FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

For Quarter Ended June 30, 1998 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 incorporated or organization)	(I.R.S. Employer Identification No.)

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

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

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

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

Shares of Common Stock Outstanding as of July 31, 1998: 5,933,266

PATRICK INDUSTRIES, INC.

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PART I: FINANCIAL INFORMATION

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED BALANCE SHEETS
<CAPTION>

	(Unaudited) JUNE 30 1998	(Note) DECEMBER 31 1997
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 526,488	$ 3,765,171
Trade receivables	31,868,681	17,127,797
Inventories	38,933,334	34,602,154
Prepaid expenses	359,579	608,611
Total current assets	$ 71,688,082	$ 56,103,733
PROPERTY AND EQUIPMENT, at cost	$ 81,071,409	$ 78,052,343
Less accumulated depreciation	31,094,303	29,830,987
	$ 49,977,106	$ 48,221,356
INTANGIBLE AND OTHER ASSETS	$ 8,653,748	$ 7,862,419
Total assets	$ 130,318,936	$ 112,187,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 1,138,517	$ 1,138,517
Accounts payable, trade	23,257,374	10,329,507
Accrued liabilities	5,325,129	4,455,005
Total current liabilities	$ 29,721,020	$ 15,923,029
LONG-TERM DEBT, less current maturities	$ 24,785,067	$ 25,015,218
DEFERRED COMPENSATION OBLIGATIONS	$ 1,602,002	$ 1,416,002
DEFERRED TAX LIABILITIES	$ 1,107,000	$ 1,107,000
SHAREHOLDERS' EQUITY		
Common stock	$ 22,439,197	$ 21,896,822
Retained earnings	50,664,650	46,829,437
	$ 73,103,847	$ 68,726,259
Total liabilities and shareholders' equity	$ 130,318,936	$ 112,187,508

NOTE: The balance sheet at December 31, 1997 has been taken from the audited financial statements at that date and condensed.
See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

<TABLE>

PATRICK INDUSTRIES, INC.
UNAUDITED CONDENSED STATEMENTS OF INCOME
<CAPTION>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	1998	1997	1998	1997

<S>	<C>	<C>	<C>	<C>
NET SALES	$117,731,176	$106,599,506	$222,718,348	$203,535,216
COST AND EXPENSES				
Cost of goods sold	$102,268,713	$ 93,271,870	$194,002,496	$178,251,038
Warehouse and delivery expenses	4,059,689	3,913,889	7,776,937	7,309,451
Selling, general, and administrative expenses	6,976,003	5,415,413	13,239,516	10,268,640
Interest expense, net	264,905	307,901	518,875	595,810
	$113,569,310	$102,909,073	$215,537,824	$196,424,939
INCOME BEFORE INCOME TAXES	$ 4,161,866	$ 3,690,433	$ 7,180,524	$ 7,110,277
INCOME TAXES	1,664,700	1,448,500	2,872,200	2,782,200
NET INCOME	$ 2,497,166	$ 2,241,933	$ 4,308,324	$ 4,328,077
EARNINGS PER COMMON SHARE	$ .42	$ .38	$ .73	$ .73
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,915,206	5,929,140	5,905,890	5,946,769

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	
	1998	1997
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,308,324	$ 4,328,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,524,364	2,725,881
Other	204,183	53,403
Change in assets and liabilities:		
Decrease (Increase) in:		
Trade receivables	(13,978,204)	(12,228,928)
Inventories	(3,712,782)	1,407,842
Prepaid expenses	271,408	(38,620)
Increase in:		
Accounts payable and accrued liabilities	12,979,587	9,321,841
Income taxes payable	494,919	496,829
Net cash provided by operating activities	4,091,799	6,066,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4,174,394)	(5,750,567)
Investment in marketable securities	- - -	(500,000)
Acquisition of business	(2,581,490)	

		(286,840)
Other	3,238,683)	(1,783,501)
Cash and cash equivalents, beginning	3,765,171	2,041,482
Cash and cash equivalents, ending	$ 526,488	$ 257,981

See accompanying notes to Unaudited Condensed Financial Statements.

</TABLE>

PATRICK INDUSTRIES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Registrant, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly financial position as of June 30, 1998, and December 31, 1997, and the results of operations and cash flows for the three months and the six months ended June 30, 1998 and 1997.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in Registrant's December 31, 1997 audited financial statements. The results of operations for the three months and six months periods ended June 30, 1998 and 1997 are not necessarily indicative of the results to be expected for the full year.

3. The inventories on June 30, 1998 and December 31, 1997 consist of the following classes:

<TABLE>
<CAPTION>

<S>	June 30 1998 <C>	December 31 1997 <C>
Raw materials	$23,207,598	$19,710,068
Work in process	835,425	1,170,054
Finished	4,121,492	5,089,861
Total manufactured goods	$28,164,515	$25,969,983
Distribution products	10,768,819	8,632,171
TOTAL INVENTORIES	$38,933,334	$34,602,154

</TABLE>

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

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

Earnings per common share for the six months ended June 30, 1998 and 1997 have been computed based on the weighted average common shares outstanding of 5,905,890 and 5,946,769 respectively.

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

GENERAL

The Registrant's business has shown significant revenue growth since 1991, as net sales increased annually from $143 million to over $410 million in six years. Although the rate of growth in the year 1997 was 1.75%, the first six months of 1998 showed an increase of 9.4% when compared to the previous years' first half. The increase in sales resulted from the continued strength of both the economy and the Manufactured Housing and Recreational Vehicle industries.

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

<TABLE>
<CAPTION>

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Sales	86.9	87.5	87.1	87.6
Gross Profit	13.1	12.5	12.9	12.4
Warehouse and Delivery	3.4	3.7	3.5	3.6
Selling, General & Administrative	5.9	5.1	5.9	5.0
Operating Income	3.8	3.7	3.5	3.8
Net Income	2.1	2.1	1.9	2.1

</TABLE>

RESULTS OF OPERATIONS

Quarter Ended June 30, 1998 Compared to Quarter Ended June 30, 1997

Net Sales. Net sales increased by $11.1 million, or 10.4%, from $106.6 million for the quarter ended June 30, 1997, to $117.7 million in the quarter ended June 30, 1998. This sales increase was attributable to increases in the number of units produced in both the Manufactured Housing and Recreational Vehicle industries, and to the acquisition of two companies whose sales were not in the 1997 sales. The sales of the acquired companies represented 3.7% of the sales increase. The Registrant's sales in the quarter were 62% to Manufactured Housing, 20% to Recreational Vehicle, and 18% to other industries.

Gross Profit. Gross profit increased by approximately $2.1 million, or 16.0%, from $13.3 million in the second quarter of 1997, to $15.4 million in the same 1998 quarter. As a percentage of net sales, gross profit increased from 12.5% in 1997 to 13.1% in the second quarter of 1998. The increase in gross profit was due to certain manufacturing operations showing improvement in volume and efficiencies over the same 1997 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 $146,000, or 3.7%, from $3.9 million in 1997, to $4.1 million in the second quarter of 1998. As a percentage of net sales, warehouse and delivery expenses decreased from 3.7% in 1997 to 3.4% in the 1998 second quarter.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $1.6 million, or 28.8%, from $5.4 million in 1997, to $7.0 million in 1998. As a percentage of net sales, selling, general and administrative expenses increased from 5.1% in 1997 to 5.9% in the second quarter of 1998. Expense increases were partially attributable to new management information system expenses, additional personnel required due to the growth the Registrant has experienced over the last several years, and for management transition plans.

Operating Income. Operating income increased by approximately $428,000 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 decreased by approximately $43,000 from $308,000 in 1997 to $265,000 in the second quarter of 1998. The Registrant's borrowing levels during the 1998 period were lower than those in 1997.

Net Income. Net income increased by approximately $255,000 from $2.2 million in 1997 to $2.5 million in 1998 for the second quarter ended June 30. This increase is attributable to the factors described above. Net income also remained the same as a percentage of net sales.

Six Months Ended June 30, 1998 Compared to Six Months Ended June 30, 1997

Net Sales. Net sales increased by $19.2 million, or 9.4%, from $203.5 million for the six months ended June 30, 1997, to $222.7 million in the six months ended June 30, 1998. This sales increase was attributable to increases in the number of units produced in both the Manufactured Housing and Recreational Vehicle industries, and to the acquisition of two companies whose sales were not in the 1997 sales. The sales of the acquired companies represented 2.9% of the sales increase. The Registrant's sales in the first six months were 61% to Manufactured Housing, 20% to Recreational Vehicle, and 19% to other industries.

Gross Profit. Gross profit increased by $3.4 million, or 13.6%, from $25.3 million in the first six months of 1997, to $28.7 million in the same period in 1998. As a percentage of net sales, gross profit increased from 12.4% in the first six months of 1997 to 12.9% in 1998. The increase in gross profit was due to certain manufacturing operations showing improvement in volume and efficiencies over the same 1997 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 $467,000, or 6.4%, from $7.3 million in 1997, to $7.8 million in the first six months of 1998. As a percentage of net sales, warehouse and delivery expenses decreased from 3.6% for 1997 to 3.5% in 1998.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $2.9 million, or 28.9%, from $10.3 million in 1997, to $13.2 million in 1998. As a percentage of net sales, selling, general and administrative expenses increased from 5.0% for 1997 to 5.9% in 1998. Expense increases were partially attributable to new management information system expenses, additional personnel required due to the growth the Registrant has experienced over the last several years, and for management transition plans.

Operating Income. Operating income remained the same in dollars in the 1998 second quarter as compared to 1997, but as a percentage of sales, operating income decreased from 3.8% in 1997 to 3.5% in 1998.

Interest Expense, Net. Interest expense, net decreased by $77,000 from $596,000 in 1997, to $519,000 in 1998. This decrease was due to lower borrowings during the first six months of 1998.

Net Income. Net income remained the same in 1998 as it was in the 1997 period. As a percentage of net sales, net income decreased from 2.1% in 1997 to 1.9% in 1998. This is primarily attributable to the factors described above.

YEAR 2000 ISSUE

The Registrant began a new management information system implementation project in the first quarter of 1996, which when fully implemented, will result in the Registrant's information systems being Year 2000 compliant. The Registrant has committed approximately $5,500,000 for the purchase of new hardware and software systems, hiring of additional personnel, and training. As of June 30, 1998, a majority of the Registrant's information systems were compliant with the Year 2000 and the remaining information systems are expected to be compliant by the fourth quarter of 1999. As of June 30, 1998, the Registrant has incurred approximately $5,000,000 of the $5,500,000 committed to the project.

LIQUIDITY AND CAPITAL RESOURCES

The Registrant's primary capital requirements are to meet working capital needs, support its capital expenditure plans, and meet debt service requirements.

The Registrant, in September, 1995, issued, to an insurance company in a private placement $18,000,000 of senior unsecured notes. The ten year notes bear interest at 6.82%, with semi-annual interest payments that began in 1996 and seven annual principal repayments beginning September 15, 1999. These funds were used to reduce existing bank debt and for working capital needs.

The Registrant has an unsecured bank Revolving Credit Agreement that provides loan availability of $10,000,000 with maturity in the year 2000.

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

The Registrant believes that cash generated from operations and borrowings under its credit agreements will be sufficient to fund its working capital requirements and normal recurring capital expenditures as currently contemplated. The Registrant initiated an expansion project of approximately $6,000,000 in North Carolina in 1997. The project was completed in July, 1998, and in August the Registrant anticipates obtaining a municipal industrial revenue bond in the amount of $5,000,000 to restore working capital used to finance the project.

SEASONALITY

Manufacturing operations in the Manufactured Housing and Recreational Vehicle industries historically have been seasonal and are generally at the highest levels when the climate is moderate. Accordingly, the Registrant's sales and profits are generally highest in the second and third quarters.

NEW ACCOUNTING STANDARDS

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

INFLATION

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

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

(a) The Annual Meeting of Shareholders of the Registrant was held on May 15, 1998.

(b) Not applicable.

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

<TABLE>
<CAPTION>

NAME	FOR	WITHHOLD AUTHORITY
<S>	<C>	<C>
Mervin D. Lung	4,992,683	13,184
Keith V. Kankel	4,986,701	19,166
John H. McDermott	4,994,566	11,301
Harold E. Wyland	4,990,866	15,001

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 6, 1998	/S/Mervin D. Lung Mervin D. Lung (Chairman of the Board)
Date	August 7, 1998	/SDavid D. Lung David D. Lung (President)
Date	August 6, 1998	/S/Keith V. Kankel Keith V. Kankel (Vice President Finance) (Principal Accounting Officer)

</TABLE>

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