

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1996 Commission File Number 0-3922

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

INDIANA
(State or other jurisdiction of
incorporated or organization)

35-1057796
(I.R.S. Employer
Identification No.)

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

46516
(ZIP Code)

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

NONE
Former name, former address and former fiscal year, if changed since last
report.

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the Registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes X No

Shares of Common Stock Outstanding as of November 1, 1996: 5,962,766

PATRICK INDUSTRIES, INC.

INDEX

	Page No.
PART I: Financial Information	
Unaudited Condensed Balance Sheets September 30, 1996 & December 31, 1995	3
Unaudited Condensed Statements of Income Three Months Ended September 30, 1996 & 1995, and Nine Months Ended September 30, 1996 & 1995	4
Unaudited Condensed Statements of Cash Flows Nine Months Ended September 30, 1996 & 1995	5
Notes to Unaudited Condensed Financial Statements	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7
PART II: Other Information	10
Signatures	11

PART I: FINANCIAL INFORMATION

PATRICK INDUSTRIES, INC. CONDENSED BALANCE SHEETS

<TABLE>
<CAPTION>

	(Unaudited) SEPTEMBER 30 1996	(Note) DECEMBER 31 1995
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS		
Cash	\$ 2,022,986	\$ 1,349,709
Accounts Receivable, Net	28,638,535	20,427,355
Inventories	37,328,685	35,462,152
Other	145,168	387,782
Total Current Assets	\$ 68,135,374	\$ 57,626,998
INTANGIBLE AND OTHER ASSETS		
	\$ 5,387,973	\$ 5,239,766
PROPERTY AND EQUIPMENT		
	\$ 62,828,952	\$ 56,189,860
LESS ACCUMULATED DEPRECIATION	25,144,730	23,140,702
	\$ 37,684,222	\$ 33,049,158
Total Assets	\$ 111,207,569	\$ 95,915,922
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current Maturities of Long-term Debt	\$ 700,000	\$ 700,000
Accounts Payable	17,085,094	9,589,103
Accrued Expenses and Taxes Payable	4,850,390	4,057,446
Total Current Liabilities	\$ 22,635,484	\$ 14,346,549
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
	\$ 26,200,000	\$ 26,200,000
DEFERRED COMPENSATION		
	\$ 1,031,428	\$ 919,821
DEFERRED INCOME TAX CREDITS		
	\$ 1,544,269	\$ 1,461,000
SHAREHOLDERS' EQUITY		
Common Stock	\$ 21,767,744	\$ 21,626,489
Retained Earnings	38,028,644	31,362,063
Total Shareholders' Equity	\$ 59,796,388	\$ 52,988,552
Total Liabilities and Shareholders' Equity	\$ 111,207,569	\$ 95,915,922

NOTE: The balance sheet at December 31, 1995 has been taken from the audited financial statements at that date and condensed.

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

ENDED	THREE MONTHS ENDED		NINE MONTHS	
	SEPTEMBER 30		SEPTEMBER 30	
	1996	1995	1996	
1995	<C>	<C>	<C>	
NET SALES	\$105,686,233	\$ 94,125,637	\$306,849,116	
\$273,716,121				
COST AND EXPENSES				
Cost of Goods Sold	\$ 91,206,330	\$ 80,913,172	\$266,172,613	
\$236,037,230				
Warehouse and Delivery	3,920,554	3,436,484	10,903,550	
9,981,814				
Selling and Administrative	4,915,825	4,801,757	15,074,356	
13,850,944				
Financial Expenses, Net	236,539	316,132	823,347	
1,025,514				
	\$100,279,248	\$ 89,467,545	\$292,973,866	
\$260,895,502				
INCOME BEFORE INCOME TAXES				
	\$ 5,406,985	\$ 4,658,092	\$ 13,875,250	\$
12,820,619				
INCOME TAXES				
	2,122,300	1,816,000	5,441,500	

5,000,000				
NET INCOME	\$ 3,284,685	\$ 2,842,092	\$ 8,433,750	\$
7,820,619				
EARNINGS PER COMMON SHARE	\$.55	\$.48	\$ 1.41	\$
1.32				
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,973,212	5,947,431	5,968,790	
5,943,991				

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOW

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995
	<C>	<C>
<S>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 8,433,750	\$
7,820,619		
Adjustment to Reconcile Net Income to Net Cash:		
Depreciation and Amortization	3,357,973	2,472,907
Other	(19,533)	
(142,038)		
Change in Assets and Liabilities:		
Decrease (Increase) in:		
Accounts Receivable	(8,211,180)	
(8,681,024)		
Inventories	(1,866,533)	
2,153,155		
Other	242,614	
6,008		
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	7,801,741	907,474
Income Taxes Payable and Deferred Taxes	563,117	242,508
Deferred Compensation	111,607	
79,650		
Net Cash Provided by Operating Activities	\$ 10,413,556	\$ 4,859,259
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	\$ (7,820,442)	\$
(8,833,410)		
Acquisition of Assets of U.S. Door	---	
(3,346,596)		
Change in Cash Held in Escrow	---	
2,603,959		
Other	90,558	
373,810		
Net Cash (Used in) Investing Activities	\$ (7,729,885)	\$
(9,202,237)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings Under Debt Agreements	\$ ---	\$ 18,000,000
Sale of Common Stock	174,724	
25,703		
Principal Payments on Debt	---	
(13,274,000)		
Reacquisition of Common Stock	(1,479,476)	--
-		
Cash Dividends	(714,912)	
(474,342)		
Other	9,269	--
-		
Net Cash Provided by Financing Activities	\$ (2,010,395)	\$
4,277,361		
Increase (Decrease) in Cash and Cash Equivalents	\$ 673,277	\$
(65,617)		
CASH and CASH EQUIVALENTS, BEGINNING	\$ 1,349,709	\$
666,986		
CASH and CASH EQUIVALENTS, ENDING	\$ 2,022,985	\$
601,369		

CASH PAYMENTS FOR:

Interest	\$	1,282,207	\$
1,127,842			
Income Taxes	\$	5,012,305	\$
4,879,992			

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

- In the opinion of the Registrant, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly financial position as of September 30, 1996, and December 31, 1995, and the results of operations and cash flows for the three months and the nine months ended September 30, 1996 and 1995.
- Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in Registrant's December 31, 1995 audited financial statements. The results of operations for the three months and nine months periods ended September 30, 1996 and 1995 are not necessarily indicative of the results to be expected for the full year.
- The inventories on September 30, 1996 and December 31, 1995 consist of the following classes:

	September 30 1996	December 31 1995
Raw Materials	\$22,965,977	\$23,105,916
Work in Process	1,071,624	877,805
Finished	3,276,241	3,197,561
Total Manufactured Goods	\$27,313,842	\$27,181,282
Distribution Products	10,014,843	8,280,870
TOTAL INVENTORIES	\$37,328,685	\$35,462,152

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

- The earnings per common share for the three months and nine months ended September 30, 1996 and 1995 have been computed based on the weighted average number of shares of common stock. The weighted average number of shares outstanding was 5,973,212 for the three months and 5,968,790 for the nine months ended September 30, 1996 and 5,947,431 for the three months and 5,943,991 for the nine months ended September 30, 1995.

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

GENERAL

The economy and the industries served by the Registrant improved starting in 1992 as net sales increased annually from \$184 million in 1992 to over \$362 million in 1995. In the first nine months of 1996, the Registrant continued its growth with record sales for the period.

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

	Three Months		Nine Months	
	Ended September 30 1996	1995	Ended September 30 1996	1995
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Sales	86.3	86.0	86.7	86.2
Gross Profit	13.7	14.0	13.3	13.8
Warehouse and Delivery	3.7	3.7	3.6	3.7
Selling, General & Administrative	4.7	5.1	4.9	5.1
Operating Income	5.3	5.2	4.8	5.0
Net Income	3.1	3.0	2.8	2.9

RESULTS OF OPERATIONS

Quarter Ended September 30, 1996 Compared to Quarter Ended September 30, 1995

Net Sales. Net sales increased by \$11.6 million, or 12.3%, from \$94.1 million for the quarter ended September 30, 1995 to \$105.7 million in the quarter ended September 30, 1996. This sales increase was attributable to an almost 9% increase in units shipped by the Manufactured Housing industry, which represents approximately 69% of Registrant's sales. The Registrant's sales to the Recreational Vehicle industry were higher in this years third quarter because the industry, which represents approximately 16% of Registrant's sales, was experiencing a slight increase in units shipped of the units that utilize Registrant's products.

Gross Profit. Gross profit increased by approximately \$1.3 million, or 9.6%, from \$13.2 million in the third quarter of 1995, to \$14.5 million in the same quarter of 1996. As a percentage of sales, gross profit was lower by 0.3%.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased by \$0.48 million, or 14%. This is the same percentage to net sales as the third quarter of 1995. The increase in dollars is due to increased sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by only \$114,000, or 2.4%, in the 1996 third quarter. As a percentage of net sales, these expenses decreased from 5.1% to 4.7% in the third quarter of 1996 compared to 1995.

Operating Income. Operating income increased by \$669,000 because of the increased sales and the operating expenses remaining steady or lower as percentages of sales. As a percentage of sales, operating income was increased from 5.2% to 5.3% in the 1996 third quarter.

Interest Expense. Interest expense decreased by almost \$80,000. The Registrant's borrowing levels were slightly lower during most of the 1996 third quarter compared to 1995, and temporary investments were higher.

Net Income. Net income increased by \$443,000 from \$2.8 million in 1995 to \$3.3 million in 1996 for the third quarter ended September 30. This increase from 3.0% of sales to 3.1% is attributable to the factors described above.

Nine Months Ended September 30, 1996 Compared to Nine Months Ended September 30, 1995

Net Sales. Net sales increased by \$33.1 million, or 12.1%, from \$273.7 million for the nine months ended September 30, 1995, to \$306.8 million in the nine months ended September 30, 1996. This sales increase was attributable to an almost 10% increase in the first nine months in units shipped by the Manufactured Housing industry, which represents approximately 69% of Registrant's sales. The Registrant's sales to the Recreational Vehicle industry were higher in this years first nine months because the industry, which represents approximately 16% of Registrant's sales, was experiencing a slight increase in units shipped of the units that utilize Registrants products.

Gross Profit. Gross profit increased by approximately \$3.0 million, or 8.0%, from \$37.7 million in the first nine months of 1995, to \$40.7 million in the same period of 1996. As a percentage of sales, gross profit was lower by 0.5%.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased by approximately \$921,000, or 9.2%. This is 0.1 % less as a percentage of net sales than the nine months period of 1995. The increase in dollars is due to increased sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$1.2 million, or 8.8%, in the 1996 first nine months. As a percentage of net sales, these expenses decreased from 5.1% to 4.9% in the first nine months of 1996 compared to 1995.

Operating Income. Operating income increased by approximately \$852,000 because of the increased sales and the operating expenses remaining steady or lower as percentages of sales. As a percentage of sales, operating income decreased from 5.0% to 4.8% in the 1996 first nine months.

Interest Expense. Interest expense decreased by approximately \$202,000. The Registrant's borrowing levels were slightly lower during the first nine months of 1996 compared to 1995, and temporary investments were higher.

Net Income. Net income increased by approximately \$613,000 from \$7.8 million in 1995 to \$8.4 million in 1996 for the nine months ended September 30. This increase is attributable to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

The Registrant's primary capital requirements are to meet working capital

needs, support its capital expenditure plans and meet debt service requirements.

The Registrant, 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 beginning in 1996 and seven annual principal repayments beginning September 15, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Registrant has a bank financing agreement (the Credit Agreement) with NBD Bank, N.A. The Credit Agreement provided for a \$10 million term loan with a maturity in February, 1999 and a credit revolver loan of up to \$13 million with maturity in February 1997. In September, 1995 with funds from the insurance company private placement, the Registrant prepaid the term loan in full and paid the revolver outstanding balance. On October 31, 1995 the bank financing agreement was amended reducing the credit revolver loan availability to \$5,000,000. Pursuant to the Credit Agreement, the Registrant is required to maintain certain financial ratios, all of which are currently complied with.

The Registrant believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements and ordinary capital expenditures as currently contemplated.

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 temperate. Accordingly, the Registrant's sales and profits are generally highest in the second and third quarters.

INFLATION

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 27 Financial Data Schedule

(b) There were no Reports filed on Form 8-K during this period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PATRICK INDUSTRIES, INC.
(Registrant)

Date November 12, 1996

/S/Mervin D. Lung
Mervin D. Lung
(Chairman of the Board)

Date November 12, 1996

/S/David D. Lung
David D. Lung
(President)

Date November 12, 1996

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

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from Patrick Industries, Inc.'s Form 10-Q and is qualified in its entirety by reference to such Form 10-Q filing.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	SEP-30-1996
<CASH>	2,022,986
<SECURITIES>	0
<RECEIVABLES>	28,768,535
<ALLOWANCES>	(130,000)
<INVENTORY>	37,328,685
<CURRENT-ASSETS>	68,135,374
<PP&E>	62,828,952
<DEPRECIATION>	(25,144,730)
<TOTAL-ASSETS>	111,207,569
<CURRENT-LIABILITIES>	22,635,484
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	21,767,744
<OTHER-SE>	0
<TOTAL-LIABILITY-AND-EQUITY>	111,207,569
<SALES>	306,849,116
<TOTAL-REVENUES>	306,849,116
<CGS>	266,172,613
<TOTAL-COSTS>	292,150,519
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	823,347
<INCOME-PRETAX>	13,875,250
<INCOME-TAX>	5,441,500
<INCOME-CONTINUING>	8,433,750
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	8,433,750
<EPS-PRIMARY>	1.41
<EPS-DILUTED>	1.41

</TABLE>