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 March 31, 1998 Commission File Number 03922

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

INDIANA	351057796
(State or other jurisdiction of incorporated or organization)	(I.R.S. Employer Identification No.)
1800 South 14th Street, Elkhart, IN	46516
(Address of principal executive offices)	(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 April 30, 1998: 5,898,266

PATRICK INDUSTRIES, INC.

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PART I: FINANCIAL INFORMATION

<TABLE>
PATRICK INDUSTRIES, INC. CONDENSED BALANCE SHEETS

<CAPTION>

	(Unaudited) MARCH 31 1998	(Note) DECEMBER 31 1997
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 3,073,261	$ 3,765,171
Trade receivables	28,832,277	17,127,797
Inventories	33,797,894	34,602,154
Prepaid expenses	331,992	_608,611
Total current assets	66,035,424	56,103,733
PROPERTY AND EQUIPMENT, at cost	80,090,018	78,052,343
Less accumulated depreciation	31,076,975	29,830,987
	49,013,043	48,221,356
INTANGIBLE AND OTHER ASSETS	7,689,443	7,862,419
Total assets	$122,737,910	$112,187,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of longterm debt	$ 1,138,517	$ 1,138,517
Accounts payable, trade	18,646,037	10,329,507
Accrued liabilities	5,109,397	4,455,005
Total current liabilities	24,893,951	15,923,029
LONGTERM DEBT, less current maturities	24,905,455	25,015,218
DEFERRED COMPENSATION OBLIGATIONS	1,509,002	1,416,002
DEFERRED TAX LIABILITIES	1,107,000	1,107,000
SHAREHOLDERS' EQUITY		
Common stock	21,918,322	21,896,822
Retained earnings	48,404,180	46,829,437
Total shareholders' equity	70,322,502	68,726,259
Total liabilities and shareholders' equity	$122,737,910	$112,187,508

NOTE: The balance sheet at December 31, 1997 has been taken from the audited financial statements at that date.

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME

<CAPTION>

	THREE MONTHS ENDED MARCH 31 1998	1997
<S>	<C>	<C>
NET SALES	$104,987,172	$

		96,935,710
COST AND EXPENSES		
Cost of Goods Sold	$ 91,733,783	$ 84,979,168
Warehouse and Delivery Expenses	3,717,248	3,395,562
Selling, General, and Administrative Expenses	6,263,513	4,853,227
Interest Expense, Net	253,970	287,909
	$ 101,968,514	$ 93,515,866
INCOME BEFORE INCOME TAXES	$ 3,018,658	$ 3,419,844
INCOME TAXES	1,207,500	1,333,700
NET INCOME	$ 1,811,158	$ 2,086,144
EARNINGS PER COMMON SHARE	$ .31	$ .35
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,896,472	5,964,594

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOWS

<CAPTION>

	THREE MONTHS ENDED MARCH 31	
	1998	1997
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,811,158	$ 2,086,144
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,708,556	1,397,612
Deferred income taxes	- - -	(43,661)
Other	113,120	62,558
Change in assets and liabilities:		
Decrease (Increase) in:		
Trade receivables	(11,704,480)	(12,394,022)
Inventories	804,260	997,227
Prepaid expenses	276,619	(73,279)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	7,979,872	9,819,911
Income taxes payable	990,873	1,313,700
Net cash provided by operating activities	1,979,978	3,166,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,347,387)	(3,494,664)
Investment in marketable securities	- - -	(600,000)
Other	- - -	15,139
Net cash (Used in) investing activities	(2,347,387)	(4,079,525)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of common stock options	21,500	16,125
Principal payments on long-term debt	(109,763)	(107,421)
Cash dividends paid	(236,238)	(237,954)
Net Cash (Used In) investing activities	(324,501)	(329,250)
Decrease in cash and cash equivalents	(691,910)	(1,242,585)
Cash and cash equivalents, beginning	3,765,171	2,041,482
Cash and cash equivalents, ending	$ 3,073,261	$ 798,897
Cash Payments for:		
Interest	$ 78,822	$ 695,580
Income Taxes	291,627	95,000

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. 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 the financial position as of March 31, 1998, and December 31, 1997, and the results of operations and cash flows for the three months ended March 31, 1998 and 1997.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in Registrant's December 31, 1997 audited financial statements. The results of operations for the three month periods ended March 31, 1998 and 1997 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on March 31, 1998 and December 31, 1997 consist of the following classes:

<TABLE>
<CAPTION>

	March 31 1998	December 31 1997
<S>	<C>	<C>
Raw Materials	$19,767,218	$19,710,068
Work in Process	989,700	1,170,054
Finished	3,990,677	5,089,861
Total Manufactured Goods	$24,747,595	$25,969,983
Distribution Products	9,050,299	8,632,171
TOTAL INVENTORIES	$33,797,894	$34,602,154

</TABLE>

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

4. Stock options outstanding are immaterial and had no effect on earnings per share. Application of Financial Standards Accounting Board Statement No. 128 had no effect on previously reported earnings per share.

   Earnings per common share for the three months ended March 31, 1998 and 1997 have been computed based on the weighted average common shares outstanding of 5,896,472, and 5,964,594 respectively.

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

GENERAL

The Registrant's business has shown significant revenue growth since 1991, as net sales increased annually from $143 million to over $410 million in six years. Although the rate of growth in the year 1997 was 1.75%, the first quarter of 1998 showed an increase of 8.3% when compared to the previous years' first quarter. The increase in sales resulted from the continued strength of both the economy and the Manufactured Housing and Recreational Vehicle Industries.

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

<TABLE>
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	Quarterly Ended March 31, 1998	1997
<S>	<C>	<C>
Net Sales	100.0%	100.0%
Cost of Sales	87.4	87.7
Gross Profit	12.6	12.3
Warehouse and Delivery	3.5	3.5
Selling, General & Administrative	6.0	5.0
Operating Income	3.1	3.8

Net Income	1.7	2.2

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended March 31, 1998 Compared to Quarter Ended March 31, 1997

Net Sales. Net sales increased by $8.1 million, or 8.3%, from $96.9 million in the quarter ended March 31, 1997 to $105.0 million in the quarter ended March 31, 1998. This sales increase was attributable to higher unit production in the Manufactured Housing and Recreational Vehicle Industries, and increased penetration in the other industries served by Registrant. The Registrant's sales are 62% to Manufactured Housing, 18% to Recreational Vehicles, and 20% to other industrial industries.

Gross Profit. Gross Profit increased by approximately $1.3 million, or 10.9%, from $12.0 million in the first quarter of 1997, to $13.3 million in the same 1998 quarter. As a percentage of net sales, gross profit increased from 12.3% in the first quarter of 1997 to 12.6% in 1998. The increase in gross profit was due to certain manufacturing operations showing improvement over the same 1997 quarter, while highly competitive market pricing of many of Registrant's products continued in the first quarter of 1998.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $0.3 million, or 9.5%, from $3.4 million in 1997 to $3.7 million in the 1998 first quarter. As a percentage of net sales, warehouse and delivery expenses remained the same at 3.5%.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by approximately $1.4 million, or 29.1%, from $4.9 million in 1997, to $6.3 million in 1998. As a percentage of net sales, selling, general and administrative expenses increased from 5.0% in 1997 to 6.0% in 1998. Expense increases were partially attributable to new Management Information System expenses and additional personnel required due to the growth the Registrant has experienced over the last several years, and for management transition plans.

Operating Income. Operating income decreased by approximately $0.4 million because of the increased selling, general and administrative expenses. As a percentage of net sales, operating income decreased from 3.8% in 1997 to 3.1% in the 1998 first quarter.

Interest Expense, Net. Interest expense, net of interest income, decreased by approximately $34,000 in 1998 from $288,000 in 1997 to $254,000 in 1998. The Registrant's borrowing level was slightly lower in the 1998 first quarter and more funds were invested than in 1997.

Net Income. Net income decreased by approximately $275,000 from $2.1 million in the 1997 first quarter to $1.8 million in 1998. This decrease is primarily attributable to the factors described above.

Quarter Ended March 31, 1997 Compared to Quarter Ended March 31, 1996

Net Sales. Net sales increased by $3.1 million, or 3.4%, from $93.8 million in the quarter ended March 31, 1996 to $96.9 million in the quarter ended March 31, 1997. This sales increase was attributable to higher sales penetration in the Industrial and Recreational Vehicle industries. The Registrant's sales are 66% to Manufactured Housing, 16% to Recreational Vehicles, and 18% to other industrial industries.

Gross Profit. Gross Profit increased by approximately $200,000, or 1.7%, from $11.7 million in the first quarter of 1996, to $11.9 million in the same 1997 quarter. As a percentage of net sales, gross profit decreased from 12.5% in the first quarter of 1996 to 12.3% in 1997. This decrease in gross profit was due to highly competitive market pricing of most of Registrant's products in the first quarter of 1997.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $31,000 or 0.9%, remaining at $3.4 million for both first quarters. As a percentage of net sales, warehouse and delivery expenses decreased from 3.6% in the 1996 first quarter to 3.5% in 1997.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by approximately $71,000, or 1.5%, from $4.9 million in 1996, to $4.8 million in 1997. As a percentage of net sales, selling, general and administrative expenses decreased from 5.2% in 1996 to 5.0% in 1997.

Operating Income. Operating income increased by approximately $243,000 because of the increased gross profit and the overall reduction of operating expenses remaining about the same as in 1996. As a percentage of net sales, operating income increased from 3.7% in 1996 to 3.8% in the 1997 first quarter.

Interest Expense, Net. Interest expense, net of interest income, decreased by approximately $9,000 in 1997 from $297,000 in 1996 to $288,000 in 1997. The

Registrant's borrowing level was slightly lower in the 1997 first quarter and more funds were invested than in 1996.

Net Income. Net income increased by approximately $141,000 from $1.9 million in the 1996 first quarter to $2.0 million in 1997. This increase is primarily 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 that began 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 unsecured Revolving Credit Agreement that provides loan availability of $10,000,000 with maturity in the year 2000.

Pursuant to the private placement and 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 normal recurring capital expenditures as currently contemplated. The Registrant initiated an expansion project of approximately $6,000,000 in North Carolina in 1997. When completed in the second quarter of 1998, the Registrant anticipates obtaining municipal industrial revenue bond funding to cover the costs already incurred at March 31, 1998 of approximately $3,600,000 and any remaining costs up to $6,000,000 of this project.

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

NEW ACCOUNTING STANDARDS

In June 1997, the FASB issued Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information" (FAS 131), which requires that a public business enterprise report financial and descriptive information about its reportable operating segments. This Statement is effective for fiscal years beginning after December 15, 1997. In the initial year of application, comparative information for earlier years is to be restated. This Statement need not be applied to interim financial statements in the initial year of its application, but comparative information for interim periods in the initial year of application is to be reported in financial statements for interim periods in the second year of application.

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 8K

(a) Exhibits

27 Financial Data Schedule

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

SIGNATURES

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

PATRICK INDUSTRIES, INC.
(Registrant)

Date	May 12, 1998	/S/Mervin D. Lung Mervin D. Lung (Chairman of the Board)
Date	May 12, 1998	/S/David D. Lung David D. Lung (President)
Date	May 12, 1998	/S/Keith V. Kankel Keith V. Kankel (Vice President Finance) (Principal Accounting Officer)

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