UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2000

OR

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

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

Commission file number 0-3922

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Shares of Common Stock Outstanding as of July 30, 2000: 5,211,166

PATRICK INDUSTRIES, INC.

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PART I: FINANCIAL INFORMATION

PATRICK INDUSTRIES, INC.

UNAUDITED CONDENSED BALANCE SHEETS

	(Unaudited) JUNE 30 2000	(Note) DECEMBER 31 1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 992,171	$ 6,686,182
Trade receivables	24,879,923	18,498,685
Inventories	44,284,198	42,039,348
Prepaid expenses	315,117	663,189
Total current assets	70,471,409	67,887,404
PROPERTY AND EQUIPMENT, at cost	92,108,326	90,450,403
Less accumulated depreciation	50,045,666	40,554,763
	42,062,660	49,895,640
DEFERRED TAX ASSETS	754,000	- - -
INTANGIBLE AND OTHER ASSETS	6,694,371	8,420,056
Total assets	$119,982,440	$126,203,100
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,428	$ 3,671,428
Accounts payable, trade	15,215,757	11,155,999
Accrued liabilities	4,921,650	5,506,326
Total current liabilities	23,808,835	20,333,753
LONG-TERM DEBT, less current maturities	22,457,144	22,457,144
DEFERRED COMPENSATION OBLIGATIONS	2,050,190	1,945,058
DEFERRED TAX LIABILITIES	- - -	1,900,000
SHAREHOLDERS' EQUITY		
Common stock	20,177,500	21,389,940
Retained earnings	51,488,771	58,177,205
Total shareholders' equity	71,666,271	79,567,145
Total liabilities and shareholders' equity	$119,982,440	$126,203,100

NOTE: The balance sheet at December 31, 1999 has been taken from the audited financial statements at that date.

See accompanying notes to Unaudited Condensed Financial Statements.

PATRICK INDUSTRIES, INC.

<TABLE>

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

<CAPTION>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 100,902,440	$ 123,029,266	$ 200,726,513	$ 230,381,300

COST AND EXPENSES				
Cost of goods sold	88,336,721	106,759,213	177,407,331	200,127,395
Warehouse and delivery expenses	3,957,873	4,369,909	8,063,910	8,202,009
Selling, general, and administrative expenses	6,460,527	7,183,881	13,321,809	13,315,342
Impairment charges	- - -	- - -	6,937,163	- - -
Restructuring charges	332,342	- - -	332,342	- - -
Interest expense, net	353,622	322,800	667,255	689,135
	99,441,085	118,635,803	206,729,810	222,333,881
INCOME (LOSS) BEFORE INCOME TAXES	1,461,355	4,393,463	(6,003,297)	8,047,419
INCOME TAXES (CREDIT)	581,300	1,734,600	(2,281,000)	3,177,900
NET INCOME (LOSS)	$ 880,055	$ 2,658,863	$ (3,722,297)	$ 4,869,519
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ .16	$ .47	$ (.70)	$ .85
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,268,666	5,685,715	5,307,506	5,735,819

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF
CASH FLOWS

<CAPTION>

	SIX MONTHS ENDED JUNE 30	
	2000	1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (3,722,297)	$ 4,869,519
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,508,565	4,252,966
Impairment charges	6,937,163	- - -
(Gain) Loss on sale of property and equipment	9,022	641,096)
Deferred income taxes	(2,654,000)	- - -
Other	215,132	70,467
Change in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(6,381,238)	(13,272,694)
Inventories	(2,244,850)	(4,717,936)
Prepaid expenses	348,072	(138,126)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,648,160	11,619,587
Income taxes payable	(192,846)	1,586,360
Net cash provided by operating activities	470,883	3,629,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,810,626)	(3,881,608)
Proceeds from sale of property and equipment	26,861	861,976
Other	(45,000)	(42,000)
Net cash (used in) investing activities	(1,828,765)	(3,061,632)
CASH FLOWS FROM FINANCING ACTIVITIES		

Principal payments on long-term debt	- - -	(308,571)
Proceeds from exercise of common stock options	- - -	21,500
Repurchase of common stock	(3,876,939)	(2,537,208)
Cash dividends paid	(437,870)	(464,536)
Other	(21,320)	(41,173)
Net cash (used in) financing activities	(4,336,129)	(3,329,988)
(Decrease) in cash and cash equivalents	(5,694,011)	(2,762,573)
Cash and cash equivalents, beginning	6,686,182	3,704,693
Cash and cash equivalents, ending	$ 992,171	$ 942,120
Cash Payments for:		
Interest	$ 756,509	$ 839,468
Income taxes	429,126	1,793,962

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals and the adjustments for the impairment of certain long-lived assets and restructuring charges as discussed in Notes 5 and 6) necessary to present fairly financial position as of June 30, 2000, and December 31, 1999, and the results of operations and cash flows for the three months and the six months ended June 30, 2000 and 1999.

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, 1999 audited financial statements. The results of operations for the three month and six month periods ended June 30, 2000 and 1999 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on June 30, 2000 and December 31, 1999 consist of the following classes:

	June 30 2000	December 31 1999
Raw materials	$25,739,101	$23,286,250
Work in process	2,088,279	1,555,319
Finished	4,489,818	4,668,813
Total manufactured goods	$32,317,198	$29,510,382
Distribution products	11,967,000	12,528,966
TOTAL INVENTORIES	$44,284,198	$42,039,348

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.

Earnings per common share for the six months ended June 30, 2000 and 1999 have been computed based on the weighted average common shares outstanding of 5,307,506 and 5,735,819 respectively.

5. The Company recognized a non-cash accounting charge in the first quarter of 2000 related to an impairment of certain long-lived assets as required by SFAS 121. As a result of the implications of the downturn in the manufactured housing industry, the competitive pricing adversely affecting margins in certain of the Company's operating units, and insufficient efficiency gains from operational changes implemented by management, updated analyses were prepared to determine if there was impairment of any long-lived assets primarily in the Company's Wood and

Other Segments. The carrying values of these assets were calculated on the basis of discounted estimated future cash flow and resulted in a charge to operations of $6,937,163 or $.80 per share, net of tax. The SFAS 121 charge had no impact on the Company's 2000 cash flow or its ability to generate cash flow in the future. As a result of the SFAS 121 charge, depreciation and amortization expense related to these assets will decrease in future periods.

6. In April, 2000, the Company recorded a restructuring charge based on its decision to close one of its cabinet door manufacturing facilities and consolidate its operation into other existing facilities and due to the relocation of its Fabricated Metals facility. The Company looked at future costs in line with future levels of business and determined that it was not feasible to keep the cabinet door facility open in this particular region. The Company recorded estimated and actual costs related to these restructuring activities of $332,342, most of which will be realized in the third quarter.

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

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

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

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

Other - Includes aluminum extrusion, painting and distribution, manufacture of adhesive products, pleated shades, plastic thermoforming, and manufacturer of laminating equipment.

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

<TABLE>
<CAPTION>

THREE MONTHS ENDED JUNE 30, 2000

	LAMINATING	DISTRIBUTION	WOOD	OTHER	SEGMENT TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Net outside sales	$ 43,149,383	$ 38,592,181	$ 9,431,905	$ 9,731,337	$100,904,806
Intersegment sales	1,435,694	31,643	274,846	4,617,584	6,359,767
Total sales	$ 44,585,077	$ 38,623,824	$ 9,706,751	$ 14,348,921	$107,264,573*
EBIT**	$ 1,318,061	$ 727,383	$ (293,022)***	$ 54,819***	$ 1,807,241

THREE MONTHS ENDED JUNE 30, 1999

	LAMINATING	DISTRIBUTION	WOOD	OTHER	SEGMENT TOTAL
Net outside sales	$ 49,500,790	$ 49,660,494	$ 11,512,130	$ 12,040,940	$122,714,354
Intersegment sales	1,710,739	147	373,740	6,075,396	8,160,022
Total sales	$ 51,211,529	$ 49,660,641	$ 11,885,870	$ 18,116,336	$130,874,376*
EBIT**	$ 1,795,651	$ 1,347,328	$ (793,378)	$ 1,057,233	$ 3,406,834

SIX MONTHS ENDED JUNE 30, 2000

	LAMINATING	DISTRIBUTION	WOOD	OTHER	SEGMENT TOTAL

Net outside sales	$ 86,713,077	$ 74,466,846	$ 19,095,460	$ 20,453,496	$200,728,879
Intersegment sales	3,263,320	40,453	546,099	9,555,660	13,405,532
Total sales	$ 89,976,397	$ 74,507,299	19,641,559	$ 30,009,156	$214,134,411*
EBIT**	$ 1,812,199	$ 1,124,421	$ (6,327,188)***	$ (1,563,445)***	$ (4,954,013)
Identifiable assets	$ 42,586,535	$ 22,913,702	$ 8,446,227	$ 13,996,003	$ 87,942,467
			SIX MONTHS ENDED JUNE 30, 1999		
Net outside sales	$ 94,603,596	$ 90,864,958	$ 22,199,100	$ 22,223,201	$229,890,855
Intersegment sales	3,328,170	1,374	590,901	11,269,326	15,189,771
Total sales	$ 97,931,766	$ 90,866,332	$ 22,790,001	$ 33,492,527	$245,080,626*
EBIT**	$ 4,110,666	$ 2,416,983	$ (1,574,855)	$ 1,655,304	$ 6,608,098
Identifiable assets	$ 48,061,525	$ 28,769,102	$ 14,079,146	$ 15,164,454	$106,074,227

</TABLE>

Reconciliation of segment operating income to consolidated operating income

<TABLE>
<CAPTION>

	3 Months Ended June 30, 2000	3 Months Ended June 30, 1999	6 Months Ended June 30, 2000	6 Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
EBIT** for segments	$ 1,807,241	$ 3,406,834	$(4,954,013)	$ 6,608,098
Corporate incentive agreements	342,962	1,119,580	488,372	1,557,334
Consolidation reclassifications	(131,795)	(204,362)	(316,958)	(393,160)
Gain on sale of assets	(6,654)	2,424	(9,022)	641,096
Other	(196,777)	391,787	(544,421)	323,186
Consolidated EBIT**	$ 1,814,977	$ 4,716,263	$(5,336,042)	$ 8,736,554

</TABLE>

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

*Does not agree to Financial Statements due to consolidation eliminations.
**Earnings before interest and taxes.
***The Company recognized a charge in the first quarter 2000 of $5,371,295 and $1,565,868 to the Wood and Other segments, respectively, related to the impairment of long-lived assets as discussed in Note 5 to the June 30, 2000 financial statements. The identifiable asset values for each segment have been reduced accordingly. Additionally, the Company recognized a charge in the second quarter 2000 of $306,473 and $25,869 to the Wood and Other segments, respectively, related to restructuring charges for the closing and consolidation of one of its cabinet door manufacturing facilities and to the relocation of its Fabricated Metals facility.

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

GENERAL

The Company's business has shown significant revenue growth since 1991, as net sales increased annually from $143 million to over $457 million in eight years. The sales in 1999 were 0.8% ahead of the 1998 record year. The increase in sales resulted from the continued strength of both the economy and the manufactured housing and recreational vehicle industries. In the last quarter of 1999 it became apparent that the manufactured housing industry had produced units in excess of the retail demand resulting in approximately 7.0% decline in production that year. Retail sales lots were overstocked and unit production was reduced. Year to date the industry is down nearly 23% in units shipped and produced due to the limited availability of dealer and retail financing and excessive retail inventory levels. These conditions may continue through the end of the year and even into next year. The Company's sales are 55% to manufactured housing, 26% to recreational vehicle, and 19% to other industries.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Net sales	100.0%	100.0%	100.0	100.0%
Cost of sales	87.5	86.8	88.4	86.9
Gross profit	12.5	13.2	11.6	13.1
Warehouse and delivery	3.9	3.6	4.0	3.6
Selling, general, & administrative	6.4	5.8	6.6	5.8
Impairment charges	- - -	- - -	3.5	- - -
Restructuring charges	0.3	- - -	0.2	- - -
Operating income	1.8	3.8	(2.7)	3.8
Net income	0.9	2.2	(1.9)	2.1

RESULTS OF OPERATIONS

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

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

Gross Profit. Gross profit decreased by $3.7 million, or 22.8%, from $16.3 million in the second quarter 1999 compared to $12.6 million in the same quarter in 2000. As a percentage of net sales, gross profit decreased 0.8% from 13.2% in the second quarter of 1999 to 12.6% in the second quarter 2000. This decrease was due to an 18% decrease in consolidated net sales as well as highly competitive market conditions affecting margins. Several of our operations have had to reduce margins in order to maintain sales levels which has resulted in lower gross profits.

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

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

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

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

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

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

Quarter Ended June 30, 1999 Compared to Quarter Ended June 30, 1998

Net Sales. Net sales increased by $5.3 million, or 4.5%, from $117.7 million for the quarter ended June 30, 1998, to $123.0 million in the quarter ended June 30, 1999. This sales increase was attributable to increases in the number of units produced in both the manufactured housing and recreational vehicle industries. The Company's sales in the quarter were 62% to manufactured housing, 23% to recreational vehicle, and 15% to other industries.

Gross Profit. Gross profit increased by approximately $.8 million, or 5.2%, from $15.4 million in the second quarter of 1998, to $16.2 million in the same 1999 quarter. As a percentage of net sales, gross profit increased from 13.1% in 1998 to 13.2% in the second quarter of 1999. The increase in gross profit was due to certain manufacturing operations showing improvement in volume and efficiencies over the same 1998 period. In certain markets highly competitive pricing continues to have a negative impact on normal gross profits.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $.3 million, or 7.7%, from $4.1 million in 1998, to $4.4 million in the second quarter of 1999. As a percentage of net sales, warehouse and delivery expenses increased from 3.4% in 1998 to 3/6% in the 1999 second quarter, mainly due to increased sales in the Company's distribution segment.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by $.2 million, or 3.0%, from $7.0 million in 1998, to $7.2 million in 1999. As a percentage of net sales, selling, general, and administrative expenses decreased from 5.9% in 1998 to 5.8% in the second quarter of 1999.

Operating Income. Operating income increased by approximately $290,000 because of the increased sales and the increased gross profits. As a percentage of sales, operating income remained the same at 3.8% for both second quarters.

Interest Expense, Net. Interest expense, net, increased by approximately $58,000 from $265,000 in 1998 to $323,000 in the second quarter of 1999. The Company's borrowing levels during the 1999 period were higher than those in 1998.

Net Income. Net income increased by approximately $162,000 from $2.5 million in 1998 to $2.6 million in 1999 for the second quarter ended June 30. This increase is attributable to the factors described above. As a percentage of net sales, net income increased from 2.1% in 1998 to 2.2% in 1999.

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

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

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

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

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

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

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

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

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

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

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Net Sales. Net sales increased by $7.7 million, or 3.4%, from $222.7 million for the six months ended June 30, 1998, to $230.4 million in the six months ended June 30, 1999. This sales increase was attributable to increases in the number of units produced in both the manufactured housing and recreational vehicle industries. The Company's sales in the first six months were 61% to manufactured housing, 22% to recreational vehicle, and 17% to other industries.

Gross Profit. Gross profit increased by $1.5 million, or 5.4%, from $28.7 million in the first six months of 1998, to $30.2 million in the same period in 1999. As a percentage of net sales, gross profit increased from 12.9% in the first six months of 1998 to 13.1% in 1999. The increase in gross profit was due to certain manufacturing operations showing improvement in volume and efficiencies over the same 1998 period. In certain markets highly competitive pricing continues to have a negative impact on expected gross profits.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased approximately $429,000, or 5.5%, from $7.8 million in 1998, to $8.2 million in the first six months of 1999. As a percentage of net sales, warehouse and delivery expenses remained the same.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by approximately $76,000, or 0.6%, from $13.2 million in 1998, to $13.3 million in 1999. As a percentage of net sales, selling, general, and administrative expenses decreased from 5.9% for 1998 to 5.8% in 1999.

Operating Income. Operating income increased by approximately $1.0 million in the first six months of 1999 as compared to 1998, and as a percentage of sales increased from 3.5% in 1998 to 3.8% in 1999. This was due to increased sales and gross profits.

Interest Expense, Net. Interest expense, net, increased by approximately $170,000 from $519,000 in 1998, to $689,000 in 1999. This increase was due to higher borrowings during the first six months of 1999.

Net Income. Net income increased by approximately $561,000 from $4.3 million in 1998 to $4.8 million in 1999. As a percentage of net sales, net income increased from 1.9% in 1998 to 2.1% in 1999. This is primarily attributable to the factors described above.

BUSINESS SEGMENTS

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

Laminating Segment Discussion

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

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

Distribution Segment Discussion

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

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

Wood Segment Discussion

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

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

Other Segment Discussion

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

The other segment experienced an EBIT of $80,700 for the quarter ended June 30, 2000 compared to EBIT of $1.1 million for the quarter ended June 30, 1999. This decrease of $1.0 million, or 92.3%, is a result of one of the Company's other segment business units experiencing operating inefficiencies related to the relocation of its existing business as well as the overall decline in the industry trends mentioned above.

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998

Laminating Segment Discussion

Net sales were about the same in this segment in both second quarters, with 1999 showing only $222,000 less than 1998 on totals of over $51 million.

The operating income in the laminating segment was down approximately $330,000, or 15%, in the 1999 quarter primarily due to increased material costs and new product start-up costs at one division.

Distribution Segment Discussion

Net sales increased in the 1999 second quarter by 12.6% primarily because of increased production in the recreational vehicle and manufactured housing industries, which this segment serves.

The operating income in this segment was 24.5% higher in 1999 because of increased sales and lower warehouse and delivery expenses as percentages of sales.

Wood Segment Discussion

Net sales were lower in the 1999 second quarter by 16.5% because of one division in this segment. This division closed an operation which was all intersegment sales and that accounted for 8.3% of the sales reduction. The balance of the sales decrease in this segment came about when this same division chose not to serve certain markets because of declining gross profit margins.

The operating results for this segment in the second quarter were affected by this same division. The sales decline and continued competitive pricing situations caused this division and the segment to report negative operating results.

Other Segment Discussion

Net sales in this segment increased 3.4% in the second quarter of 1999 with all divisions, except one, showing sales growth.

The operating income in this segment was lower by 8.1% in 1999 because of inventory cost increases in one division, and the lower sales in another division.

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

Laminating Segment Discussion

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

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

Distribution Segment Discussion

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

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

Wood Segment Discussion

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

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

Other Segment Discussion

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

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

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Laminating Segment Discussion

Net sales were lower by 4.3% in the first half of 1999 due primarily to the closing of a facility in this segment in the second half of 1998.

The operating income in laminating in the first half year of 1999 showed a small improvement, even after one division had new product start-up costs and material cost increases.

Distribution Segment Discussion

Net sales increased in the first six months of this year by 15.2% because of increased production in the recreational vehicle and manufactured housing industries, which this segment services.

The operating income in this segment was 45.6% higher in this years first half because of the increased sales and lower operating expenses as percentages of those sales.

Wood Segment Discussion

Net sales in this segment were lower by 7.3% in the first half of 1999, primarily because of one division. That division closed an operation which was all intersegment sales and also stopped serving certain markets because of low gross profit margins.

The operating results in the first six months were affected by this same division. The sales decline and continued competitive pricing situations caused this division to report negative operating results. Certain other operations in this segment did not reach profitable operating levels because of competitive pricing situations.

Other Segment Discussion

Net sales were 5.3% lower in 1999 in this segment primarily due to one division losing production time in the first quarter because of equipment breakdowns.

The operating income in this segment decreased 30.3% because of the lost production time at one division due to equipment failure and to inventory cost increases at one other division.

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 beginning September 15, 1999. These funds were used to reduce existing bank debt and for working capital needs.

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

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

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

SEASONALITY

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

INFLATION

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

SAFE HARBOR STATEMENT

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

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

(a) The Annual Meeting of Shareholders of the Company was held on May 16, 2000.

(b) Not applicable.

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

NAME	FOR	WITHHOLD AUTHORITY
David D. Lung	4,476,410	200,076
Thomas G. Baer	4,612,916	63,570
Merlin D. Knispel	4,545,895	130,591

2. Not applicable.

(d) Not applicable.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(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 August 10, 2000

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

Date August 10, 2000

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

Date August 10, 2000 /S/Keith V. Kankel

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

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