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, 2004

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)

(574) 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

Indicate by check mark whether the registrant is an accelerated filer.

Yes No X

Shares of Common Stock Outstanding as of July 30, 2004: 4,723,861

PATRICK INDUSTRIES, INC.

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED BALANCE SHEETS

<CAPTION>

ASSETS	JUNE 30 2004	DECEMBER 31 2003
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 93,773	$ 7,077,390
Trade receivables	23,499,031	14,240,556
Inventories	34,305,298	23,042,444
Prepaid expenses	847,929	913,650
Deferred tax assets	1,954,000	1,954,000
Total current assets	60,700,031	47,228,040
PROPERTY AND EQUIPMENT, at cost	93,849,696	90,620,044
Less accumulated depreciation	60,139,391	59,927,134
	33,710,305	30,692,910
INTANGIBLE AND OTHER ASSETS	3,000,719	3,221,010
Total assets	$97,411,055	$81,141,960
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 3,671,429	$ 3,671,429
Short-term borrowings	2,000,000	- - -
Accounts payable	17,220,737	4,883,038
Accrued liabilities	4,301,315	3,038,926
Total current liabilities	27,193,481	11,593,393
LONG-TERM DEBT, less current maturities	7,771,430	7,771,430
DEFERRED LIABILITIES	2,503,084	2,529,403
Total liabilities	$37,467,995	$21,894,226
SHAREHOLDERS' EQUITY		
Common stock	18,899,097	18,236,386
Retained earnings	41,043,963	41,011,348
Total shareholders' equity	59,943,060	59,247,734
Total liabilities and shareholders' equity	$97,411,055	$81,141,960

See accompanying Notes to Unaudited Condensed Financial Statements

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

<CAPTION>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Net Sales	$ 78,620,200	$ 70,949,945	$ 144,332,555	$ 138,235,025
Cost of good sold	69,082,255	62,388,252	127,201,470	122,602,007
Gross profit	9,537,945	8,561,693	17,131,085	15,633,018
Operating expenses:				
Warehouse and delivery expenses	3,513,120	3,195,977	6,673,975	6,389,750
Selling, general, and administrative expenses	4,969,555	5,133,407	10,126,100	10,304,779
Total operating expenses	8,482,675	8,329,384	16,800,075	16,694,529
Operating income (loss)	1,055,270	232,309	331,010	(1,061,511)
Interest expense, net	138,365	190,139	276,195	384,089
Income (loss) before income taxes (credits)	916,905	42,170	54,815	(1,445,600)
Federal and state income taxes (credits)	362,700	16,700	22,200	(571,000)
Net income (loss)	$ 554,205	$ 25,470	$ 32,615	$ (874,600)
Basic and diluted earnings (loss) per common share	$ .12	$ .01	$ .01	$ (.19)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,697,159	4,590,327	4,668,950	4,587,311

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	
	2004	2003
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 32,615	$ (874,600)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,814,643	2,869,752
(Gain) on sale of fixed assets	(25,375)	(90,695)
Deferred income taxes	(49,695)	(388,331)
Other	141,000	141,000
Change in assets and liabilities:		
Decrease (increase) in:		

Trade receivables	(9,258,475)	(7,631,452)
Inventories	(11,262,854)	1,702,527
Income tax refund claims receivable	- - -	1,307,253
Prepaid expenses	65,721	85,992
Increase (decrease) in:		
Accounts payable and accrued liabilities	13,573,366	6,087,444
Income taxes payable	26,722	(240,000)
Net cash provided by (used in) operating activities	(3,942,332)	2,968,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,652,674)	(1,775,107)
Proceeds from sale of property and equipment	31,150	117,987
Other	275,596	124,742
Net cash (used in) investing activities	(5,345,928)	(1,532,378)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings	2,000,000	- - -
Payments on deferred compensation obligations	(117,624)	(144,624)
Proceeds from exercise of common stock options	452,480	- - -
Cash dividends paid	- - -	(183,279)
Other	(30,213)	(3,316)
Net cash provided by (used in) financing activities	2,304,643	(331,219)
Increase (decrease) in cash and cash equivalents	(6,983,617)	1,105,293
Cash and cash equivalents, beginning	7,077,390	3,552,232
Cash and cash equivalents, ending	$ 93,773	$ 4,657,525
Cash Payments for:		
Interest	$ 273,795	$ 384,289
Income taxes	45,173	57,168

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 restructuring charges as discussed in Note 5) necessary to present fairly the financial position as of June 30, 2004 and December 31, 2003, the results of operations for the three months and the six months ended June 30, 2004 and 2003, and cash flows for the six months ended June 30, 2004 and 2003.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2003 audited financial statements. The results of operations for the three month and six month periods ended June 30, 2004 and 2003 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on June 30, 2004 and December 31, 2003 consist of the following classes:

	June 30 2004	December 31 2003
Raw materials	$20,960,904	$12,733,414
Work in process	1,942,753	1,630,052
Finished goods	4,797,811	3,501,779
Total manufactured goods	27,701,468	17,865,245
Distribution products	6,603,830	5,177,199
TOTAL INVENTORIES	$34,305,298	$23,042,444

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

4. Dividends per common share for the six month period ending June 30, 2004 and 2003 were $.00 and $.04 per share, respectively.

5. The Company accounts for grants of stock options under its stock option plan based on the recognition and measurement principles of APB Opinion No. 25 and related interpretations. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provision of FASB No. 123 to stock based employee compensation:

<TABLE>

	Three Months Ended June 30 2004	Three Months Ended June 30 2003	Six Months Ended June 30 2004	Six Months Ended June 30 2003
<C>	<C>	<C>	<C>	<C>
Net income (loss):				
As reported	$554,205	$ 25,470	$ 32,615	$(874,600)
Deduct total stock-based employee compensation expense determined under fair value based method for all rewards net of related tax effects	(19,202)	(38,038)	(38,403)	(76,078)
Pro forma	$535,003	$ (12,568)	$ (5,788)	$(950,678)
Basic and diluted earnings (loss) per share:				
As reported	$ .12	$ .01	$ .01	$ (.19)
Pro forma	.11	- - -	- - -	(.21)

</TABLE>

6. Effective January 1, 2004, the Company changed its segment reporting to no longer allocate corporate expense to the individual business units. Accordingly, the segment results have been restated to reflect this change.

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. Effective January 1, 2004, in accordance with the Company's internal reporting, the Company changed its segment reporting from four reportable segments to three. As a result of this change, two of the operations in the wood segment were combined into the Primary Manufactured Products segment and two of the operations were combined into the Other Component Manufactured Products segment. The Company's reportable segments are as follows:

Primary Manufactured Products - 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 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, high pressure laminates, passage doors, building hardware, insulation, and other products.

Other Component Manufactured Products - Includes aluminum extrusion and fabricating, an adhesive division, two cabinet door divisions, and a machine manufacturing division.

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

<TABLE>

THREE MONTHS ENDED JUNE 30, 2004

	PRIMARY MANUFACTURED PRODUCTS	DISTRIBUTION	OTHER COMPONENT PRODUCTS	SEGMENT TOTAL

--

<S>	<C>	<C>	<C>	<C>
Net outside sales	$ 41,573,507	$ 25,864,573	$ 11,182,120	$ 78,620,200
Intersegment sales	1,851,502	328,073	2,204,291	4,383,866
Total sales	$ 43,425,009	$ 26,192,646	$ 13,386,411	$ 83,004,066 *
Operating income	$ 2,103,965	1,087,765	$ 171,544	$ 3,363,274
		THREE MONTHS ENDED JUNE 30, 2003		
Net outside sales	$ 37,883,684	$ 22,766,978	$ 10,299,283	$ 70,949,945
Intersegment sales	1,732,995	151,117	2,137,800	4,021,912
Total sales	$ 39,616,679	$ 22,918,095	$ 12,437,083	$ 74,971,857 *
Operating income	$ 1,663,316	$ 828,328	$ 23,308	$ 2,514,952

</TABLE>

<TABLE>

		SIX MONTHS ENDED JUNE 30, 2004		
	PRIMARY MANUFACTURED PRODUCTS	DISTRIBUTION	OTHER COMPONENT PRODUCTS	SEGMENT TOTAL
<S>	<C>	<C>	<C>	<C>
Net outside sales	$ 77,007,811	$ 46,660,988	$ 20,663,756	$ 144,332,555
Intersegment sales	3,622,930	671,988	4,438,185	8,733,103
Total sales	$ 80,630,741	$ 47,332,976	$ 25,101,941	$ 153,065,658 *
Operating income	$ 2,832,637	$ 1,871,451	$ 325,119	$ 5,029,207
Total assets	$ 41,736,241	$ 14,365,429	$ 8,665,509	$ 64,767,179
		SIX MONTHS ENDED JUNE 30, 2003		
Net outside sales	$ 73,743,946	$ 42,928,757	$ 21,562,322	$ 138,235,025
Intersegment sales	3,563,245	357,507	4,030,075	7,950,827
Total sales	$ 77,307,191	$ 43,286,264	$ 25,592,397	$ 146,185,852 *
Operating income (loss)	$ 2,557,264	$ 1,375,133	$ (587,707)	$ 3,344,690

Total assets	$ 35,897,637	$ 12,073,063	$ 10,398,326	$ 58,369,026

</TABLE>

Reconciliation of segment Operating income (loss) to consolidated Operating income (loss):

<TABLE>

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Operating income for segments	$ 3,363,274	$ 2,514,952	$ 5,029,207	$ 3,344,690
Corporate incentive agreements	301,288	300,000	601,288	606,019
Consolidation reclassifications	1,119	146,433	9,768	200,469
Gain on sale of assets	14,000	77,319	25,375	90,695
Unallocated corporate expenses	(2,387,711)	(2,599,339)	(5,135,934)	(5,105,947)
Other	(236,700)	(207,056)	(198,694)	(197,437)
Consolidated operating income (loss)	$ 1,055,270	$ 232,309	$ 331,010	$ (1,061,511)

*Does not agree to Financial Statements due to consolidation eliminations.

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The second quarter and six month period ending June 30, 2004 showed improvement as net sales increased 10.8% for the quarter and 4.4% year to date. Raw material price increases and the continued strong shipment levels in the Recreational Vehicle industry provided the support for the Company to show its first quarter to quarter increase in sales in more than four consecutive quarters. Operating expenses remained consistent with revenues on a percentage basis; however, the Company's strategic focus on investment in key personnel will show an increase on a dollar for dollar basis in selling, general, and administrative expenses through the end of 2004, exclusive of the gain on life insurance in the second quarter of 2004. Restructuring efforts in 2003 related to the closing of one of the Company's unprofitable cabinet door divisions, increased net sales, and a $0.4 million gain on life insurance proceeds in the second quarter helped to improve overall profitability by more than $0.5 million for the quarter and $0.9 million year to date thru June 2004. Earnings per share improved by $.11 from $.01 per share in the second quarter of 2003 to $.12 per share in the second quarter of 2004, and by $.20 for the six month period ending June 30, 2004 from a loss of $.19 per share in 2003 to income of $.01 per share in 2004.

The Manufactured Housing industry continued to struggle after showing its first monthly shipment increase in twenty-four months in March 2004 of more than 8%. This industry, which represents approximately 39% and 40% of the Company's sales at June 30, 2004, and 2003, respectively, showed a decline in shipments in the second quarter of 2004 of approximately 2.3% and year to date of approximately 3.8%. Repossessed inventory levels have decreased, but financing and jobs growth remain in question and will have an impact on future shipment levels. Analysts are estimating that final 2004 twelve month shipment levels will show an increase in the 3% range.

The Recreational Vehicle industry, which represents approximately 32% of the Company's sales at June 30, 2004 and 2003 continued on its strong pace with second quarter and year to date shipments improving by more than 21% and 20%, respectively. Shipments in this industry have been greater than 300,000 units in four out of the last five years and 2004 is expected to be at or above the 2003 level, which was the second highest in the last twenty-five years. While consistently high gasoline prices in 2004 have not had a major impact on shipments in this industry to date, continued price increases, or decreases in availability of gasoline could have a negative impact on future shipment levels.

The Company's sales to the Industrial markets continued to show improvement as net sales to these markets increased by approximately 11% for the quarter and 6% year to date. These markets, which continue to be a focus to help diversify the Company's customer base represent approximately 29% and 28% of the company's consolidated sales at June 30, 2004 and 2003, respectively.

The Company remains focused on increasing penetration into all of the markets that it serves and has the capacity to do so. Strategic investment in property, plant, and equipment, key personnel, and potential future acquisitions are all part of the overall growth plan to increase sales levels and maximize shareholder value. Capital expenditures will increase for the remainder of 2004 and into 2005 as a part of this plan.

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

<TABLE>

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	87.9	87.9	88.1	88.7
Gross profit	12.1	12.1	11.9	11.3
Warehouse and delivery	4.5	4.5	4.6	4.6
Selling, general, & administrative	6.3	7.2	7.0	7.5
Operating income (loss)	1.3	0.3	0.2	(0.8)
Income (loss) before taxes	1.2	0.1	- - -	(1.0)
Income taxes (credits)	0.5	(.01)	- - -	(0.4)
Net income (loss)	0.7	- - -	- - -	(0.6)

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended June 30, 2004 Compared to Quarter Ended June 30, 2003

Net Sales. Net sales increased approximately $7.7 million, or 10.8% from $70.9 million in the second quarter of 2003 to $78.6 million in the second quarter of 2004. The increase in net sales is primarily attributable to raw material price increases and to the continued strong shipment levels in the Recreational Vehicle Industry.

Gross Profit. Gross profit increased by approximately $0.9 million, or 11.4% from $8.6 million in the second quarter of 2003 to $9.5 million in the same period of 2004. The increase in dollars is attributable to the increased sales. As a percentage of net sales, gross profit remained constant at 12.1%.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased by $0.3 million, or 9.9% from $3.2 million in the second quarter of 2003 to $3.5 million in the second quarter of 2004. As a percentage of net sales, warehouse and delivery expenses remained constant at 4.5% in both 2003 and 2004. The increase in dollars is attributable to the increased net sales.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $0.2 million, or 3.2% from $5.1 million in the second quarter of 2003 to $4.9 million in the second quarter of 2004. The second quarter includes a gain on life insurance proceeds of approximately $0.4 million. Exclusive of this gain, selling, general, and administrative expenses increased by $0.2 million, or 3.9% and as a percentage of net sales, selling, general, and administrative expenses decreased by 0.4% from 7.2% in 2003 to 6.8% in 2004. The increase in dollars is attributable to increased sales and the decrease in percentage of net sales is attributable to similar fixed expenses quarter to quarter.

Operating Income. Operating income increased by $0.8 million from $0.2 million in the second quarter of 2003 to $1.0 million in the second quarter of 2004. The increase in operating income is attributable to the factors described above.

Interest Expense, Net. Interest expense, net decreased by $0.1 million from $0.2 million in the second quarter of 2003 to $0.1 million in the second quarter of 2004. The decrease in interest expense, net is attributable to lower long term debt outstanding from quarter to quarter.

Net Income. Net income increased $0.5 million from $25,000 in the second quarter of 2003 to $0.5 million in the second quarter of 2004 primarily due to the factors described above.

Quarter Ended June 30, 2003 Compared to Quarter Ended June 30, 2002

Net Sales. Net sales decreased $11.7 million, or 14.1%, from $82.6 million in the quarter ending June 30, 2002 to $70.9 million in the same period in 2003. This decrease is attributable to a 25% decrease in shipments in the second quarter of 2003 in the Manufactured Housing Industry, which was partially offset by flat shipments in the Recreational Vehicle Industry and increases in sales to the Industrial and Other markets.

Gross Profit. Gross profit decreased by $2.3 million, or 21.1%, from $10.9 million in the second quarter of 2002 to $8.6 million in the second quarter of 2003. As a percentage of net sales, gross profit decreased 1.0%, from 13.1% in the June, 2002 quarter to 12.1% in the June, 2003 quarter. These decreases in gross profits are due to significant competitive pricing situations in both the Manufactured Housing and Recreational Vehicle markets.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $0.4 million, or 12.1%, from $3.6 million in the quarter ended June 30, 2002 to $3.2 million in the same period in 2003. As a percentage of net sales, warehouse and delivery expenses increased slightly from 4.4% in 2002 to 4.5% in 2003. The decline in dollars and minimal increase in percentage of net sales is consistent with the Company's efforts to control costs in this area and keep costs aligned with revenues.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased $0.5 million, or 8.5%, from $5.6 million in the 2002 second quarter to $5.1 million in the 2003 second quarter. As a percentage of net sales, selling, general, and administrative expenses increased 0.4%, from 6.8% in 2002 to 7.2% in 2003. The decrease in dollars is due to the Company continuing its efforts to control fixed costs in this area and keep costs aligned with revenues. The slight increase in percentage of net sales is due to the 14% decline in sales in the second quarter of 2003.

Restructuring Charges. The Company recognized restructuring charges of $269,000 in the second quarter of 2002.

Operating Income. Operating income decreased by $1.1 million, or 82.7%, from $1.3 million in the quarter ended June 30, 2002 to $0.2 million in the quarter ended June 30, 2003. The decrease in operating income is due primarily to the decrease in sales in the second quarter of 2003 coupled with significant competitive pricing conditions causing reduced prices and gross profits.

Interest Expense, Net. Interest expense, net decreased by $89,000 as a result of a decrease in interest rates on the variable tax exempt bonds as well as reduced debt service requirements.

Net Income. The Company recorded net income of $25,000 in the second quarter of 2003 compared to income of $636,000 in the second quarter of 2002. The decrease in net income is attributable to the factors described above.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

Net Sales. Net sales increased $6.1 million, or 4.4% from $138.2 million in the six months ended June 30, 2003 to $144.3 million in the same period in 2004. The increase in net sales is attributable to increased raw material prices and the continued growth in shipments in the Recreational Vehicle Industry. While Manufactured Housing shipments decreased approximately 3.8% for the six month period, Recreational Vehicle shipments increased by approximately 20.1% from the previous year. Additionally, the Company increased its sales to the Industrial and Other markets during the period.

Gross Profit. Gross profit increased by $1.5 million, or 9.6% from $15.6 million in the six months ended June 30, 2003 to $17.1 million in the same period in 2004. As a percentage of net sales, gross profit increased 0.6% from 11.3% in 2003 to 11.9% in 2004. The increase in dollars and percentage of net sales is attributable to the increased sales levels and improvements as a result of the restructuring related to the closing of one of the Company's unprofitable cabinet door operations in the third quarter of 2003.

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased by $0.3 million from $6.4 million in the six months ending June 30, 2003 to $6.7 million in the six months ending June 30, 2004. As a percentage of net sales warehouse and delivery remained constant at 4.6% of net sales. The increase in dollars is attributable to the increased sales.

Selling, General and Administrative expenses. Selling, general and administrative expenses decreased approximately $0.2 million from $10.3 million in the six month period ending June 30, 2003 to $10.1 million in the same period in 2004. Exclusive of a $0.4 million gain on life insurance proceeds in 2004, selling, general and administrative expenses increased $0.2 million, or 1.7% and as a percentage of net sales, selling, general and administrative expenses decreased 0.2% from 7.5% in 2003 to 7.3% in 2004.

Operating Income. Operating income increased $1.4 million from a loss of $1.1 million in 2003 to income of $0.3 million in 2004. The increase in operating income is attributable to the factors described above.

Interest Expense, Net. Interest expense, net decreased $0.1 million from $0.4 million in the six months ending June 30, 2003 to $0.3 million in the six months ending June 30, 2004. The decrease is attributable to lower long term debt outstanding from year to year.

Net income. Net income increased $0.9 million from a loss of $0.9 million in the six month period ending June 30, 2003 to income of $33,000 in the same period in 2004.

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Net Sales. Net sales decreased $19.6 million, or 12.4%, from $157.8 million in the six months ended June 30, 2002 to $138.2 million in the same period in 2003. The decrease is attributable to an approximate 26% decrease in units shipped in the Manufactured Housing Industry which was offset by a 3% increase in shipments in the Recreational Vehicle Industry. The Company's sales for the first six months of 2003 are 40% to Manufactured Housing, 32% to Recreational Vehicle, and 28% to Other industries.

Gross Profit. Gross Profit decreased $5.0 million, or 24.1%, from $20.6 million in 2002 to $15.6 million in 2003. As a percentage of net sales, gross profit decreased 1.7%, from 13.0% in 2002 to 11.3% in 2003. The decrease in gross profits both in dollars and as a percentage of net sales, is due to the decrease in sales as well as significant competitive market pricing conditions affecting both the Manufactured Housing and Recreational Vehicle industries.

Warehouse and Delivery Expenses. Warehouse and delivery expenses decreased $0.7 million, or 9.5%, from $7.1 million in 2002 to $6.4 million in 2003. As a percentage of net sales, warehouse and delivery expenses increased 0.1%, from 4.5% in 2002 to 4.6% in 2003. The Company has continued to reduce its fleet size from the previous year as well as gaining operating efficiencies by consolidating shipments and attempting to ship more full truckloads. These efforts have been offset by increased gasoline prices and delivery surcharges from the trucking companies.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $0.9 million, or 8.3%, from $11.2 million in 2002 to $10.3 million in 2003. As a percentage of net sales, selling, general, and administrative expenses increased 0.3% from 2002 to 2003. The decrease in dollars is due to the Company's cost reduction efforts and continued emphasis on reducing fixed costs and keeping costs aligned with revenues.

Restructuring Charges. The Company recorded restructuring charges of $269,000 in the six months ended June 30, 2002.

Operating Income (Loss). Operating income decreased by $3.1 million, from operating income of $2.0 million in 2002 to an operating loss of $1.1 million in 2003. The decrease in operating income is due to the factors described above.

Interest Expense, Net. Interest expense, net decreased by $127,000 due to decreased debt service levels and a corresponding decrease in interest rates on the variable rate debt from the previous year.

Net Income (Loss). The Company reported a net loss of $0.9 million in the first six months of 2003 compared to net income of $0.9 million in the same period in 2002. The decrease is due to the factors described above.

BUSINESS SEGMENTS

Quarter Ended June 30, 2004 Compared to Quarter Ended June 30, 2003

PRIMARY MANUFACTURED PRODUCTS SEGMENT DISCUSSION

Net sales increased $3.8 million, or 9.6% from $39.6 million in the quarter ended June 30, 2003 to $43.4 million in the same period in 2004. The increased sales levels are attributable to raw material price increases and an approximate 21% increase in quarterly shipments in the Recreational Vehicle industry. The Manufactured Housing industry experienced an approximate 2% decline in shipments from the 2003 second quarter to the 2004 second quarter.

Operating income increased $0.4 million, or 26.5% from $1.7 million in the second quarter of 2003 to $2.1 million in the second quarter of 2004. The increase in operating income is attributable to the increased sales.

DISTRIBUTION SEGMENT DISCUSSION

Net sales increased $3.3 million, or 14.3% from $22.9 million in the second quarter of 2003 to $26.2 million in the second quarter of 2004. The increased sales levels are attributable to increased raw material prices.

Operating income increased $0.3 million, or 31.3% from $0.8 million in the three month period ending June 30, 2003 to $1.1 million in the same period in 2004. The increase in operating income is due to increased sales.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales increased $1.0 million, or 7.6% from $12.4 million in the second quarter of 2003 to $13.4 million in the second quarter of 2004. The increased sales are attributable to increased raw material prices.

Operating income increased approximately $148,000 from $24,000 in the second quarter of 2003 to $172,000 in the second quarter of 2004. The increase is attributable to decreased losses from one of the Company's unprofitable cabinet door divisions which was closed in the third quarter of 2003.

Quarter Ended June 30, 2003 Compared to Quarter Ended June 30, 2002

PRIMARY MANUFACTURED PRODUCTS DISCUSSION

Net sales decreased $2.3 million, or 5.5%, from $41.9 million in the 2002 second quarter to $39.6 million in the 2003 second quarter. The decrease in net sales is due to a 25% decrease in shipments in the Manufactured Housing Industry in the second quarter which was offset by increased sales to the Industrial and Other markets which account for approximately one third of the sales in this segment.

Operating income decreased by $0.8 million, or 33%, from $2.5 million in the quarter ended June 30, 2002 to $1.7 million in the quarter ended June 30, 2003. The decrease is due to significant competitive pricing conditions affecting gross profits on sales to the Manufactured Housing and Recreational Vehicle industries.

DISTRIBUTION SEGMENT DISCUSSION

Net sales decreased by $6.6 million, or 23%, from $29.5 million in the 2002 second quarter to $22.9 million in the same period in 2003. This decrease is consistent with the 25% quarterly decrease in shipments in the Manufactured Housing Industry, which is the primary market that this segment serves.

Operating income decreased $0.5 million, or 40%, as a result of the decreased sales volume for the quarter.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales decreased $3.6 million, or 22%, from $16.0 million for the quarter ended June 30, 2002 to $12.4 million for the quarter ended June 30, 2003. Approximately $1.0 million of this decrease is due to the Company closing one of its cabinet door facilities in the second quarter of 2002. The remaining decrease is due to the Company choosing to discontinue the production and sale to a particular customer of a specific raw material which caused production inefficiencies and labor problems throughout the fourth quarter of 2002 and the first quarter of 2003 as well as the fact that the Company sold one of its business units in this segment in late 2002.

Operating losses in this segment increased approximately $0.2 million from the 2002 second quarter as the phase-out of the inefficient product concluded in the second quarter of 2003 and competitive market pricing conditions in the Manufactured Housing and Recreational Vehicle industries forced margins down.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

PRIMARY MANUFACTURED PRODUCTS SEGMENT DISCUSSION

Net sales increased $3.3 million, or 4.3% from $77.3 million in 2003 to $80.6 million in 2004. The increase is attributable to increased raw material prices and increases in shipments in the Recreational Vehicle industry of more than 20% for the six months ending June 30, 2004.

Operating income increased $0.3 million, or 10.8% from $2.5 million in 2003 to $2.8 million in 2004. The increase is attributable to increased sales levels.

DISTRIBUTION SEGMENT DISCUSSION

Net sales increased $4.0 million or 9.4% from $43.3 million in 2003 to $47.3 million in 2004. The increase is attributable to increased raw material prices.

Operating income increased $0.5 million from $1.4 million in 2003 to $1.9 million in 2004. The increase is attributable to increased sales.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales decreased $0.5 million, or 1.9% from $25.6 million in 2003 to $25.1 million in 2004. The decrease is attributable to the closing of one of the business units in this segment in the third quarter of 2003.

Operating income increased $0.9 million from a loss of $0.6 million in 2003 to income of $0.3 million in 2004 primarily due to the closing of one of the unprofitable cabinet door divisions in the third quarter of 2003.

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

PRIMARY MANUFACTURED PRODUCTS DISCUSSION

Net sales decreased $3.6 million, or 4.5%, from $80.9 million in 2002 to $77.3 million in 2003. This decrease is due primarily to the 26% decrease in units shipped in the Manufactured Housing Industry in the first six months of 2003. These sales decreases were offset by the 3% increase in units shipped in the Recreational Vehicle Industry and increases in sales to the Industrial and Other markets by the operations in this segment.

Operating income decreased $2.2 million, or almost 47%, due primarily to significant competitive pricing situations in the Manufactured Housing and Recreational Vehicle industries.

DISTRIBUTION SEGMENT DISCUSSION

Net sales decreased $12.1 million, or 21.9%, from $55.4 million in 2002 to $43.3 million in 2003. This decrease is due primarily to the decrease in units shipped in the Manufactured Housing Industry, which is the primary industry this segment serves.

Operating income decreased $0.7 million, from $2.1 million in 2002 to $1.4 million in 2003 due to decreased sales volume.

OTHER COMPONENT MANUFACTURED PRODUCTS DISCUSSION

Net sales decreased $5.4 million, or 17.4%, from $31.0 million in 2002 to $25.6 million in 2003. This decrease is due primarily to the closing of one of the unprofitable business units in this segment in 2002 as well as the sale of one of the business units in this segment late in 2002.

Operating losses in this segment increased approximately $1.0 million due primarily to one of the business units in this segment continuing to experience problems related to production inefficiencies and increased labor as a result of the change in raw material required by a particular customer. This change occurred in the fourth quarter of 2002 and continued through the first six months of 2003 as the Company phased out its business related to this particular product.

The Company decided, subsequent to June 30, 2003, to close this operating unit as a result of historical losses, unfavorable projected operating results, and general business conditions. The Company incurred restructuring charges in

the third quarter of approximately 269,000. The closing of this business unit was completed during the third quarter of 2003.

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 $2,571,429 which 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 $15,000,000 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 believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements and planned capital expenditures. 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 the Company's contractual cash obligations remaining at June 30, 2004 and for the twelve month periods ending 2005 through 2008 is as follows:

<TABLE>

	PAYMENTS DUE BY PERIOD					
CONTRACTUAL OBLIGATIONS	TOTAL	2004	2005	2006	2007	2008
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt, including interest at variable rates**	$5,188,750	$1,150,750	$1,186,625	$1,167,375	$849,000	$835,000
Long-term debt, including interest at fixed rates**	$5,391,304	$2,695,650	$2,695,654	$0	$0	$0
Operating Leases	$2,687,777	$930,669	$840,037	$502,892	$279,623	$134,556
Total contractual cash obligations	$13,267,831	$4,777,069	$4,722,316	$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>

The Company also has a commercial commitment as described below:

<TABLE>

OTHER COMMERCIAL COMMITMENT	TOTAL AMOUNT COMMITTED	OUTSTANDING AT 06/30/04	DATE OF EXPIRATION
<S>	<C>	<C>	<C>
Line of Credit	$15,000,000	$2,000,000	August 15, 2006

</TABLE>

Borrowings outstanding on the line of credit at July 31, 2004 were $5.2 million.

The Company believes 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 2004.

Subsequent to June 30, 2004, one of our major customers in the Southeast began to experience cash flow difficulties and have extended their receivable balance out beyond our normal terms. While we cannot predict the outcome of this situation at this time, if this balance is deemed to be uncollectible, it could have a material impact on third or fourth quarter operating results.

CRITICAL ACCOUNTING POLICIES

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

The Company's major operating assets are accounts receivable, inventory, and property and equipment. Exclusive of the write-off of certain assets related to the Oakwood Homes Corporation bankruptcy filing in November, 2002, we have not experienced significant bad debts losses. 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 assess impairment when indicators are present and have had no impairment charges during the six months ended June 30, 2004.

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

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 this 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 products.
- On an annual basis, the Company negotiates renewals for property, casualty, workers compensation, general liability, product 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 affect 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 3. 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 $5,142,868 of indebtedness bearing interest at a fixed rate of 6.82%. The related maturities and interest are reported in the contractual obligations table in the Liquidity and Capital Resources section of this report.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and our 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" (as defined in the Securities Exchange Act of 1934 rules 13a-15(e) and 15d-15(e) are effective to ensure that information required to be disclosed in the reports that the Company files or submits 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, during the period covered by this report.

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 14, 2004.

(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
Keith V. Kankel	3,360,509	664,416
Mervin D. Lung	3,297,163	727,762
Harold E. Wyland	2,949,388	1,075,537

2. Set forth below is the tabulation of the votes related to the amendments of the 1987 stock option plan

FOR	AGAINST	WITHHOLD AUTHORITY
2,395,935	559,313	568,646

(d) Not applicable.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

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
32.1	Certification pursuant to 18 U.S.C. Section 350

(b) Reports on Form 8-K

Item 9. Regulation FD Disclosure

Press Release dated July 18, 2004 announcing second quarter 2004 earnings

SIGNATURES

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

PATRICK INDUSTRIES, INC.
(Company)

Date August 13, 2004

/S/Robert C. Timmins

Robert C. Timmins
(Lead Director)

Date August 13, 2004

/S/Paul E. Hassler

Paul E. Hassler
(President)
(Chief Executive Officer)

Date August 13, 2004

/S/Andy L. Nemeth

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

Exhibit 31.1

CERTIFICATIONS

I, Paul E. Hassler, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared; and

   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 first fiscal quarter in the case of the 10Q) 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 design or operation of internal control 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 August 13, 2004

/S/ Paul E. Hassler

Paul E. Hassler
(President)
(Chief Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Andy L. Nemeth, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared; and

   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 first fiscal quarter in the case of the 10Q) 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 (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control 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 August 13 , 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 Quarterly Report of Patrick Industries, Inc. (the "Company") on Form 10Q for the period ending June 30, 2004, 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/Paul E. Hassler

Paul E. Hassler, Chief Executive Officer

/S/Andy L. Nemeth

Andy L. Nemeth, Chief Financial Officer

August 13 , 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-Q and shall not be considered filed as part of the Form 10-Q.