENT, LOAN EXTENSION OF CREDIT, TRANSACTION,

TRANSFER, PAYMENT, EVENT, ACTION OR OCCURRENCE BETWEEN OR INVOLVING THE COMPANY AND ALL OR ANY OF THE PRIOR TO THE EXECUTION OF THIS AGREEMENT, INCLUDING WITHOUT LIMITING IN ANY RESPECT THE GENERALITY OF THE FOREGOING: (i) ANY ACTION TAKEN ON OR PRIOR TO THE EXECUTION OF THIS RIGHT OR PURPORTED RIGHT OF BANK AS A CREDITOR; (u) ANY FAILURE OR REFUSAL TO MAKE ANY LOAN OR ADVANCE; AND (in) ANY PAYMENT OR OTHER TRANSFER MADE TO BANK BY OR FOR THE ACCOUNT OF THE COMPANY AT ANY TIME PRIOR TO THE EXECUTION OF THIS AGREEMENT. THE COMPANY AGREES AND ACKNOWLEDGES THAT THIS SECTION IS NOT TO BE CONSTRUED AS OR DEEMED AN ACKNOWLEDGMENT OR ADMISSION ON THE PART OF ANY OF THE RELEASED PARTIES OF LIABILITY FOR ANY MATTER OR AS PRECEDENT UPON WHICH ANY LIABILITY MAY BE ASSERTED.

8. Conditions. The obligation of Bank to execute and to perform this Amendment shall be subject to full satisfaction of the following conditions precedent:

a. This Amendment shall have been duly executed and delivered by the Company.

b. The Security Agreement shall have been duly executed and delivered by the Company.

c. Bank shall have received such additional agreements, documents and certifications, fully executed by the Company as may be reasonably requested by Bank, or its counsel.

9. Binding on Successors and Assigns. All of the terms and provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, assigns and legal representatives.

10. Governing Law/Entire Agreement/Survival. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Indiana applicable to contracts made and to be performed entirely with such state and without giving effect to the choice of law principles of such state. This Amendment constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, commitments, inducements or conditions, whether express or implied, oral or written. All covenants, agreements, undertakings, representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the Amendment Effective Date.

BANK ONE, NA By: >
-

/S/ Chad Douglass, V.P.
(Printed Name and Title)

PATRICK INDUSTRIES, INC. By:
/S/ Andy L. Nemeth, Secretary-Treasurer

(Printed Name and Title)
ELDS01 JST 148480v4

LOAN PARTICIPATION AGREEMENT

This Agreement is entered into on April 11, 2003, between Bank One, NA, with principal offices at 121 West Franklin Street, Elkhart, Indiana 46516 ("Lead Bank") and National City Bank of Indiana, with offices at 101 North Main Street, Elkhart, Indiana 46516 ("Participant").

RECITALS

Lead Bank has extended and has agreed to extend credit to Patrick Industries, Inc., an Indiana corporation ("Borrower"), whose address is 1800 South 14th Street, Elkhart, Indiana 46516, in accordance with the commercial loan agreement and industrial revenue bond letter of credit reimbursement agreements described in Section 1(c) below. Participant desires to obtain a participation interest in the loans made or to be made by Lead Bank to Borrower, and Lead Bank is willing to sell Participant a participation interest in the loans to Borrower on the terms and conditions contained in this Agreement. Lead Bank and Participant agree as follows:

AGREEMENT

Section 1. Definitions.

(a) "Collateral" includes all liens, security interests, mortgages, guaranties and other instruments, property or rights received or acquired by Lead Bank in connection with or securing the Loans.

(b) "Collections" includes all amounts received by Lead Bank as principal of or interest on the Loan, or received after default on the Loan whether as proceeds of the Collateral or otherwise.

(c) "Loan" or "Loans" refers to the following loans, advances or other extensions of credit made or to be made by Lead Bank to Borrower:

(i) $10,000,000 Revolving Credit Facility pursuant to a Credit Agreement between Lead Bank and Borrower dated February 2, 1997, as amended by a First Amendment to Credit Agreement dated January 28, 2000, by a Modification Agreement dated August 1, 2001, by an Amendment to Credit Agreement dated January 28, 2003 and by an Amendment to Credit Agreement dated /April 11 , 2003 (as amended or as may hereafter be amended, the "Credit Agreement"), and evidenced by a promissory note dated April 11____, 2003 made by Borrower to Lead Bank in the original principal amount of up to $10,000,000, and all extensions, modifications, renewals, substitutions and replacements of that note (the "Revolving Note").

(ii) $3,500,000 line of credit pursuant to Borrower's application agreements for letters of credit containing Borrower's reimbursement agreement

for draws against such letters of credit, and under which Lead Bank has issued and may issue letters of credit for the account of Borrower in an aggregate face amount not to exceed $3,500,000 (the "Letter of Credit Loan").

(iii) The Reimbursement and Pledge Agreement between the Borrower and the Lead Bank dated as of August 13, 1998, relating to the Five Million Dollars ($5,000,000) principal amount The Stanly County Industrial Facilities and Pollution Control Financing Authority Variable Rate Demand Economic Development Revenue Bonds (Patrick Industries, Inc. Project), Series 1998 (the "1998 Reimbursement Agreement").

(iv) The Reimbursement Agreement made by the Borrower in favor of the Lead Bank dated as of December 1, 1994, relating to the Six Million Dollars ($6,000,000) principal amount State of Oregon Economic Development Revenue Bonds, Series CLI (Patrick Industries, Inc. Project), dated December 22, 1994 (the "1994 Reimbursement Agreement").

(v) The Reimbursement Agreement made by the Borrower in favor of the Lead Bank dated as of November 1, 1991, relating to the Three Million Nine Hundred Thousand Dollars ($3,900,000) principal amount The Indiana Development Finance Authority Limited Obligation Refunding Revenue Bonds (Patrick Industries, Inc. Project), Series 1991, dated December 5, 1991 (the "1991 Reimbursement Agreement").

(d) The 1998 Reimbursement Agreement, the 1994 Reimbursement Agreement and the 1991 Reimbursement Agreement are sometimes referred to herein as the "Reimbursement Agreements". The Revolving Credit Note, the Credit Agreement, the Line of Credit, the Reimbursement Agreements, and all other agreements, documents and instruments evidencing, securing or otherwise relating to the Credit Agreement, the Line of Credit or the Reimbursement Agreements are sometimes referred to individually and collectively as the "Loan Documents".

(e) "Resettlement Date" is the date on which Collections are applied to Borrower's account and on which Collections are to be remitted to Participant.

Section 2. Sale of Participation. Lead Bank hereby sells to Participant and Participant hereby purchases a participation of fifty percent (50%) of (i) the principal amount of the Loans referenced in Section l(c)(i) (ii) (iii) (iv) and (v) outstanding on the date of this Agreement, (ii) the principal amount of any future advances under the Loans, (iii) the interest attributable to such principal amounts from the date of this Agreement, (iv) fees payable under the Reimbursement Agreements, and (v) the Collateral securing the Loans, for an amount equal to fifty percent (50%) of the sum of items (i) and (ii) above, with ZERO Dollars ($ - 0 -) payable by Participant on the date of this Agreement. With respect to any future advances under the Loans, including any drawings made under letters of credit relating to the Letter of Credit Loan and the Reimbursement Agreements, Participant will provide the amount of its pro-rata portion of advances to Lead Bank in immediately available funds by 2:00 p.m. Elkhart, Indiana time, on the day Lead Bank requests funds if Lead Bank makes such request by 10:00 a.m. Elkhart time, or if Lead Bank does not notify Participant by such time, then by 10:00 a.m. Elkhart time on the next banking day.

The participation sold under this agreement shall constitute a sale, without recourse to the Lead Bank, of an undivided interest in the Lead Bank's interest in the Loans, the Lead Bank's commitment (if any) to make the Loans, the Loan Documents, all amounts payable by the Borrower under the Loan Documents including principal, interest, and fees, and any collateral securing the Loans.

Participant represents and warrants to Lead Bank that Participant has, independently and without reliance on Lead Bank, made its own credit analysis and performed such due diligence as Participant deems appropriate and will continue to be responsible for making its own independent evaluation of the credit, financial condition, and all other matters concerning the Borrower.

Section 3. Application of Collections. Lead Bank shall receive all Collections and apply them on each Resettlement Date pro-rata, together with pro-rata interest, in accordance with the respective percentage participation of Lead Bank and Participant in the Loan. If after Lead Bank has paid Participant its pro-rata portion of any Collections such payment must be paid back by Lead Bank for any reason, Participant will pay on demand to Lead Bank the Participant's pro-rata portion of the amount that must be paid back by Lead Bank, together with Participant's pro-rata portion of any interest or penalties payable thereon. The Participant acknowledges and agrees that the Lead Bank shall have no obligation to attempt to collect any Loan in preference and priority over the collection and/or enforcement of any other debt of the Borrower to the Lead Bank. The Lead Bank, however, agrees that the proceeds of all collateral directly securing repayment of the Loans shall be applied first to the payment of the Loans.

Section 4. Documentation. Lead Bank has delivered to Participant a copy of the Loan Documents and Lead Bank will deliver to Participant copies of all future extensions and modifications thereof and replacements therefor. All additional documents on file with Lead Bank concerning the Loan Documents, the Loan or this Participation Agreement shall be available at Lead Bank's office for Participant's inspection at reasonable times on reasonable notice to Lead Bank. The Lead Bank shall promptly furnish to the Participant copies of all financial statements received from the Borrower pursuant to the Loan Documents. The Lead Bank shall promptly notify the Participant of the occurrence of any event of default under any of the Loan Documents of which the Lead Bank has actual knowledge and of any information as to any actual or potential event of default received by the Lead Bank from any source which the Lead Bank believes to be accurate and reliable. The Lead Bank shall, however, have no responsibility to the Participant for any errors or omissions in any such reports, financial statements or other information. The Participant may at any time request other information and/or documents in the Lead Bank's possession relating to the Loans. That information and/or documents shall not be unreasonably withheld.

Section 5. Lead's Administration.

(a) The Note, all Collateral and the Loan shall be held by Lead Bank and dealt with in Lead Bank's name on Participant's behalf. Lead Bank will service, manage andcollect the Loan and the Collateral in the ordinary course of business and in accordance with Lead Bank's usual practices. It is agreed that Lead Bank may use its sole discretion with respect to exercising or refraining from exercising Lead Bank's rights, or waiving Lead Bank's rights, with respect to the Loan. Subject only to considerations of prudent banking practices, Lead Bank shall have the sole discretion concerning the initiation, prosecution, settlement or termination of collection proceedings if the Loan becomes in default. Lead Bank will examine the Collateral and Borrower's books and records relating to the Loan as Lead Bank deems necessary.

(b) Lead Bank may, in its sole discretion, without notice to or consent by Participant, and subject only to considerations of prudent banking practices, extend, modify or replace the Note or release or otherwise deal in any of the Collateral or release any guarantor of the obligations of Borrower.

(c) The Lead Bank shall exercise the same care in administering the Loans as it would if the Loans were made entirely for the Lead Bank's own account, but Lead Bank shall not be liable to Participant for any action taken or omitted or for any error in judgment, except for Lead Bank's own bad faith.

(d) Notwithstanding Section 5(a) (b) and (c) above, the Lead Bank shall not without the consent of the Participant (a) agree to any material amendment or modification of any of the Loan Documents, including any waiver of any financial covenants and any amendment which would extend the maturity of any Loan, increase the amount of any Loan, or reduce the interest on any Loan; (b) release any security for any Loan other than in accordance with the express provisions of the Loan Documents; (c) commence any legal proceeding to collect any Loan; or (d) take any action to seize, foreclose, sell or transfer any collateral. If the

Participant's consent shall be requested but denied, the Lead Bank may (but shall have no obligation to) repurchase the participation evidenced by this agreement for a price equal to the outstanding balance of the Participant's interest in the Loans plus accrued and unpaid interest and fees payable under the Reimbursement Agreements to the date of such repurchase.

Section 6. Expenses. All expenses of receiving Collections, including, but not limited to, attorney's fees, court costs and disbursements, shall be shared pro-rata by Participant and Lead Bank in accordance with their respective percentage interests. Participant's portion of such expenses shall be payable to Lead Bank on demand. Lead Bank may receive Participant's portion of such expenses by deducting them from any amounts required to be remitted by Lead Bank to Participant hereunder.

Section 7. Offset. Lead Bank may offset against amounts owed to Participant under this Agreement any amounts Participant may owe Lead Bank under any agreements or circumstances.

Section 8. Disclaimer. The Lead Bank makes no representation or warranty, whether express or implied, to the Participant with respect to (a) the collectibility of the Loans, (b) the financial condition or solvency of the Borrower or any other party obligated on the Loans, (c) the accuracy of any information, statements, or certificates provided to the Participant under this agreement; or (d) the existence, sufficiency or value of any collateral securing the Loans.

Section 9. Reimbursement and Indemnification. The Participant shall reimburse the Lead Bank on demand in proportion to the Participant's pro rata interest in the Loan, for all out-of-pocket expenses, including reasonable attorney's fees, incurred by the Lead Bank in connection with the making or collection or the Loans, to the extend not recovered from the Borrower. The Participant shall indemnify the Lead Bank for the Participant's pro rata share (determined in accordance with its pro rata interest in the Loan) of any costs, expenses (including reasonable attorney's fees and disbursements), claims, damages, actions, losses or liabilities, incurred by the Lead Bank in connection with the Loans unless they result from the Lead Bank's own gross negligence or willful misconduct or are paid in satisfaction of a judgment, settlement agreement, or arbitration award arising out of the Borrower's allegations of fraud, deceit, misrepresentation, or lack of good faith (other than allegations that arise out of conduct of the Participant or conduct of the Lead Bank specifically directed, authorized, or concurred in by the Participant).

Section 10. Notices. Except as provided in Section 2 above, all notices required or permitted to be given under this Agreement shall be in writing (including telecommunications) and shall be deemed effective if delivered to the recipient's address or facsimile number set forth beside its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage prepaid, with return receipt requested, (c) express mail, postage prepaid, (d) Federal Express or like overnight courier service or (e) facsimile or other wire transmission with request for assurance of receipt in a manner typical with respect to communication of that type. Notice made in accordance with the section shall be deemed delivered upon receipt.

If to Lead Bank, to:
Bank One, NA
121 West Franklin Street
Elkhart, Indiana 46516
Attention: Mr. Kurt E. Meibeyer
Facsimile: (574) 524-3033

If to Participant, to:
National City Bank of Indiana
101 North Main Street
Elkhart, Indiana 46516
Attention: Robert E. Norell, Jr.
Facsimile: (574)389-9543

Section 11. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Lead Bank and the Participant and supersedes all prior agreements and understandings relating to its subject matter. This Agreement may not be amended or in any manner modified unless such amendment or modification is in writing and signed by both parties.

Section 12. Other Provisions.

(a) Participant shall not sell, pledge, assign, sub-participate, or otherwise transfer its rights under this Agreement, the Collateral, or any portion of the Loan without procuring in advance the written consent of Lead Bank. Lead Bank may sell, pledge, assign, sub-participate, or otherwise transfer

its rights under this Agreement, the Collateral, or any portion of the Loan without the consent of Participant.

(b) Lead Bank reserves the right to purchase at Lead Bank's option with Borrower's written consent upon thirty (30) days' notice the participation interest of Participant for an amount equal to Participant's portion of the outstanding principal balance of the Loan as of the date of purchase under the option, plus accrued interest thereon through the date of purchase.

(c) Participant acknowledges that Lead Bank may have other banking relationships with Borrower, any guarantor of Borrower's obligations under the Loan, or their affiliates. Participant shall have no interest in any property taken as collateral for any other loans or extensions of credit made by Lead Bank to Borrower or any guarantor, or in any property in Lead Bank's possession or control, or in any deposit held or other indebtedness owing by Lead Bank, which may be or become collateral for or otherwise available for payment of the Loan by reason of the general description of secured obligations contained in any security agreement or other agreement or instrument held by Lead Bank or by reason of the right of set-off, counterclaim or otherwise, except that if any of those items or the proceeds thereof are applied in reduction of amounts outstanding under the Loan, then Participant shall be entitled to its pro-rata share in such application.

(d) Nothing in this Agreement shall confer upon either party any interest in, or subject either party to any liability for, the assets or liabilities of the other, except only as to the Loan or Collateral in accordance with this Participation Agreement.

(e) This Agreement shall be governed by the laws of the State of Indiana, may not be amended or modified orally, and shall bind the respective legal representatives, successors and assigns of the parties.

(f) All notices shall be in writing and mailed to the respective parties at the addresses set forth below.

"LEAD BANK"
Bank One, NA

By: /S/ Chad Douglass, V.P.
(Printed Name and Title)

"PARTICIPANT"
National City Bank of Indiana

By: /S/ Robert E. Norell, Jr., V.P.
(Printed Name and Title)

RESOLUTION OF BOARD OF DIRECTORS OF
PATRICK INDUSTRIES, INC.
AN INDIANA CORPORATION ("CORPORATION")

The Corporation desires to engage in financial transactions from time to time with Bank One, Indiana, N.A., a national banking association, formerly known as NBD Bank, N.D. (the "Bank"), to further the Corporation's purposes; and

The Corporation desires to authorize certain of its officers to engage in these transactions for the Corporation; and

The Corporation desires to ratify all past transactions and eliminate the necessity of presenting separate individual resolutions to the Bank in the future.

RESOLVED: The President, Vice-President, Treasurer, Secretary, Vice-President - Finance or any of them, are authorized from time to time for the Corporation to:

1. NEGOTIATE AND PROCURE LOANS, lines of credit, letters of credit, discounts, foreign exchange contracts, and any other credit from the Bank in any form and in any amount and on any terms as they shall determine.

2. GUARANTY to the Bank the obligation of any third party in any amount and on any terms as they shall determine.

3. SUBORDINATE to the Bank any interest of the Corporation in any note, lease, mortgage, debt, or any other asset belonging to this Corporation on any terms as they shall determine.

4. GIVE AS SECURITY for any such credits or guarantees, security interests in or pledges, assignments, hypothecations, mortgages, or transfers of any property, tangible or intangible, real or personal, of this Corporation, all as they shall determine.

5. LEASE personal property as lessee and elect as to tax credit and

depreciation deductions.

6. SELL, assign, pledge or transfer all stocks or securities now or later in the Corporation's name.

7. ENTER INTO ANY DERIVATIVE TRANSACTION, including, without limitation, any rate swap transactions, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, current option and any similar transaction or option and any combination of the foregoing (collectively, "Derivative Transactions"); and any cancellation, buy-back, reversal, termination or assignment of any Derivative Transaction.

8. SIGN in the name of this Corporation agreements, notes, drafts, acceptances, guaranties, subordination agreements, assignments, applications for letters of credit, appointments, security agreements, financing statements, mortgages, pledges, hypothecations, transfers, leases and any other instrument or document deemed necessary by the Bank to carry out the authority contained in this resolution.

FURTHER: The Bank is authorized and directed to pay the proceeds of any action taken pursuant to these resolutions in the manner directed by any of the persons authorized to act, whether payable to the order of any of them in an individual capacity or not, and whether the proceeds are deposited to the individual credit of any of them or the individual credit of any other person.
These resolutions shall continue in force until notice to the contrary in writing is delivered to the Bank.

FURTHER: Any one of the persons authorized above or any other person designated by a person authorized above may request loans or other credit under credit facilities approved by the Bank, and authorize payment by the Corporation of any of its obligations under such credit facilities. Those instructions may be made by telephone, facsimile, or any other means of communication. The Bank is released from any liability for following instructions that the recipient believes in good faith to have been given by a person authorized to act under these resolutions.

FURTHER: The authority given is retroactive, and any acts referred to which were performed prior to the adoption of these resolutions are ratified and affirmed.

I CERTIFY that I am the duly elected and qualified Secretary of the Corporation and the keeper of the records and the corporate seal of the Corporation and that the above is a true and correct copy of resolutions duly adopted at a meting of the Board of Directors of the Corporation held in accordance with its by-laws on May 15, 2001, and that they are in full force and effect.

I FURTHER CERTIFY that the individuals whose signatures appear below have been duly elected and are presently the incumbents of the offices set below their respective signatures, and that the signatures are the genuine original signatures of each respectively.

Actual Signatures	Actual Signatures
/S/ David D. Lung David D. Lung, President	____________________________________ ______________________,Vice President (Print Name)
/S/ Andy Lee Nemeth, Jr. Andy Lee Nemeth, Jr., Treasurer	____________________________________ _______________________, Secretary (Print Name)
- ------------------------------ ______________, Vice-President-Finance (Print Name) (Print Title)	------------------------------------ ____________________________________ (Print Name)

EXECUTED on April 11, 2003.

/S/ Andy Lee Nemeth, Jr.
Andy Lee Nemeth, Jr., Secretary

[LOGO]
BANK ONE

LINE OF CREDIT Note

DUE: MAY 31, 2006 $10,000,000.00

DATE: APRIL 11, 2003

PROMISE TO PAY. On or before May 31, 2006, for value received, Patrick Industries, Inc. (the "Borrower") promises to pay to Bank One, NA, with its main office in Chicago, IL, whose address is 121 W. Franklin St., Elkhart, IN 46516 (the "Bank") or order, in lawful money of the United States of America, the sum of Ten Million and 00/100 Dollars ($10,000,000.00) or such lesser sum as is indicated on Bank records, plus interest as provided below.

DEFINITIONS. As used in this Note, the following terms have the following respective meanings:

"ADVANCE" means a Eurodollar Advance or a Prime Rate Advance and "ADVANCES" means all Eurodollar Advances and all Prime Rate Advances under this Note.

"APPLICABLE MARGIN" means with respect to any Prime Rate Advance or Eurodollar Advance, as the case may be, the rate per annum set forth below opposite the applicable Funded Debt to EBITDA Ratio. Funded Debt to EBITDA Ratio is defined in the Credit Agreement.

Funded Debt to EBITDA Ratio	Applicable Margin	
	Prime Rate Advance	Eurodollar Advance
Greater than 3.00 to 1.00	0.00%	1.75%
Less than or equal 3.00 to 1.00 but greater than 2.50 to 1.00	0.00%	1.625%
Less than or equal to 2.50 to 1.00 but greater than 2.00 to 1.00	0.00%	1.50%
Less than or equal to 2.00 to 1.00	0.00%	1.375%

The Applicable Margin shall, in each case, be determined and adjusted quarterly on the first day of the month after the date of delivery of the quarterly and annual financial statements required by the Credit Agreement, provided, however, that if such financial statements are not delivered within two Business Days after the required date (each, an "Interest Determination Date"), the Applicable Margin shall increase to the maximum percentage amount set forth in the table above from the date such financial statements were required to be delivered to the Bank until received by the Bank, and provided further, that after such financial statements are received by the Bank, the Applicable Margin shall be determined and adjusted retroactive to the date the financial statements were required to have been delivered to the Bank. The Applicable Margin shall be effective from an Interest Determination Date until the next Interest Determination Date. Such determinations by the Bank shall be conclusive absent manifest error. The initial Applicable Margin for Prime Rate Advances is 0.00% and for Eurodollar Advances is 1.50 %.

"CREDIT AGREEMENT" means a certain Credit Agreement, dated January 28, 2000, between the Borrower and the Bank, as amended.

"BUSINESS DAY" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Indiana and/or New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day other than a Saturday, Sunday or any other day on which national banking associations are authorized to be closed.

"EURODOLLAR BASE RATE" means, with respect to the relevant Interest Period, the applicable British Bankers' Association LIBOR rate for deposits in U.S. dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, if no such British Bankers' Association LIBOR rate is available to the Bank, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Bank to be the rate at which BANK ONE CORPORATION or one of its affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately

11:00 a.m. (London time) two Business Days prior to the first day of such

Interest Period, in the approximate amount of the principal amount outstanding on such date and having a maturity equal to such Interest Period.

"EURODOLLAR ADVANCE" means any borrowing under this Note when and to the extent that its interest rate is determined by reference to the Eurodollar Rate.

"EURODOLLAR RATE" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the Applicable Margin plus (ii) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period.

"INTEREST PERIOD" means, with respect to a Eurodollar Advance, a period of one (1), two (2), three (3) or six (6) month(s) commencing on a Business Day selected by the Borrower pursuant to this Note. Such Interest Period shall end on the day which corresponds numerically to such date one (1), two (2), three (3) or six (6) month(s) thereafter, as applicable, provided, however, that if there is no such numerically corresponding day in such first, second, third or sixth succeeding month(s), as applicable, such Interest Period shall end on the last Business Day of such first, second, third or sixth succeeding month(s), as applicable. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"PRIME RATE" means a rate per annum equal to the prime rate of interest announced from time to time by the Bank or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"PRIME RATE ADVANCE" means any Advance under this Note when and to the extent that its interest rate is determined by reference to the Prime Rate. "PRINCIPAL PAYMENT DATE" is defined in the paragraph entitled "Principal Payments" below.

"REGULATION D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"RESERVE REQUIREMENT" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D. INTEREST RATES. The aggregate number of Eurodollar Advances outstanding at any one time evidenced by this Note may not exceed five (5). The Borrower shall pay interest to the Bank on the outstanding and unpaid principal amount of each Prime Rate Advance at the Prime Rate plus the Applicable Margin and each Eurodollar Advance at the Eurodollar Rate. Interest shall be calculated on the basis of the actual number of days elapsed in a year of 360 days. In no event shall the interest rate applicable to any Advance exceed the maximum rate allowed by law. Any interest payment which would for any reason be deemed unlawful under applicable law shall be applied to principal. BANK RECORDS. The Bank shall, in the ordinary course of business, make notations in its records of the date, amount, interest rate and Interest Period of each Advance hereunder, the amount of each payment on the Advances, and other information. Such records shall, in the absence of manifest error, be conclusive as to the outstanding principal balance of and interest rate or rates applicable to this Note.

Notice AND MANNER OF ELECTING INTEREST RATES ON ADVANCES. The Borrower shall give the Bank written notice (effective upon receipt) of the Borrower's intent to draw down an Advance under this Note no later than 11:00 a.m. Eastern time, one (1) Business Day before disbursement, if the full amount of the drawn Advance is to be disbursed as a Prime Rate Advance and three (3) Business Days before disbursement, if any part of such Advance is to be disbursed as a Eurodollar Advance. The Borrower's notice must specify: (a) the disbursement date, (b) the amount of each Advance, (c) the type of each Advance (Prime Rate Advance or Eurodollar Advance), and (d) for each Eurodollar Advance, the duration of the applicable Interest Period; provided, however, that the Borrower may not elect an Interest Period ending after the maturity date of this Note. Each Eurodollar Advance shall be in a minimum amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00). All notices under this paragraph are irrevocable. By the Bank's close of business on the disbursement date and upon fulfillment of the conditions set forth herein and in any other of the Related Documents, the Bank shall disburse the requested Advances in immediately available funds by crediting the amount of such Advances to the Borrower's account with the Bank. CONVERSION AND RENEWALS. The Borrower may elect from time to time to convert one type of Advance into another or to renew any Advance by giving the Bank written notice no later than 11:00 a.m. Eastern time, one (1) Business Day before conversion into a Prime Rate Advance and three (3) Business Days before conversion into or renewal of a Eurodollar Advance, specifying: (a) the renewal or conversion date, (b) the amount of the Advance to be converted or renewed, (c) in the case of conversion, the type of Advance to be converted into (Prime Rate Advance or Eurodollar Advance), and (d) in the case of renewals of or conversion into a Eurodollar Advance, the applicable Interest Period, provided that (i) the minimum principal amount of each Eurodollar Advance outstanding after a renewal or conversion shall be Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00); (ii) a Eurodollar Advance can only be converted on the last day of the Interest Period for the Advance; and (iii) the Borrower may not elect an Interest Period ending after the maturity date of this Note. All notices given under this paragraph are irrevocable. If the Borrower fails to give the Bank the notice specified above for the renewal or conversion of a Eurodollar Advance by 11:00 a.m. Eastern time three (3) Business Days before the end of the Interest Period for that Advance, the Advance shall automatically be converted to a Prime Rate Advance on the last day of the Interest Period for the Advance.

INTEREST PAYMENTS. Interest on the Advances shall be paid as follows: A. For each Prime Rate Advance, on the thirtieth day of each month beginning with the first month following disbursement of the Advance or following conversion of an Advance into a Prime Rate Advance, and at the maturity or conversion of the Advance into a Eurodollar Advance; B. For each Eurodollar Advance, on the last day of the Interest Period for the Advance and, if the Interest Period is longer than three months, at three-month intervals beginning with the day three months from the date the Advance is disbursed.

PRINCIPAL PAYMENTS. All outstanding principal and interest is due and payable in full on May 31, 2006, which is defined herein as the "Principal Payment Date".

DEFAULT RATE OF INTEREST. After a default has occurred under this Note, whether or not the Bank elects to accelerate the maturity of this Note because of such default, all Advances outstanding under this Note, including all Eurodollar Advances, shall bear interest at a per annum rate equal to the Prime Rate, plus the Applicable Margin for a Prime Rate Advance, plus three percent (3.00%) from the date the Bank elects to impose such rate. Imposition of this rate shall not affect any limitations contained in this Note on the Borrower's right to repay principal on any Eurodollar Advance before the expiration of the Interest Period for that Advance.

PREPAYMENT. The Borrower may prepay all or any part of any Prime Rate Advance at any time without premium or penalty. The Borrower may prepay any Eurodollar Advance only at the end of an Interest Period.

FUNDING LOSS INDEMNIFICATION. Upon the Bank's request, the Borrower shall pay the Bank amounts sufficient (in the Bank's reasonable opinion) to compensate it for any loss, cost, or expense incurred as a result of: A. Any payment of a Eurodollar Advance on a date other than the last day of the Interest Period for the Advance, including, without limitation, acceleration of the Advances by the Bank pursuant to this Note or the Related Documents; or B. Any failure by the Borrower to borrow or renew a Eurodollar Advance on the date specified in the relevant notice from the Borrower to the Bank.

ADDITIONAL COSTS. If any applicable domestic or foreign law, treaty, government rule or regulation now or later in effect (whether or not it now applies to the Bank) or the interpretation or administration thereof by a governmental authority charged with such interpretation or administration, or compliance by the Bank with any guideline, request or directive of such an authority (whether or not having the force of law), shall (a) affect the basis of taxation of payments to the Bank of any amounts payable by the Borrower under this Note or the Related Documents (other than taxes imposed on the overall net income of the Bank by the jurisdiction or by any political subdivision or taxing authority of the jurisdiction in which the Bank has its principal office), or (b) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank, or (c) impose any other condition with respect to this Note or the Related Documents and the result of any of the foregoing is to increase the cost to the Bank of maintaining any Eurodollar Advance or to reduce the amount of any sum receivable by the Bank on such an Advance, or (d) affect the amount of capital required or expected to be maintained by the Bank (or any corporation controlling the Bank) and the Bank determines that the amount of such capital is increased by or based upon the existence of the Bank's obligations under this Note or the Related Documents and the increase has the effect of reducing the rate of return on the Bank's (or its controlling corporation's) capital as a consequence of the obligations under this Note or the Related Documents to a level below that which the Bank (or its controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then the Borrower shall pay to the Bank, from time to time, upon request by the Bank, additional amounts sufficient to compensate the Bank for the increased cost or reduced sum receivable. Whenever the Bank shall learn of circumstances described in this section which are likely to result in additional costs to the Borrower, the Bank shall give prompt written notice to the Borrower of the basis for and the estimated amount of any such anticipated additional costs. A statement as to the amount of the increased cost or reduced sum receivable, prepared in good faith and in reasonable detail by the Bank and submitted by the Bank to the Borrower, shall be conclusive and binding for all purposes absent manifest error in computation.

ILLEGALITY. If any applicable domestic or foreign law, treaty, rule or regulation now or later in effect (whether or not it now applies to the Bank) or the interpretation or administration thereof by a governmental authority charged with such interpretation or administration, or compliance by the Bank with any guideline, request or directive of such an authority (whether or not having the force of law), shall make it unlawful or impossible for the Bank to maintain or fund the Eurodollar Advances, then, upon notice to the Borrower by the Bank, the outstanding principal amount of the Eurodollar Advances, together with accrued interest and any other amounts payable to the Bank under this Note or the Related Documents on account of the Eurodollar Advances shall be repaid (a) immediately upon the Bank's demand if such change or compliance with such requests, in the Bank's judgment, requires immediate repayment, or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request provided, however, that subject to the terms and conditions of this Note and the Related Documents the Borrower shall be entitled to simultaneously replace the entire outstanding balance of any Eurodollar Advance repaid in accordance with this section with a Prime Rate Advance in the same amount.

INABILITY TO DETERMINE INTEREST RATE. If the Bank determines that (a) quotations of interest rates for the relevant deposits referred to in the definition of Eurodollar Rate are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the interest rate on a Eurodollar Advance as provided in this Note, or (b) the relevant interest rates referred to in the definition of Eurodollar Rate do not accurately cover the cost to the Bank of making or maintaining Eurodollar Advances, then the Bank shall forthwith give notice of such circumstances to the Borrower, whereupon (i) the obligation of the Bank to make Eurodollar Advances shall be suspended until the Bank notifies the Borrower that the circumstances giving rise to the suspension no longer exists, and (ii) the Borrower shall repay in full the then outstanding principal amount of each Eurodollar Advance, together with accrued interest, on the last day of the then current Interest Period applicable to the Advance, provided, however, that, subject to the terms and conditions of this Note and the Related Documents, the Borrower shall be entitled to simultaneously replace the entire outstanding balance of any Eurodollar Advance repaid in accordance with this section with a Prime Rate Advance in the same amount.

OBLIGATIONS DUE ON NON-BUSINESS DAY. Whenever any payment under this Note becomes due and payable on a day that is not a Business Day, if no default then exists under this Note, the maturity of the payment shall be extended to the next succeeding Business Day, except, in the case of a Eurodollar Advance, if the result of the extension would be to extend the payment into another calendar month, the payment must be made on the immediately preceding Business Day.

MATTERS REGARDING PAYMENT. The Borrower will pay the Bank at the Bank's address shown above or at such other place as the Bank may designate. Payments shall be allocated among principal, interest and fees at the discretion of the Bank unless otherwise agreed or required by applicable law. Acceptance by the Bank of any payment which is less than the payment due at the time shall not constitute a waiver of the Bank's right to receive payment in full at that time or any other time.

LATE FEE. If any payment is not received by the Bank within ten (10) days after its due date, the Bank may assess and the Borrower agrees to pay a late fee equal to the greater of: (a) five percent (5.00%) of the past due amount or (b) Twenty Five and 00/100 Dollars ($25.00), up to the maximum amount of One Thousand Five Hundred and 00/100 Dollars ($1,500.00) per late charge.

BUSINESS LOAN. The Borrower acknowledges and agrees that this Note evidences a loan for a business, commercial, agricultural or similar commercial enterprise purpose, and that all advances made under this Note shall not be used for any personal, family or household purpose.

CREDIT FACILITY. The Bank has approved a revolving credit facility to the Borrower in a principal amount not to exceed the face amount of this Note. The credit facility is in the form of advances made from time to time by the Bank to the Borrower. This Note evidences the Borrower's obligation to repay those advances. The aggregate principal amount of debt evidenced by this Note is the amount reflected from time to time in the records of the Bank. Until the earliest of maturity, the occurrence of any default, or the occurrence of any event that would constitute the occurrence of any default but for the lapse of time until the end of any grace or cure period, the Borrower may borrow, pay down and reborrow under this Note subject to the terms of the Related Documents.

LIABILITIES. The term "Liabilities" in this Note means all obligations, indebtedness and liabilities of the Borrower to any one or more of the Bank, BANK ONE CORPORATION, and any of their subsidiaries, affiliates or successors, now existing or later arising, including, without limitation, all loans, advances, interest, costs, overdraft indebtedness, credit card indebtedness, lease obligations, or obligations relating to any Rate Management Transaction, all monetary obligations incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations or substitutions of any of the foregoing, whether the Borrower may be liable jointly with others or individually liable as a debtor, maker, co-maker, drawer, endorser, guarantor, surety or otherwise, and whether voluntarily or involuntarily incurred, due or not due, absolute or contingent, direct or indirect, liquidated or unliquidated. The term "Rate Management Transaction" in this Note means any transaction (including an agreement with respect thereto) now existing or hereafter entered into among the Borrower the Bank or BANK ONE CORPORATION, or any of its subsidiaries or affiliates or their successors, which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

RELATED DOCUMENTS. The term "Related Documents" in this Note means all loan agreements, credit agreements, reimbursement agreements, security agreements, mortgages, deeds of trust, pledge agreements, assignments, guaranties, or any other instrument or document executed in connection with this Note or in connection with any of the Liabilities.

SECURITY. The term "Collateral" in this Note means all real or personal property described in all security agreements, pledge agreements, mortgages, deeds of trust, assignments, or other instruments now or hereafter executed in connection with this Note or in connection with any of the Liabilities. If applicable, the Collateral secures the payment of this Note and the Liabilities.

BANK'S RIGHT OF SETOFF. In addition to the Collateral, if any, the Borrower grants to the Bank a security interest in, and the Bank is authorized to setoff and apply, all Accounts, Securities and Other Property, and Bank Debt against any and all Liabilities of the Borrower. This right of setoff may be exercised at any time and from time to time after default by Borrower, and without prior notice to the Borrower. This security interest and right of setoff may be enforced or exercised by the Bank regardless of whether or not the Bank has made any demand under this paragraph or whether the Liabilities are contingent, matured, or unmatured. Any delay, neglect or conduct by the Bank in exercising its rights under this paragraph will not be a waiver of the right to exercise this right of setoff or enforce this security interest. The rights of the Bank under this paragraph are in addition to other rights the Bank may have in the Related Documents or by law. In this paragraph: (a) the term "Accounts" means any and all accounts and deposits of the Borrower (whether general, special, time, demand, provisional or final) at any time held by the Bank (including all Accounts held jointly with another, but excluding any IRA or Keogh Account, or any trust Account in which a security interest would be prohibited by law); (b) the term "Securities and Other Property" means any and all securities and other property of the Borrower in the custody, possession or control of the Bank (other than property held by the Bank in a fiduciary capacity); and (c) the term "Bank Debt" means all indebtedness at any time owing by the Bank, to or for the credit or account of the Borrower.

REPRESENTATIONS BY BORROWER. Borrower represents that: (a) the execution and delivery of this Note and the performance of the obligations it imposes do not violate any law, conflict with any agreement by which it is bound, or require the consent or approval of any governmental authority or other third party; (b) this Note is a valid and binding agreement, enforceable according to its terms; and (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates. Each Borrower, other than a natural person, further represents that: (a) it is duly organized, existing and in good standing pursuant to the laws under which it is organized; and (b) the execution and delivery of this Note and the performance of the obligations it imposes (i) are within its powers and have been duly authorized by all necessary action of its governing body, and (ii) do not contravene the terms of its articles of incorporation or organization, its by-laws, or any partnership, operating or other agreement governing its affairs.

EVENTS OF DEFAULT/ACCELERATION. If any of the following events occurs this Note shall become due immediately, without notice, at the Bank's option:

1. The Borrower, or any guarantor of this Note (the "Guarantor"), fails to pay when due any amount payable under this Note, under any of the Liabilities, or under any agreement or instrument evidencing debt to any creditor.
2. The Borrower or any Guarantor (a) fails to observe or perform any other term of this Note which is not remedied within 30 days after written notice from Bank; (b) makes any materially incorrect or misleading representation, warranty, or certificate to the Bank; (c) makes any materially incorrect or misleading representation in any financial statement or other information delivered to the Bank; or (d) defaults under the terms of any agreement or instrument relating to any debt for borrowed money (other than the debt evidenced by this Note) and the effect of such default will allow the creditor to declare the debt due before its maturity.

3. In the event (a) there is a default under the terms of any Related Document, (b) any guaranty of the loan evidenced by this Note is terminated or becomes unenforceable in whole or in part, (c) any Guarantor fails to promptly perform under its guaranty, or (d) the Borrower fails to comply with, or pay, or perform under any agreement, now or hereafter in effect, between the Borrower and BANK ONE CORPORATION, or any of its subsidiaries or affiliates or their successors.
4. There is any loss, theft, damage, or destruction of any Collateral not covered by insurance, which would materially and adversely affect the Borrower.
5. A "reportable event" (as defined in the Employee Retirement Income Security Act of 1974 as amended) occurs that would permit the Pension Benefit Guaranty Corporation to terminate any employee benefit plan of the Borrower or any affiliate of the Borrower.
6. The Borrower or any Guarantor becomes insolvent or unable to pay its debts as they become due.
7. The Borrower or any Guarantor (a) makes an assignment for the benefit of creditors; (b) consents to the appointment of a custodian, receiver, or trustee for itself or for a substantial part of its assets; or (c) commences any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar laws of any jurisdiction.
8. A custodian, receiver, or trustee is appointed for the Borrower or any Guarantor or for a substantial part of its assets without its consent.
9. Proceedings are commenced against the Borrower or any Guarantor under any bankruptcy, reorganization, liquidation, or similar laws of any jurisdiction, and they remain undismissed for thirty (30) days after commencement; or the Borrower or the Guarantor consents to the commencement of those proceedings.
10. Any judgment is entered against the Borrower or any Guarantor, or any attachment, levy, or garnishment is issued against any property of the Borrower or any Guarantor, which is not covered by insurance and which would materially and adversely impact the Borrower.
11. The Borrower or any Guarantor dies, or a guardian or conservator is appointed for the Borrower or any Guarantor or all or any portion of the Borrower's assets, any Guarantor's assets, or the Collateral.
12. The Borrower or any Guarantor, without the Bank's written consent (a) is dissolved, (b) merges or consolidates with any third party, (c) leases, sells or otherwise conveys a material part of its assets or business outside the ordinary course of its business, (d) leases, purchases, or otherwise acquires a material part of the assets of any other business entity, except in the ordinary course of its business, or (e) agrees to do any of the foregoing (notwithstanding the foregoing, any subsidiary may merge or consolidate with any other subsidiary, or with the Borrower, so long as the Borrower is the survivor).
13. There is a substantial change in the existing or prospective financial condition of the Borrower or any Guarantor that the Bank in good faith determines to be materially adverse.

REMEDIES. If this Note is not paid at maturity, whether by acceleration or otherwise, the Bank shall have all of the rights and remedies provided by any law or agreement. The Bank is authorized to cause all or any part of the Collateral to be transferred to or registered in its name or in the name of any other person or business entity, with or without designating the capacity of that nominee. Without limiting any other available remedy, the Borrower is liable for any deficiency remaining after disposition of any Collateral. The Borrower is liable to the Bank for all reasonable costs and expenses of every kind incurred in the making or collection of this Note, including without limitation reasonable attorneys' fees and court costs. These costs and expenses include without limitation any costs or expenses incurred by the Bank in any bankruptcy, reorganization, insolvency or other similar proceeding. All amounts payable under the terms of this Note shall be paid without relief from valuation and appraisement laws.

WAIVERS. Any party liable on this Note waives (a) to the extent permitted by law, all rights and benefits under any laws or statutes regarding sureties, as may be amended; (b) any right to receive notice of the following matters before the Bank enforces any of its rights: (i) the Bank's acceptance of this Note, (ii) any credit that the Bank extends to the Borrower, (iii) the Borrower's default, (iv) any demand, diligence, presentment, dishonor and protest, or (v) any action that the Bank takes regarding the Borrower, anyone else, any Collateral, or any of the Liabilities, that it might be entitled to by law or under any other agreement; (c) any right to require the Bank to proceed against the Borrower, any other obligor or guarantor of the Liabilities, or any Collateral, or pursue any remedy in the Bank's power to pursue; (d) any defense based on any claim that any endorser or other parties' obligations exceed or are more burdensome than those of the Borrower; (e) the benefit of any statute of limitations affecting liability of any endorser or other party liable hereunder or the enforcement hereof; (f) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities; and (g) any defense based on or arising out of any defense that the Borrower may have (other than payment in full) to the payment or performance of the Liabilities or any portion thereof. Any party liable on this Note consents to any extension or postponement of time of its payment without limit as to the number or period, to any substitution, exchange or release of all or any part of the Collateral, to the addition of any other party, and to the release or discharge of, or suspension of any rights and remedies against, any person who may be liable for the payment of this Note. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver. No modification or waiver of any provision of this Note is effective unless it is in writing and signed by the party against whom it is being enforced.

SUBORDINATION. Any rights of any party liable on this Note, whether now existing or hereafter arising, to receive payment on account of any indebtedness (including interest) owed to any party liable on this Note by the Borrower, or to withdraw capital invested by it in the Borrower, or to receive distributions from the Borrower, shall at all times be subordinate to the full and prior repayment to the Bank of the Liabilities. No party liable on this Note shall be entitled to enforce or receive payment of any sums hereby subordinated until the Liabilities have been paid in full and any such sums received in violation of this paragraph shall be received by such party in trust for the Bank. Any party liable on this Note agrees to stand still with regard to the Bank's enforcement of its rights, including taking no action to delay, impede or otherwise interfere with the Bank's rights to realize on the Collateral. The foregoing notwithstanding, until the occurrence of any default, any party liable on this Note is not prohibited from receiving distributions from the Borrower in an amount equal to any income tax liability imposed on such party liable on this Note attributable to an ownership interest, if any, in the Borrower.

RIGHTS OF SUBROGATION. Any party liable on this Note waives and agrees not to enforce any rights of subrogation, contribution or indemnification that it may have against the Borrower, any person liable on the Liabilities, or the Collateral, until the Borrower and such party liable on this Note have fully performed all their obligations to the Bank, even if those obligations are not covered by this Note.

REINSTATEMENT. All parties liable on this Note agree that to the extent any payment is received by the Bank in connection with the Liabilities, and all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by the Bank or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any such payment is hereinafter referred to as a "Preferential Payment"), then this Note shall continue to be effective or shall be reinstated, as the case may be, and whether or not the Bank is in possession of this Note, and, to the extent of such payment or repayment by the Bank, the Liabilities or part thereof intended to be satisfied by such Preferential Payment shall be revived and continued in full force and effect as if said Preferential Payment had not been made.

GOVERNING LAW AND VENUE. This Note is delivered in the State of Indiana and governed by Indiana law (without giving effect to its laws of conflicts). The Borrower agrees that any legal action or proceeding with respect to any of its obligations under this Note may be brought by the Bank in any state or federal court located in either Elkhart or St. Joseph County in the State of Indiana, as the Bank in its sole discretion may elect. By the execution and delivery of this Note, the Borrower submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Borrower waives any claim that either Elkhart or St. Joseph County in the State of Indiana is not a convenient forum or the proper venue for any such suit, action or proceeding.

RENEWAL AND EXTENSION. This Note is given in replacement, renewal and/or extension of, but not extinguishing the indebtedness evidenced by, that Revolving Credit Note dated January 28, 2000 executed by the Borrower in the original principal amount of Ten Million and 00/100 Dollars ($10,000,000.00), including previous renewals or modifications thereof, if any (the "Prior Note"), and is not a novation thereof. All interest evidenced by the Prior Note shall continue to be due and payable until paid. If applicable, all Collateral continues to secure the payment of this Note and the Liabilities. The provisions of this Note are effective on April 11, 2003.

MISCELLANEOUS. The Borrower, if more than one, is jointly and severally liable for the obligations represented by this Note, the term "Borrower" means any one or more of them, and the receipt of value by any one of them constitutes the receipt of value by the others. This Note binds the Borrower and its successors, and benefits the Bank, its successors and assigns. Any reference to the Bank includes any holder of this Note. Section headings are for convenience of reference only and do not affect the interpretation of this Note. Any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, or (c) on the fifth Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision. This Note and any Related Documents embody the entire agreement between the Borrower and the Bank regarding the terms of the loan evidenced by this Note and supercede all oral statements and prior writings relating to that loan. If any provision of this Note cannot be enforced, the remaining portions of this Note shall continue in effect. The Borrower agrees that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to this Note or the Related Documents to BANK ONE CORPORATION, or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of this Note or the Related Documents, The Borrower agrees that the Bank may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in this Note to one or more purchasers whether or not related to the Bank.

WAIVER OF SPECIAL DAMAGES. THE BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. THE BORROWER AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN THE BORROWER AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS NOTE OR THE OTHER RELATED DOCUMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING EVIDENCED BY THIS NOTE.

Address:	1800 S. 14th Street Elkhart, IN 46516	BORROWER: Patrick Industries, Inc.
Mailing Address	P.O. Box 638 Elkhart, In 46515	By: /S/ Andy L. Nemeth Andy L. Nemeth, Secretary / Treasurer

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BankOne

Continuing Security Agreement

NAME OF DEBTOR: PATRICK INDUSTRIES, INC.
TAXPAYER I.D. NO.: 35-1057796
STATE ORGANIZATION NO.: 194321-004
DEBTOR'S ADDRESS: 1800 S. 14TH STREET, ELKHART, IN 46516

GRANT OF SECURITY INTEREST. Patrick Industries, Inc. (the "Debtor") grants to Bank One, NA, with its main office in Chicago, IL, whose address is 121 W. Franklin St., Elkhart, IN 46516, on behalf of itself and its successors and assigns (the "Bank"), as secured party, a continuing security interest in all of the "Collateral" (as hereinafter defined) to secure the payment and performance of the Liabilities.

BORROWER. The term "Borrower" in this agreement means Patrick Industries, Inc.

LIABILITIES. The term "Liabilities" in this agreement means all obligations, indebtedness and liabilities of the Borrower to any one or more of the Bank, BANK ONE CORPORATION, and any of their subsidiaries, affiliates or successors, now existing or later arising, including, without limitation, all loans, advances, interest, costs, overdraft indebtedness, credit card indebtedness, lease obligations, or obligations relating to any Rate Management Transaction, all monetary obligations incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceedings, regardless of whether allowed or allowable in such proceeding, and all renewals, extensions, modifications, consolidations or substitutions of any of the foregoing, whether the Borrower may be liable jointly with others or individually liable as a debtor, maker, co-maker, drawer, endorser, guarantor, surety or otherwise, and whether voluntarily or involuntarily incurred, due or not due, absolute or contingent, direct or indirect, liquidated or unliquidated. The term "Rate Management Transaction" in this agreement means any transaction (including an agreement with respect thereto) now existing or hereafter entered into among the Borrower, the Bank or BANK ONE CORPORATION, or any of its subsidiaries or affiliates or their successors, which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

COLLATERAL. Accounts and Inventory.

DESCRIPTION OF COLLATERAL. As used in this agreement, the term "Collateral" means all of the Debtor's property of the types indicated above and defined below, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, including but not limited to any items listed on any schedule or list attached hereto. In addition, the term "Collateral" includes all "proceeds", "products" and "supporting obligations" (as such terms are defined in the "UCC", meaning the Uniform Commercial Code of Indiana, as in effect from time to time) of the Collateral indicated above, (as such terms are defined in the UCC) arising from the sale, rent, lease, casualty loss or other disposition of the Collateral, and any Collateral returned to, repossessed by or stopped in transit by the Debtor, and all insurance claims relating to any of the Collateral (defined above). The term "Collateral" further includes all of the Debtor's right, title and interest in and to all books, records and data relating to the Collateral identified above, regardless of the form of media containing such information or data, and all software necessary or desirable to use any of the Collateral identified above or to access, retrieve, or process any of such information or data. Where the Collateral is in the possession of the Bank or the Bank's agent, the Debtor agrees to deliver to the Bank any property that represents an increase in the Collateral or profits or proceeds of the Collateral.

1. "Accounts" means all of the Debtor's "accounts"as defined in Article 9 of the UCC.
2. "Inventory" means all of the Debtor's "inventory" as defined in Article 9 of the UCC. In addition, "Inventory" includes any "documents" issued with respect to any of the Debtor's "inventory" (as defined in Article 9 of the UCC). Without limiting the security interest granted, the Debtor represents and warrants that the Debtor's Inventory is presently located at any and all locations.

REPRESENTATIONS, WARRANTIES AND COVENANTS. The Debtor represents and warrants to, and covenants and agrees with the Bank that:

1. Its principal residence or chief executive office is at the address shown above;
2. The Debtor's name as it appears in this agreement is its exact name as it appears in the Debtor's organizational documents, as amended, including any trust documents;
3. It is or will become the owner of the Collateral free from any liens, encumbrances or security interests, except for this security interest and existing liens disclosed to and accepted by the Bank in writing, and it will defend the Collateral against all claims and demands of all persons at any time claiming any interest in the Collateral;
4. It will keep the Collateral free of liens, encumbrances and other security interests, except for this security interest, maintain the Collateral in good repair, not use it illegally and exhibit the Collateral to the Bank on demand;
5. At its own expense, the Debtor will maintain comprehensive casualty insurance on the Collateral against such risks, in such amounts, with such deductibles and with such companies as may be satisfactory to the Bank. Each insurance policy shall contain a lender's loss payable endorsement satisfactory to the Bank and a prohibition against cancellation or amendment of the policy or removal of the Bank as loss payee without at least thirty (30) days prior written notice to the Bank. In all events, the amounts of such insurance coverages shall conform to prudent business practices and shall be in such minimum amounts that the Debtor will not be deemed a co-insurer. The policies, or certificates evidencing them, shall, if the Bank so requests, be deposited with the Bank. The Debtor authorizes the Bank, after default by Debtor, to endorse on the Debtor's behalf and to negotiate drafts reflecting proceeds of insurance of the Collateral, provided that the Bank shall remit to the Debtor such surplus, if any, as remains after the proceeds have been applied, at the Bank's option, to the satisfaction of all of the Liabilities (in such order of application as the Bank may elect) or, after default by Debtor to the establishment of a cash collateral account for the Liabilities;
6. It will not sell, lease, license or offer to sell, lease, license or otherwise transfer the Collateral or any rights in or to the Collateral, without the written consent of the Bank, except in the ordinary course of business;
7. It will notify Bank upon request of any changes of location of the Collateral to locations different from the locations of the Collateral

described in this agreement.

8. It will pay promptly when due all taxes and assessments upon the Collateral, or for the use or operation of the Collateral;
9. No financing statement covering all or any part of the Collateral or any proceeds is on file in any public office, unless the Bank has approved that filing. From time to time at the Bank's request, the Debtor will execute one or more financing statements in form satisfactory to the Bank and will pay the cost of filing them in all public offices where filing is deemed by the Bank to be necessary or desirable. In addition, the Debtor shall execute and deliver, or cause to be executed and delivered, such other documents as the Bank may from time to time request to perfect or to further evidence the security interest created in the Collateral by this agreement including, without limitation: (a) any certificate or certificates of title to the Collateral with the security interest of the Bank noted thereon or executed applications for such certificates of title in form satisfactory to the Bank; (b) any assignments of claims under government contracts which are included as part of the Collateral, together with any notices and related documents as the Bank may from time to time request; (c) after default by Debtor, any assignment of any specific account receivable as the Bank may from time to time request; (d) a notice of security interest and a control agreement with respect to any Collateral, all in form and substance satisfactory to the Bank; (e) a notice to and acknowledgment from any person holding possession of any Collateral as a bailee for the Bank's benefit, all in form and substance satisfactory to the Bank; and (f) any consent to the assignment of proceeds of any letter of credit, all in form and substance satisfactory to the Bank;
10. It will not, without (he Bank's prior written consent, change the Debtor's name, the Debtor's business organization, the jurisdiction under which the Debtor's business organization is formed or organized, or the Debtor's chief executive office, or of any additional places of the Debtor's business;
11. It will provide any information that the Bank may reasonably request and will permit the Bank or the Bank's agents to inspect and copy its books, records, data and the Collateral at any time during normal business hours;
12. The Bank shall have the right now, and at any time in the future in its sole and absolute discretion, without notice to the Debtor, to (a) prepare, file and sign the Debtor's name on any proof of claim in bankruptcy or similar document against any owner of the Collateral and (b) prepare, file and sign the Debtor's name on any financing statement, notice of lien, assignment or satisfaction of lien or similar document in connection with the Collateral. The Debtor hereby authorizes the Bank to file financing statements containing the collateral description "All of the Debtor's assets whether now owned or hereafter acquired." or such lesser amount of assets as the Bank may determine, or the Bank may, at its option, file financing statements containing any collateral description which reasonably describes the Collateral in which a security interest is granted under this agreement;
13. The Debtor shall keep all tangible Collateral in good order and repair and shall not waste or destroy any of the Collateral, nor use any of the Collateral in violation of any applicable law or any policy of insurance thereon. To the extent that the Collateral consists of "farm products" (as defined in the UCC), the Debtor shall attend to and care for the crops and livestock in accordance with the best practices of good husbandry, and do, or cause to be done, any and all acts that may at any time be appropriate or necessary to grow, raise, harvest, care for, preserve and protect the farm products;
14. Except as may be otherwise disclosed in writing by the Debtor to the Bank, none of the Collateral is attached to real estate so as to constitute a "fixture" (as defined in the UCC) and none of the Collateral shall at any time hereafter be attached to real estate so as to constitute a fixture. If any of the Collateral is now or at any time hereafter becomes so attached to real estate so as to constitute a fixture, the Debtor shall, at any time upon the Bank's request, furnish the Bank with a disclaimer of interest in the Collateral executed by each person or entity having an interest in such real estate.

ACCOUNTS. If the Collateral includes the Debtor's "Accounts" and until the Bank gives notice to the Debtor to the contrary, the Debtor will, in the usual course of its business and at its own expense, on the Bank's behalf but not as the Bank's agent, demand and receive and use its best efforts to collect all moneys due or to become due with respect to the Collateral. Until the Bank gives notice to the Debtor to the contrary after the Debtor is in default, it may use the funds collected in its business. Upon notice from the Bank or upon default, the Debtor agrees that all sums of money it receives on account of or in payment or settlement of the Accounts shall be held by it as trustee for the Bank without commingling with any of the Debtor's other funds, and shall immediately be delivered to the Bank with endorsement to the Bank's order of any check or similar instrument. It is agreed that, at any time the Bank so elects, the Bank shall be entitled, in its own name or in the name of the Debtor or otherwise,

but at the expense and cost of the Debtor, to collect, demand, receive, sue for or compromise any and all Accounts and to give good and sufficient releases, to endorse any checks, drafts or other orders for the payment of money payable to the Debtor and, in the Bank's discretion, to file any claims or take any action or proceeding which the Bank may deem necessary or advisable. It is expressly understood and agreed, however, that the Bank shall not be required or obligated in any manner to make any demand or to make any inquiry as to the nature or sufficiency of any payment received by it or to present or file any claim or take any other action to collect or enforce the payment of any amounts which may have been assigned to the Bank or to which the Bank may be entitled at any time or times. All notices required in this paragraph will be immediately effective when sent. Such notices need not be given prior to the Bank's taking action. The Debtor appoints the Bank or the Bank's designee as the Debtor's attorney-in-fact to do all things with reference to the Collateral as provided for in this section including without limitation (1) to notify the post office authorities to change the Debtor's mailing address to one designated by the Bank, (2) to receive, open and dispose of mail addressed to the Debtor, (3) to sign the Debtor's name on any invoice or bill of lading relating to any Collateral, on assignments and verifications of account and on notices to the Debtor's customers, and (4) to do all things necessary to carry out this agreement. The Debtor ratifies and approves all acts of the Bank as attorney-in-fact. The Bank shall not be liable for any act or omission, nor any error of judgment or mistake of fact or law, but only for its gross negligence or willful misconduct. This power being coupled with an interest is irrevocable until all of the Liabilities have been fully satisfied.

PLEDGE. If the Debtor is not liable for all or any part of the Liabilities, then the Debtor agrees that:

1. If any moneys become available from any source other than the Collateral that the Bank can apply to the Liabilities, the Bank may apply them in any manner it chooses, including but not limited to applying them against obligations, indebtedness or liabilities which are not secured by this agreement.
2. The Bank may take any action against the Borrower, the Collateral or any other collateral for the Liabilities, or any other person liable for any of the Liabilities.
3. The Bank may release the Borrower or anyone else from the Liabilities, either in whole or in part, or release the Collateral in whole or in part or any other collateral for the Liabilities, and need not perfect a security interest in the Collateral or any other collateral for the Liabilities.
4. The Bank does not have to exercise any rights that it has against the Borrower or anyone else, or make any effort to realize on the Collateral or any other collateral for the Liabilities, or exercise any right of setoff.
5. Without notice or demand and without affecting the Debtor's obligations hereunder, from time to time, the Bank is authorized to: (a) renew, modify, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Liabilities or any part thereof, including increasing or decreasing the rate of interest thereon; (b) release, substitute or add any one or more sureties, endorsers, or guarantors; (c) take and hold other collateral for the payment of the Liabilities, and enforce, exchange, substitute, subordinate, waive or release any such collateral; (d) proceed against the Collateral or any other collateral for the Liabilities and direct the order or manner of sale as the Bank in its discretion may determine; and (e) apply any and all payments received by the Bank in connection with the Liabilities, or recoveries from the Collateral or any other collateral for the Liabilities, in such order or manner as the Bank in its discretion may determine.
6. The Debtor's obligations hereunder shall not be released, diminished or affected by (a) any act or omission of the Bank, (b) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of the Borrower, or any receivership, insolvency, bankruptcy, reorganization, or other similar proceedings affecting the Borrower or any of its assets, (c) any change in the composition or structure of the Borrower, including a merger or consolidation with any other person or entity, or (d) any payments made upon the Liabilities.
7. The Debtor expressly consents to any impairment of any other collateral for the Liabilities, including, but not limited to, failure to perfect a security interest and release of any other collateral for the Liabilities and any such impairment or release shall not affect the Debtor's obligations hereunder.
8. The Debtor waives and agrees not to enforce any rights of subrogation, contribution or indemnification that it may have against the Borrower, any person liable on the Liabilities, or the Collateral, until the Borrower and the Debtor have fully performed all their obligations to the Bank, even if those obligations are not covered by this agreement.
9. The Debtor waives (a) to the extent permitted by law, all rights and benefits under any laws or statutes regarding sureties, as may be amended, (b) any right the Debtor may have to receive notice of the following matters before the Bank enforces any of its rights: (i) the Bank's acceptance of this agreement, (ii) any credit that the Bank extends to the Borrower, (iii) the Borrower's default, (iv) any demand, diligence, presentment, dishonor and protest, or (v) any action that the Bank takes regarding the Borrower, anyone else, any other collateral for the Liabilities, or any of the Liabilities, which it might be entitled to by law or under any other agreement, (c) any right it may have to require the Bank to proceed against the Borrower, any other obligor or guarantor of the

Liabilities, the Collateral or any other collateral for the Liabilities, or pursue any remedy in the Bank's power to pursue, (d) any defense based on any claim that the Debtor's obligations exceed or are more burdensome than those of the Borrower, (e) the benefit of any statute of limitations affecting the Debtor's obligations hereunder or the enforcement hereof, (f) any defense arising by reason of any disability or other defense of the Borrower or by reason of the cessation from any cause whatsoever (other than payment in full) of the obligation of the Borrower for the Liabilities, and (g) any defense based on or arising out of any defense that the Borrower may have to the payment or performance of the Liabilities or any portion thereof. The Bank may waive or delay enforcing any of its rights without losing them. Any waiver affects only the specific terms and time period stated in the waiver.

10. The Debtor agrees that to the extent any payment is received by the Bank in connection with the Liabilities, and all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by the Bank or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any such payment is hereinafter referred to as a "Preferential Payment"), then this agreement shall continue to be effective or shall be reinstated, as the case may be, and whether or not the Bank is in possession of this agreement, and, to the extent of such payment or repayment by the Bank, the Liabilities or part thereof intended to be satisfied by such Preferential Payment shall be revived and continued in full force and effect as if said Preferential Payment had not been made. If this agreement must be reinstated, the Debtor agrees to execute and deliver to the Bank any new security agreements and financing statements, if necessary or if requested by the Bank, in form and substance acceptable to the Bank, covering the Collateral.
11. Any rights of the Debtor, whether now existing or hereafter arising, to receive payment on account of any indebtedness (including interest) owed to the Debtor by the Borrower, or to withdraw capital invested by the Debtor in the Borrower, or to receive distributions from the Borrower, shall at all times be subordinate to the full and prior repayment to the Bank of the Liabilities. The Debtor shall not be entitled to enforce or receive payment of any sums hereby subordinated until the Liabilities have been paid in full and any such sums received in violation of this agreement shall be received by the Debtor in trust for the Bank. The Debtor agrees to fully cooperate with the Bank and not to delay, impede or otherwise interfere with the efforts of the Bank to secure payment from the assets which secure the Liabilities including actions, proceedings, motions, orders, agreements or other matters relating to relief from automatic stay, abandonment of property, use of cash collateral and sale of the Bank's collateral free and clear of all liens. The foregoing notwithstanding, until the occurrence of any default, the Debtor is not prohibited from receiving distributions from the Borrower in an amount equal to any income tax liability imposed on the Debtor attributable to the Debtor's ownership interest in the Borrower, if any.

DEFAULT; REMEDIES. If any of the Liabilities are not paid at maturity, whether by acceleration or otherwise, or if a default by anyone occurs under the terms of any agreement related to any of the Liabilities, then the Bank shall have the rights and remedies provided by law or this agreement, including but not limited to the right to require the Debtor to assemble the Collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, the right to take possession of the Collateral with or without demand and with or without process of law, and the right to sell and dispose of it and distribute the proceeds according to law. Should a default occur, the Debtor will pay to the Bank all costs reasonably incurred by the Bank for the purpose of enforcing its rights hereunder, to the extent not prohibited by law, including, without limitation: costs of foreclosure; costs of obtaining money damages; and a reasonable fee for the services of outside attorneys employed or engaged by the Bank for any purpose related to this agreement, including, without limitation, consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or any proceeding. The Debtor agrees that upon default the Bank may dispose of any of the Collateral in its then present condition, that the Bank has no duty to repair or clean the Collateral prior to sale, and that the disposal of the Collateral in its present condition or without repair or clean-up shall not affect the commercial reasonableness of such sale or disposition. The Bank's compliance with any applicable state or federal law requirements in connection with the disposition of the Collateral will not adversely affect the commercial reasonableness of any sale of the Collateral. The Bank may disclaim warranties of title, possession, quiet enjoyment, and the like, and the Debtor agrees that any such action shall not affect the commercial reasonableness of the sale. In connection with the right of the Bank to take possession of the Collateral, the Bank may take possession of any other items of property in or on the Collateral at the time of taking possession, and hold them for the Debtor without liability on the part of the Bank. The Debtor expressly agrees that the Bank may enter upon the premises where the Collateral is believed to be located without any obligation of payment to the Debtor, and that the Bank may, without cost, use any and all of the Debtor's "equipment" (as defined in the UCC) in the manufacturing or processing of any "inventory" (as defined in the UCC) or in growing, raising, cultivating, caring for, harvesting, loading and transporting of any of the Collateral that constitutes "farm products" (as defined in the UCC). If there is any statutory requirement for notice, that requirement shall be met if the Bank sends notice to the Debtor at least ten (10) days prior to the date of sale, disposition or other event giving rise to the required notice, and such notice shall be deemed commercially reasonable. The Debtor is liable for any deficiency remaining after disposition of the Collateral.

MISCELLANEOUS.

1. Where the Collateral is located at, used in or attached to a facility leased by the Debtor, the Debtor will obtain from the lessor a consent to the granting of this security interest and a release or subordination of the lessor's interest in any of the Collateral, in form acceptable to the Bank.
2. At its option the Bank may, but shall be under no duty or obligation to, discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, pay for insurance on the Collateral, and pay for the maintenance and preservation of the Collateral, and the Debtor agrees to reimburse the Bank on demand for any payment made or expense incurred by the Bank, with interest at the highest rate at which interest may accrue under any of the instruments evidencing the Liabilities.
3. No delay on the part of the Bank in the exercise of any right or remedy waives that right or remedy, no single or partial exercise by the Bank of any right or remedy precludes any other exercise of it or the exercise of any other right or remedy, and no waiver or indulgence by the Bank of any default is effective unless it is in writing and signed by the Bank, nor does a waiver on one occasion waive that right on any future occasion.
4. If any provision of this agreement is invalid, it shall be ineffective only to the extent of its invalidity, and the remaining provisions shall be valid and effective.
5. Except as provided in the Accounts; Chattel Paper; General Intangibles; and Instruments paragraph above, any notices and demands under or related to this document shall be in writing and delivered to the intended party at its address stated herein, and if to the Bank, at its main office if no other address of the Bank is specified herein, by one of the following means: (a) by hand, (b) by a nationally recognized overnight courier service, or (c) by certified mail, postage prepaid, with return receipt requested. Notice shall be deemed given: (a) upon receipt if delivered by hand, (b) on the Delivery Day after the day of deposit with a nationally recognized courier service, or (c) on the fifth Delivery Day after the notice is deposited in the mail. "Delivery Day" means a day other than a Saturday, a Sunday, or any other day on which national banking associations are authorized to be closed. Any party may change its address for purposes of the receipt of notices and demands by giving notice of such change in the manner provided in this provision.
6. All rights of the Bank benefit the Bank's successors and assigns; and all obligations of the Debtor bind the Debtor's heirs, executors, administrators, successors and assigns. If there is more than one Debtor, their obligations are joint and several,
7. A carbon, photographic or other reproduction of this agreement is sufficient as, and can be filed as, a financing statement. The Bank is irrevocably appointed the Debtor's attorney-in-fact to execute any financing statement on the Debtor's behalf covering the Collateral. Additionally, the Debtor authorizes the Bank to file one or more financing statements related to the security interests created by this agreement, and further authorizes the Bank, as secured party herein, instead of the Debtor, to sign such financing statements.

SECURITY AGREEMENT IN ADDITION TO OTHER SECURITY AGREEMENTS. This Security Agreement is in addition to and not in substitution or replacement of any other security agreement executed by the Debtor in favor of the Bank, and the Bank's rights under this Security Agreement and any such other security agreement are cumulative.

GOVERNING LAW AND VENUE. This agreement is delivered in the State of Indiana and governed by Indiana law (without giving effect to its laws of conflicts), except to the extent that the laws regarding the perfection and priority of property of the state in which any property securing the Liabilities is located are applicable. The Debtor agrees that any legal action or proceeding with respect to any of its obligations under this agreement may be brought by the Bank in any state or federal court located in Elkhart or St. Joseph County in the State of Indiana, as the Bank in its sole discretion may elect. By the execution and delivery of this agreement, the Debtor submits to and accepts, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of those courts. The Debtor waives any claim that Elkhart or St. Joseph County, State of Indiana are not a convenient forum or the proper venue for any such suit, action or proceeding.

REPRESENTATIONS. Each Debtor represents that: (a) the execution and delivery of this agreement and the performance of the obligations it imposes do not violate any law, do not conflict with any agreement by which it is bound, and do not require the consent or approval of any governmental authority or any third party; (b) this agreement is a valid and binding agreement, enforceable according to its terms; and (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Bank in connection with the Liabilities are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates. Each Debtor, other than a natural person, further represents that: (a) it is duly organized, existing and in good standing under the laws where it is organized; and (b) the execution and delivery of this agreement and the performance of the obligations it imposes (i) are within its powers and have been duly authorized by all necessary action of its governing body; and (ii) do not contravene the terms of its articles of incorporation or organization, its by-laws, or any agreement governing its affairs.

WAIVER OF SPECIAL DAMAGES. THE DEBTOR WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT THE UNDERSIGNED MAY HAVE TO CLAIM OR RECOVER FROM THE BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

JURY WAIVER. THE DEBTOR AND THE BANK (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN OR AMONG THE DEBTOR AND THE BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

Dated: _April 11 ___,2003

DEBTOR:
Patrick Industries, Inc.

By:/S/ Andy L. Nemeth
_Andy L. Nemeth, Secretary/Treasurer ______
Printed Name Title

AndyMitchell IN000001007287463
ELDSOI JST 149242v3

Exhibit 12

PATRICK INDUSTRIES, INC.

Statement of Computation of Operating Ratios

Operating ratios which appear in this Form 10-K, including gross profit, warehouse and delivery expenses, selling, general, and administrative expenses, operating income, and net income were computed by dividing the respective amounts by net sales for the periods indicated.

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith V. Kankel, certify that:

1. I have reviewed this annual report on Form 10K of Patrick Industries, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's Chief Financial Officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation ; and

    c) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's Chief Financial Officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

    a) all significant deficiencies and material weaknesses in the designor operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date March 19, 2004

/S/Keith V. Kankel

Keith V. Kankel
(President)
(Chief Executive Offi

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andy L. Nemeth, certify that:

1. I have reviewed this annual report on Form 10K of Patrick Industries, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's Chief Executive Officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation ; and

   c) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's Chief Executive Officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

   d) all significant deficiencies and material weaknesses in the designor operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   e) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date March 19, 2004 /S/Andy L. Nemeth

Andy L. Nemeth
(Vice President Finance)
(Chief Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Patrick Industries, Inc. (the "Company") on Form 10K for the period ending December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002 that, based on their knowledge: 1) the Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/S/Keith V. Kankel
- ---
Keith V. Kankel, Chief Executive Officer

/S/Andy L. Nemeth
- --
Andy L. Nemeth, Chief Financial Officer

March 19 , 2004
- ---------------------------

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Patrick Industries, Inc. and will be retained by Patrick Industries, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.