UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)
[X] **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2005 or
[ ] **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file Number 0-3922

PATRICK INDUSTRIES, INC.

(Exact name of Company as specified in its charter)

Indiana (State or other jurisdiction of incorporation or organization)	35-1057796 (IRS Employer identification No.)
107 West Franklin Street, P.O. Box 638, Elkhart, Indiana (Address of principal executive offices)	46515 (ZIP code)

Company's telephone number, including area code: (574) 294-7511

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, WITHOUT PAR VALUE
PREFERRED SHARE PURCHASE RIGHTS
(Title of each class)

Indicate by check mark if the Company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the Company is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

Indicate by check mark whether the Company (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 Company 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K [ ]

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [X]

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the voting stock held by non-affiliates of the Company on June 30, 2005 (based upon the closing price on NASDAQ and an estimate that 96.25% of the shares are owned by non-affiliates) was $44,967,825. The closing market price was $9.79 on that day and 4,772,198 shares of the Company's common stock were outstanding.

As of March 16, 2006 there were 4,843,208 shares of the Company's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on May 11, 2006 are incorporated by reference into Part III of this Form 10-K.

Patrick Industries, Inc.
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PART I

ITEM 1. **BUSINESS**

Patrick Industries, Inc. (the "Company") is a leading manufacturer and supplier of building products and materials to the Manufactured Housing and Recreational Vehicle Industries. In addition, the Company is a supplier to certain other industrial markets, such as kitchen cabinet, furniture manufacturing, office furniture, commercial fixtures and furnishings, marine, architectural, and the automotive aftermarket. The Company manufactures decorative vinyl and paper panels, wrapped mouldings, cabinet doors, components for electronic desks, countertops, aluminum extrusions, drawer sides, adhesives, and laminating machines. The Company is also an independent wholesale distributor of pre-finished wall and ceiling panels, drywall and drywall finishing products, particleboard, vinyl and cement siding, interior passage doors, roofing products, high pressure laminates, decorative mirrors and glass, insulation, and other related products.

The Company has a nationwide network of distribution centers for its products, thereby reducing in-transit delivery time and cost to the regional manufacturing plants of its customers. The Company believes that it is one of the few suppliers to the Manufactured Housing and Recreational Vehicle Industries that has such a nationwide network. The Company maintains three manufacturing plants and a distribution facility near its principal offices in Elkhart, Indiana, and operates eleven other warehouse and distribution centers and twelve other manufacturing plants in twelve other states.

The Company is an Indiana corporation and was founded in 1959 and incorporated in 1961.

Strategy

The Company believes that it has developed quality working relationships with its customers and has oriented its business and the expansion of its business to the needs of these customers. These customers include all of the larger Manufactured Housing and Recreational Vehicle manufacturers. The Company's customers generally demand high quality standards, quick response time, and a high degree of flexibility from their suppliers. The result has been that the Company focuses on maintaining and improving the quality of its manufactured products, and has developed a nationwide manufacturing and distribution presence in response to its customers' needs for flexibility. As the Company explores new markets and industries, it believes that this nationwide network provides it with a strong foundation for future growth.

In 2005 approximately 45% of the Company's sales are to the Manufactured Housing Industry, 28% to the Recreational Vehicle Industry, and 27% to the Industrial and Other markets. In 2004, approximately 41% of the Company's sales were to the Manufactured Housing Industry, 31% to the Recreational Vehicle Industry, and 28% to the Industrial and Other markets. The Manufactured Housing and Recreational Vehicle Industries are generally characterized by price sensitivity, cyclical demand and production, small order quantities, and short lead times. The Industrial and Other markets, while similar in some aspects, are characterized by longer production runs and quality customer service.

Management has identified several operating strategies, including the following:

Diversification into Other Industrial Markets

While the Company continually seeks to improve its position as a leading supplier to the Manufactured Housing and Recreational Vehicle Industries, it is also seeking to expand its product lines into other industrial markets. Many of the Company's products, such as countertops, cabinet doors, laminated panels, and shelving, have applications in the Kitchen Cabinet, Office Furniture and Fixture, and Architectural markets. In addition, the manufacturing processes for the Company's aluminum extrusions can be easily applied to the production of products for the marine, automotive and truck accessories markets and aftermarkets, and many other markets. The Company's adhesives are produced for a number of industrial applications.

Because order size from these additional industries tends to be for larger numbers of units, the Company enjoys better production efficiencies for these orders. The Company believes that diversification into other industrial markets will reduce its vulnerability to the cyclical nature of the Manufactured Housing and Recreational Vehicle Industries. In addition, the Company believes that its nationwide manufacturing and distribution capabilities enable it to position itself for product expansion and effective customer service.

Utilization of Manufacturing Capacity

In 2005, the Company invested approximately $8.5 million, and in the last 5 years the Company has invested approximately $30.4 million, to upgrade existing facilities and equipment and to purchase manufacturing and distribution facilities and equipment to accommodate all of its product offerings. The capacity created by these investments has enabled the Company to accommodate future growth in the Company's product lines and markets.

Strategic Acquisitions and Expansion

The Company supplies a broad variety of building material products and, with its nationwide manufacturing and distribution capabilities, is well-positioned for the introduction of new products. The Company, from time to time, considers the acquisition of additional product lines, facilities, companies with a strategic fit, or other assets to complement or expand its existing business. The Company is actively pursuing quality business acquisition opportunities.

In March 2004, the Company purchased a new building complex in Elkhart, Indiana for the consolidation of its manufacturing operations in that area. This acquisition will provide opportunities for improved efficiencies and capacity for future growth both in manufacturing and distribution operations.

Business Segments

The Company's operations through December 31, 2005 comprise four reportable segments which include the Primary Manufactured Products segment, the Distribution segment, the Other Component Manufactured Products segment, and the Engineered Solutions segment. Information related to those segments is contained in "Note 14-Segment Information" appearing in the financial statements included herein as noted in the index appearing under Item 15(a)(1) and (2).

Principal Products

Through its manufacturing divisions, the Company manufactures decorative vinyl and paper panels, wrapped mouldings, cabinet doors, interior passage doors, kitchen cabinets, countertops, aluminum extrusions, drawer sides, adhesives, and laminating machines. In conjunction with its manufacturing capabilities, the Company also provides value added processes including custom fabrication, edge-banding, drilling, and cut to size capabilities. The Company distributes pre-finished wall and ceiling panels, drywall and drywall finishing products, particleboard, vinyl and cement siding, vinyl and hardwood flooring, interior passage doors, roofing products, high pressure laminates, decorative mirrors and glass, insulation, and other related products.

Manufactured panels contributed 34%, 35%, and 36% of total sales for the years ended December 31, 2005, 2004, and 2003, respectively.

Pre-finished wall panels contributed 18%, 16%, and 13% of total sales for the years ended December 31, 2005, 2004, and 2003, respectively.

The Company has no material patents, licenses, franchises, or concessions and does not conduct significant research and development activities.

Manufacturing Processes and Operations

The Company's primary manufacturing facilities utilize 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. Laminated products are used in the production of wall, cabinet, shelving, counter, and fixture products with a wide variety of finishes and textures.

The Company's Metals division produces semi-fabricated and fabricated aluminum extrusions for structural and non-structural applications. These extrusions are custom made for window and wall systems, awning applications, home door framing, recreational vehicle framing and trim applications, stadium seating, military vehicles, conveyance systems, marine products, and other commercial and industrial applications.

The Company manufactures two distinct cabinet door product lines. One product line is manufactured from raw lumber using solid oak and other hardwood materials. The Company's other line of doors is made of laminated fiberboard. The Company's doors are sold mainly to the Manufactured Housing and Recreational Vehicle Industries. The Company also markets to the cabinet manufacturers and "ready-to-assemble" furniture manufacturers.

The Company's adhesive division, which supplies adhesives used in most of the Company's manufacturing processes and to outside industrial customers, uses a process of mixing non-toxic, non-hazardous chemicals with water to produce a variety of adhesives and paint sold in tubes, pails, barrels, totes, and rail tank cars.

Markets

The Company is engaged in the manufacturing and distribution of building products and material for use primarily by the Manufactured Housing and Recreational Vehicle Industries, and other Industrial markets.

Manufactured Housing

The Manufactured Housing Industry has historically served as a more affordable alternative to the traditional home buyer. Because of the relatively lower cost of construction as compared to site-built homes, manufactured homes traditionally have been one of the principal means for first-time home buyers to overcome the obstacles of large down payments and higher monthly mortgage payments. Manufactured housing also presents an affordable alternative to site-built homes for retirees and others desiring a lifestyle in which home ownership is less burdensome than in the case of site-built homes. The increase in square footage of living space and updated modern designs in manufactured homes created by multi-sectional models has made them more attractive to a larger segment of home buyers.

Manufactured homes are built in accordance with national, state, and local building codes. Manufactured homes are factory-built and transported to a site where they are installed, often permanently. Some manufactured homes have design limitations imposed by the constraints of efficient production and over-the-road transit. Delivery expense limits the effective competitive shipping range of the manufactured homes to approximately 400 to 600 miles.

Modular homes, which are a component of the Manufactured Housing Industry, are factory built homes that are built in sections and transported to the site for installation. These homes are generally set on a foundation and are subject to land/home financing terms and conditions. These units in recent years have been gaining in popularity due to their aesthetic similarity to site-built homes and their relatively less expensive cost, as well as their less restrictive access to financing when compared to the chattel lending market.

The Manufactured Housing Industry is fairly cyclical and is affected by the availability of alternative housing, such as apartments, town houses, and condominiums. In addition, interest rates, availability of financing, regional population, employment trends, and general regional economic conditions affect the sale of manufactured homes. The Manufactured Housing Industry has been at the cyclical low point of the cycle over the past seven years where shipments steadily decreased on an annual basis from 1999 to 2004. The 2005 shipment statistics showed improvement which was aided by the increased demand for FEMA units as a result of the hurricane damage in the southeast in the third quarter of 2005. Exclusive of this incremental demand, shipment levels for the 2005 year were estimated at approximately 126,000 units, or down more than 1% from the 2004 shipment levels. From 1998 to 2005, shipments have declined more than 60%.

The Company believes that the factors responsible for the most recent declines include lack of available financing and access to the asset backed securities markets, high vacancy rates in apartments, high levels of repossessed inventories, and over-built housing markets in certain regions of the country that resulted in fewer sales of new manufactured homes. Beginning in mid-1999 and continuing through 2005, the Manufactured Housing Industry has also had to contend with credit requirements that became more stringent and a reduction in availability of lenders for both retail and dealers. As a result, the industry has experienced five consecutive years of decline in the number of industry shipments with 2003 and 2004 finishing at levels which were almost 62% lower than those experienced in 1999. There is speculation that the coming year will provide an increase of approximately 5% to 10% in unit shipments from the 2005 levels which is supported by the demand for permanent rebuilding in the hurricane damaged areas and repossessed inventory levels that have been reduced to a manageable level. However, the availability of financing and access to the asset-backed securities market is still restricted. Additionally, employment growth and an increase in mortgage interest rates on conventional housing are needed to enable more balanced demand, thus resulting in the potential for increased production and shipment levels.

Manufactured Housing Shipments:

1990 - 188,200
1991 - 170,700
1992 - 210,800
1993 - 254,300
1994 - 303,900
1995 - 339,600
1996 - 363,400
1997 - 353,400
1998 - 372,800
1999 - 348,700
2000 - 250,600
2001 - 193,200
2002 - 168,500
2003 - 130,900
2004 - 130,800
2005 - 146,700

Recreational Vehicles

The Recreational Vehicle Industry has been characterized by cycles of growth and contraction in consumer demand reflecting prevailing general economic conditions which affect disposable income for leisure time activities. Fluctuations in interest rates, consumer confidence, and concerns about the availability and price of gasoline, in the past, have had an adverse impact on recreational vehicle sales. Recently the industry has been characterized by increased demand as a result of continued growth in disposable incomes, low inflation and low interest rates. Increased gasoline prices over the past two years appear to have impacted the sales of motorized units, however the towable unit shipments still remain strong. Long term trends point to market growth because of favorable demographics.

Recreational Vehicle classifications are based upon standards established by the Recreational Vehicle Industry Association. The principal types of recreational vehicles include conventional travel trailers, folding camping trailers, fifth wheel trailers, motor homes, and van conversions. These recreational vehicles are distinct from mobile homes, which are manufactured houses designed for permanent and semi-permanent residential dwelling.

Conventional travel trailers and folding camping trailers are non-motorized vehicles designed to be towed by passenger automobiles, pick-up trucks, or vans. They provide comfortable, self-contained living facilities for short periods of time. Conventional travel trailers and folding camping trailers are towed by means of a frame hitch attached to the towing vehicle. Fifth wheel trailers, designed to be towed by pick-up trucks, are constructed with a raised forward section that is attached to the bed area of the pick-up truck. This allows for a bi-level floor plan and more living space than a conventional travel trailer.

A motor home is a self-powered vehicle built on a motor vehicle chassis. The interior typically includes a driver's area, kitchen, bathroom, dining, and sleeping areas. Motor homes are self-contained with their own lighting, heating, cooking, refrigeration, sewage holding, and water storage facilities. Although they are not designed for permanent or semi-permanent living, motor homes do provide comfortable living facilities for short periods of time.

Sales of recreational vehicle products have been cyclical. Shortages of motor vehicle fuels and significant increases in fuel prices have had a material adverse effect on the market for recreational vehicles in the past, and could adversely affect demand in the future. The Recreational Vehicle Industry is also affected by the availability and terms of financing to dealers and retail purchasers. Substantial increases in interest rates and decreases in the general availability of credit have had a negative impact upon the Industry in the past and may do so in the future.

Recession and lack of consumer confidence generally results in a decrease in the sale of leisure time products such as recreational vehicles.

The period beginning in 1999 and continuing through 2005 resulted in six out of the seven years with shipment levels over 300,000 units. In 1999, the Industry shipped 321,200 units. Increased gasoline prices and uncertainty with regards to the economy resulted in shipment declines over the next two years of more than 20%. The Industry rebounded in 2002, and that rebound continued through 2004, due to improved consumer confidence, depleted dealer inventories, lower interest rates, and a fear of flying after the September 11, 2001 terrorist attacks. Shipment levels in 2003 improved yet again almost to the 1999 levels and 2005 shipments levels are at near all time highs. The damage from the hurricanes in the southeast in the third quarter of 2005 resulted in increased demand for temporary housing and it is estimated that almost 39,000 incremental units were shipped to support the FEMA orders from September through December, 2005. While demographic trends point to positive conditions for this particular market sector in the foreseeable future, it is unknown at this time whether these near record trends will continue into 2006.

Recreational Vehicle Shipments

1990 - 173,100
1991 - 163,300
1992 - 203,400
1993 - 227,800
1994 - 259,200
1995 - 247,000
1996 - 247,500
1997 - 254,500
1998 - 292,700
1999 - 321,200
2000 - 300,100
2001 - 256,800
2002 - 311,000
2003 - 320,800
2004 - 370,100
2005 - 384,400

Other Markets

Many of the Company's core products, including its laminated panels, countertops, cabinet doors, shelving, and high pressure laminate may be utilized in the kitchen cabinet, store fixture and commercial furnishings, and home and office furniture markets. These markets are categorized by a less price driven customer base and provide opportunity for the Company to diversify its customer base while providing increased contribution and efficiency improvements to its core competencies. While the residential furniture markets have been severely impacted by import pressures, the other markets still provide opportunities for increased sales penetration and market share gains.

The Company's aluminum extrusion process is easily applied to the production of accessories and parts for recreational vehicles, trucks, vans, and automobiles, as well as architectural and certain other building products. The Company's adhesives are marketed in many industrial adhesive markets.

While demand in these industries also fluctuates with general economic cycles, the Company believes that these cycles are less severe than those in the Manufactured Housing and Recreational Vehicle Industries. As a result, the Company believes that diversification into other industrial markets will reduce its reliance on the markets it has traditionally served and will mitigate the impact of their historical cyclical patterns on its operating results. The Company has the available capacity to increase market share and continue to provide excellent customer service in all of the industries that it serves.

Marketing and Distribution

The Company's sales are to Manufactured Housing and Recreational Vehicle manufacturers and other industrial products manufacturers. The Company has approximately 1,400 customers. The Company has three customers, who together accounted for approximately 24% and 26% of the Company's total sales in 2005 and 2004, respectively. Ten other customers collectively accounted for approximately 24% of 2005 sales. The Company believes it has good relationships with its customers.

Products for distribution are purchased in carload or truckload quantities, warehoused, and then sold and delivered by the Company. Approximately 48% of the Company's distribution segment products are shipped directly from the suppliers to the customers. The Company typically experiences a one to two week delay between issuing its purchase orders and delivering of products to the Company's warehouses or customers. As lead times have declined over the years, in some instances, certain customers have required same-day or next-day service. The Company's customers do not maintain long-term supply contracts, and therefore the Company must bear the risk of accurate advance estimation of customer orders. The Company maintains a substantial inventory to satisfy these orders. The Company has no significant backlog of orders.

The Company operates twelve warehouse and distribution centers and fifteen manufacturing plants located in Alabama, Arizona, California, Florida, Georgia, Indiana, Kansas, Minnesota, Nevada, North Carolina, Oregon, Pennsylvania, and Texas. Through the use of these facilities, the Company is able to minimize its in-transit delivery time and cost to the regional manufacturing plants of its customers.

Suppliers

During the year ended December 31, 2005, the Company purchased approximately 73% of its raw materials and distributed products from twenty different suppliers. The five largest suppliers accounted for approximately 48% of the Company's purchases. Materials are primarily commodity products, such as lauan, gypsum, aluminum, particleboard, and other lumber products which are available from many suppliers. The Company maintains a supply agreement with one of its major suppliers of materials to the Manufactured Housing Industry that would have a negative impact on sales in the short term in the event of any unforeseen negative circumstances. The Company believes that is has a good relationship with this supplier and all of its other suppliers. Alternate sources of supply are available for all of the Company's major material purchases.

Competition

The Manufactured Housing and Recreational Vehicle Industries are highly competitive with low barriers to entry. This level of competition carries through to the suppliers to these industries. Competition is based primarily on price, product features, quality, and service. The Company has several competitors in each of its classes of products. Some manufacturers and suppliers of materials purchased by the Company also compete with it and sell directly to the same industries. While most of the Company's competitors compete with the Company on a regional basis, the Company has one competitor who competes with it on a national basis. In order for a competitor to compete with the Company on a national basis, the Company believes that a substantial capital commitment and investment and experienced personnel would be required. The other industrial markets in which the Company continues to expand are also highly competitive.

Employees

As of December 31, 2005, the Company had 1,046 employees of which 939 employees were engaged directly in production, warehousing, and delivery operations; 46 in sales; and 61 in office and administrative activities. There are two manufacturing plants and one distribution center covered by collective bargaining agreements. The Company considers its relationships with its employees to be good.

The Company provides retirement, group life, hospitalization, and major medical plans under which the employee pays a portion of the cost.

Executive Officers of the Company

The following table sets forth the executive officers of the Company, as of December 31, 2005:

Name	Position
Paul E. Hassler	President and Chief Executive Officer
Andy L. Nemeth	Executive Vice President of Finance, Secretary-Treasurer, and Chief Financial Officer
Gregory J. Scharnott	Executive Vice President of Operations and Distribution

Paul E. Hassler (age 58) assumed the position of President and Chief Executive Officer April 5, 2004. Prior to that, Mr. Hassler held the position of Vice President Operations and Distribution - West from December, 2003 through the first quarter of 2004, General Manager of California Operations from 1986 to 1994 and Executive Director of West Coast Operations from 1994 to 2003. Mr. Hassler has over 34 years of Manufactured Housing, Recreational Vehicle, and Industrial experience in various capacities.

Andy L. Nemeth (age 37) was elected Executive Vice President of Finance, Chief Financial Officer, and Secretary-Treasurer as of May, 2004. Prior to that, Mr. Nemeth was Vice President-Finance, Chief Financial Officer, and Secretary-Treasurer from May, 2003 to April, 2004 and Secretary-Treasurer from July, 2002 to May, 2003. Mr. Nemeth was a Division Controller from May, 1996 to July, 2002 and prior to that, he spent five years in public accounting with Coopers & Lybrand (now Pricewaterhouse Coopers). Mr. Nemeth has over fifteen years of Manufactured Housing, Recreational Vehicle, and Industrial experience in various financial capacities.

Gregory J. Scharnott (age 55) was elected Executive Vice President of Operations and Distribution as of May, 2004. Mr. Scharnott was Vice President Operations and Distribution - East as of December, 2003, and prior to that, Mr. Scharnott was Executive Director of Midwest Operations from February, 2001 to June, 2002 and Vice President of Operations from June, 2002 to December, 2003. Mr. Scharnott has over 27 years of manufacturing management experience, including 20 years with the General Electric Company.

Website Access to Company Reports

We make available free of charge through our website, www.patrickind.com, (1) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission and (2) the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee charters, our Corporate Governance Guidelines, and our Corporate Compliance and Code of Ethics Policy. Our internet website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

- Competition – The Company operates in a highly competitive business environment and its sales could be negatively impacted 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's products.

- Seasonality and Cyclical Economic Conditions in the Markets the Company Serves – 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 and operating results could be negatively impacted by changes in any of these items.

- Cost and Availability of Raw Materials – Prices of certain materials including gypsum, lauan, particleboard, MDF, aluminum, and other products can be volatile and change dramatically with changes in supply and demand. Certain products are purchased from overseas and are dependent upon vessel shipping schedules and port availability. Further, certain of the Company's commodity product suppliers are operating at or near capacity resulting in some products having the potential of being put on allocation. The Company's sales levels and operating results could be negatively impacted by changes in any of these items.

- Insurance Coverages and Terms and Conditions – The Company negotiates its insurance contracts annually for property, casualty, workers compensation, general liability, health insurance, and Directors and Officers Liability coverage. Due to conditions within these insurance markets and other factors beyond the Company's control, future coverage limits, terms and conditions and the amount of the related premiums could have a negative impact on the Company's operating results. While the Company continually measures the risk/reward of policy limits and coverage, the lack of coverage due to circumstances beyond the Company's control could result in potential uninsured losses.

- Executive Officers and Key Personnel – The loss of any of our executive officers or other key personnel could reduce our ability to manage our business and strategic plan in the short term and could cause our sales and operating results to decline.

- Acquisitions – As part of our business and strategic plan, we continue to look for strategic acquisitions to provide accretive shareholder value. These acquisitions require the effective integration of an existing business and its administrative, financial, marketing, sales and manufacturing, and other functions to maximize synergies. If we are unable to successfully integrate these acquisitions, we may not realize the benefits identified in our due diligence process, and our financial results may be negatively impacted. Additionally, significant unexpected liabilities may arise after completion of the acquisitions.

- Inventories – The Company's customers generally do not maintain long-term supply contracts and therefore the Company must bear the risk of advance estimation of customer orders. The Company maintains a substantial inventory to support these customers' needs. Changes in demand, market conditions, or product specifications could result in material obsolescence and a lack of alternative markets for certain of the Company's customer specific products and could negatively impact operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

As of December 31, 2005, the Company maintained the following warehouse, manufacturing and distribution facilities:

Location	Use	Area Sq. Ft.	Ownership or Lease Arrangement
Elkhart, IN	Manufacturing(P)	40,000	Leased to 2007
Elkhart, IN	Distribution(D)	107,000	Owned
Elkhart, IN	Manufacturing (P)	182,000	Owned
Elkhart, IN	Admin. Offices	35,000	Owned
Mishawaka, IN	Manufacturing(E)	191,000	Owned, Subject to Mortgage
Decatur, AL	Distribution(D)	30,000	Leased to 2006
Decatur, AL	Manufacturing(P)	35,000	Owned
Decatur, AL	Manufacturing(P)(O)	59,000	Owned
Valdosta, GA	Distribution(D)	31,000	Owned
New London, NC	Mfg. & Dist.(P)(D)	163,000	Owned, Subject to Mortgage
Halstead, KS	Distribution(D)	36,000	Owned
Waco, TX	Mfg. & Dist.(P)(D)	106,000	Owned
Waco, TX	Manufacturing(P)	21,000	Leased to 2006
Mt. Joy, PA	Manufacturing(P)	33,000	Owned
Mt. Joy, PA	Mfg. & Dist. (P)(D)	56,000	Owned
Ocala, FL	Manufacturing(P)	56,000	Owned
Fontana, CA	Mfg. & Dist.(P)(D)	110,000	Owned
Fontana, CA	Manufacturing(P)	72,000	Owned
Fontana, CA	Mfg. & Dist.(P)(D)	71,000	Leased to 2009
Woodland, CA	Distribution (D)	17,000	Leased to 2006
Phoenix, AZ	Manufacturing (P)	45,000	Leased to 2007
Woodburn, OR	Mfg. & Dist.(P)(D)(O)	153,000	Owned, Subject to Mortgage
Boulder City, NV	Manufacturing(O)	25,000	Leased to 2006

(P) Primary Manufactured Products
(D) Distribution
(O) Other Component Manufactured Products
(E) Engineered Solutions

Additionally, the Company owns a 30,900 square foot building in Elkhart, IN which is currently for sale and approximately 20 acres of land in Elkhart, IN which is also for sale. As of December 31, 2005, the Company owned or leased 28 trucks, 40 tractors, 76 trailers, and 133 forklifts. All owned and leased facilities and equipment are in good condition and well maintained.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to claims and suits in the ordinary course of business. In management's opinion, currently pending legal proceedings and claims against the Company will not, individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed on The NASDAQ Stock Market^{SM} under the symbol PATK. The high and low trade prices of the Company's common stock as reported on NASDAQ/NMS for each quarterly period during the last three years were as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2005	$11.000 - $ 9.220	$10.230 - $ 8.500	$12.437 - $ 8.220	$11.390 - $ 9.620
2004	$10.000 - $ 8.130	$12.700 - $ 9.500	$12.200 - $ 9.550	$11.720 - $ 8.590
2003	$ 7.640 - $ 6.490	$ 6.690 - $ 6.330	$ 6.860 - $ 6.330	$ 8.850 - $ 6.840

The quotations represent prices between dealers, do not include retail mark-ups, mark-downs, or commissions, and may not necessarily represent actual transactions.

There were approximately 500 holders of the Company's common stock as of March 17, 2006 as taken from the transfer agent's shareholder listing. It is estimated that there are approximately 1,200 holders of the Company's common stock held in street name.

The Company declared a first time quarterly dividend of $.04 per common share starting June 30, 1995 and continued it through the first quarter of 2003. The Board of Directors decided to suspend the quarterly dividend in the second quarter of 2003 due to industry conditions. Any future determination to pay cash dividends will be made by the Board of Directors in light of the Company's earnings, financial position, capital requirements, and such other factors as the Board of Directors deems relevant.

During the fourth quarter of 2005, the Company did not repurchase any of its common stock.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for each of the five years set forth below has been derived from financial statements audited by McGladrey & Pullen, LLP, independent certified public accountants, certain of which have been included elsewhere herein. The following data should be read in conjunction with the Financial Statements and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein:

	As of or for the Year Ended December 31,				
	2005	2004	2003	2002	2001
	(dollars in thousands, except per share amounts)				
Net sales	$323,400	$301,555	$274,682	$308,755	$293,070
Gross profit	38,140	35,880	32,183	39,193	34,012
Warehouse and delivery expenses	13,904	13,719	12,916	14,329	14,407
Selling, general, and administrative expenses	20,400	20,489	18,443	23,546	24,926
Impairment charges	---	---	---	---	2,834
Restructuring charges	---	---	235	269	423
Operating income	3,836	1,672	589	1,049	(8,578)
Interest expense, net	1,396	671	679	891	962
Income taxes (credits)	1,016	400	(35)	63	(3,769)
Net income (loss)	1,424	601	(55)	95	(5,771)
Basic earnings (loss) per common share	.30	.13	(.01)	.02	(1.28)
Diluted earnings (loss) per common share	.30	.13	(.01)	.02	(1.28)
Weighted average common shares outstanding	4,774	4,704	4,601	4,547	4,524
Cash dividends, per common share	---	---	.04	.16	.16
Working capital	39,447	28,770	35,635	38,566	39,082
Total assets	99,730	92,375	81,142	86,466	91,970
Long-term debt	16,472	4,100	7,771	11,443	15,114
Shareholders' equity	62,680	60,740	59,248	59,279	59,504

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

For the Company, fiscal 2005 could be characterized by opportunity and execution. In 2004, through organizational and operational changes, the Company established its platform for future growth. In 2005 the Company set out on its strategic plan to capitalize on that platform. While the first three quarters of 2005 provided fairly stagnant market conditions and Company earnings at approximately $0.2 million, or $.05 per share, the spike in demand for FEMA units in the fourth quarter in the Manufactured Housing and Recreational Vehicle Industries, as a result of the need for temporary housing in hurricane damaged areas, produced market conditions not seen in many years, and an opportunity for the Company to perform under almost optimal conditions. Consequently the Company posted operating results in the fourth quarter which bettered any quarter in the last four years. Further, the Company's size, national presence, available capacity, and valued employee and supplier relationships proved to be invaluable in accommodating this need and we were able to continue to provide quality service to our customers in this time of national crisis.

After several years of reporting relatively flat operating performance, the Company posted its strongest operating results since 1999. Revenues in the fourth quarter increased over 9% from the previous year and represented the highest quarter in the 2005 fiscal year. Annual revenues were $323.4 million, or 7% ahead of the $301.6 million reported in 2004, and the highest since fiscal 2000. Operating income for the quarter was $2.3 million compared to $9,000 in 2004, and net income was $1.2 million, or $.25 per share, compared to a loss of $0.1 million, or $.02 per share in 2004. Operating income for the year was $3.8 million, or more than doubled the $1.7 million reported in 2004, and the highest since 1999. Net income reported for the year was also the highest since 1999, at $1.4 million, or $.30 per share, compared to $0.6 million in 2004, or $.13 per share. Operating income in 2005 includes an additional $0.7 million, or $.08 per share, related to additional volume incentive rebates from certain vendors as a result of increased production and sales for the year. The 2004 results include a $0.5 million, or $.06 net of tax, charge to operations for bad debts related to one customer, and gains of approximately $0.5 million, or $.07 net of tax, related to life insurance proceeds and a sale of buildings. Interest expense increased approximately $0.7 million from the previous year due to the Company taking on $15 million of fixed term debt financing in March, 2005 to support its 2003-2005 capital expenditure plan. Capital expenditures were $8.5 million in 2005 and over the past three years were approximately $24.4 million. As the most recent capital initiative is complete, estimated capital expenditures for 2006 are $5 million.

Receivables increased from the prior year due to the increased sales in the fourth quarter and inventory levels decreased as a result of the Company's strategic initiative to maintain certain turn levels. The Company expects inventory levels to rise in the first quarter, due to the expected increase in demand, however turn targets have been set for the year to maximize inventory utilization.

On a macroeconomic level, the year was characterized by economic uncertainty, a booming housing market, rising interest rates, unstable gasoline prices, and massive destruction as a result of the hurricanes in the southeast. Additionally, large losses and workforce reductions in the US auto industry and intensified political pressure as a result of the war in Iraq clouded the overall economic picture. Market conditions for most of the year in the Manufactured Housing and Recreational Vehicle Industries, which represent 73% of the Company's sales at December 31, 2005, included a Manufactured Housing Industry in its third consecutive year with shipments at their lowest levels in more than 40 years, and a Recreational Vehicle Industry that is performing at optimum levels not seen in less than 25 years. The market conditions in the Industrial market sector, which comprise 27% of the Company's December 31, 2005 sales, were bolstered by strong residential housing starts and continued commercial building development.

The Manufactured Housing Industry, which represents approximately 45% of the Company's sales at December 31, 2005, continued to ship units at a stagnant pace for the first three quarters of 2005. While first quarter 2005 shipments improved more than 7% over the previous year and appeared to have some momentum aided by hurricanes in the fourth quarter of 2004, the second and third quarters quickly leveled off finishing a combined 0.5% down from the previous year's comparable period. The FEMA demand in the fourth quarter boosted shipment levels by 42% from 2004 and 12% year to date, and provided a temporary fix to many of the economic difficulties affecting the Manufactured Housing Industry. Retail dealer lots were emptied and plants rushed to fill capacity levels. While the initial spike lasted for the fourth quarter, it remains unclear when and if there will be another round of FEMA orders released. Further, the economic uncertainty related to financing has not yet been solved and provides an unclear picture as to what the future holds for this market in the traditional sense. Many of the manufacturers are continuing to shift towards modular units where land/home financing is more readily available and comparable with traditional residential housing terms. Overall, the Company's sales to the Manufactured Housing Industry were up more than 15% from the previous year.

The Recreational Vehicle Industry, which represents approximately 28% of the Company's December 31, 2005 sales, continued on its torrid pace for the first quarter of 2005 with shipments improving more than 6% over those in 2004. The second quarter gave indications that dealer lots were filling up and that demand was decreasing as shipments decreased almost 5% from 2004. Third quarter shipments improved more than 8% and fourth quarter shipments were up 7% as a result of the FEMA demand. Year to date shipments were up almost 4% from 2004 and have surpassed the 350,000 unit level for only the second time in twenty five years. The Company's sales to the Recreational Vehicle Industry were comparable with those in 2004. Decreased sales and production levels at certain of our customers had a direct impact on the Company keeping up with overall industry increases on a percentage basis. While higher gasoline prices appear to have affected the motorized units which are down more than 14% from 2004, towable units are still in demand and finished the year more than 8% ahead of 2004. This demand, exclusive of the FEMA situation, is expected to continue through the first quarter.

The Industrial market sector, which represents approximately 27% of the Company's sales at December 31, 2005, also provided opportunities to increase market share with the products associated with residential housing, where sales of new family homes grew over 6% from 2004, and commercial and office furniture and fixture sales were up more than 10%. The products supplied to these markets are characterized by longer production runs resulting in increased operating efficiencies, and a less price-driven customer base. While overall market statistics are difficult to derive due to the vast nature of the products involved, complexity of the customer base, and lack of available industry trade information, the Company's sales to these sectors increased more than 5% from 2004. The Industrial and other market sector is a key focus area to help diversify the Company's customer base. In 2005, overall sales to this sector were negatively impacted by customer attrition primarily in the residential furniture markets which have been, and will continue to be, severely affected by imports. The furniture market represents approximately 4% of the Company's total Industrial sales mix.

While market conditions in all of the sectors that the Company participates remain questionable and any downturns could have a material impact on operating performance, the Company continues to have adequate capacity to support future growth and the financial strength to drive its strategic plan. Key focus areas for 2006 include identifying and executing strategic accretive acquisitions, capturing market share, maintaining a lean organizational structure, controlling costs, and growing all areas of the business. The Company is structured to take on significantly more revenue without adding significant incremental overhead and therefore improve contribution rates with increased volume, and increase profitability and shareholder returns.

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

	Year Ended December 31,		
	2005	2004	2003
Net sales	100.0%	100.0%	100.0%
Cost of sales	88.2	88.1	88.3
Gross profit	11.8	11.9	11.7
Warehouse and delivery	4.3	4.5	4.7
Selling, general and administrative	6.3	6.8	6.7
Restructuring charges	- -	- -	0.1
Operating income	1.2	0.6	0.2
Net income	0.4	0.2	0.0

RESULTS OF CONSOLIDATED OPERATIONS

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Net Sales. Net sales increased $21.8 million, or 7.2%, to $323.4 million in 2005 from $301.6 million in 2004. The increased sales are attributable to increased production in the Manufactured Housing and Recreational Vehicle Industries in the first and fourth quarters of the year. The Company's sales increased $14.0 million in the first quarter due to increased shipments in the Manufactured Housing and Recreational Vehicle Industries of approximately 7% and 6%, respectively. First quarter shipment increases were bolstered by FEMA demand as a result of fourth quarter 2004 hurricane damage. Fourth quarter 2005 sales increased $6.9 million, or 9.0%, due primarily to increased demand for units as a result of the hurricane damage in the third quarter of 2005. Shipments were up in the Manufactured Housing and Recreational Vehicle Industries in the fourth quarter by 42%, and 7%, respectively. The Manufactured Housing and Recreational Vehicle Industries represent approximately 73% of the Company's sales in 2005 compared to 72% in 2004. The Company's sales to the Industrial and other markets were up approximately 5% from year to year.

Gross Profit. Gross profit increased $2.2 million to $38.1 million in 2005 from $35.9 million in 2004. As a percentage of net sales, gross profit decreased 0.1% to 11.8% in 2005 from 11.9% in 2004. The increased dollars are attributable to increased sales and the decrease in percentage of net sales is due to margin losses in the distribution segment as a result of the loss of certain products due to certain suppliers selling direct to customers and discontinuing product lines. Gross profit in 2005 includes an additional $0.7 million, or 0.2% of net sales, of volume related rebates from various vendors. These rebates are contingent on a number of variables and could increase or decrease based on market conditions, sales levels, and other factors.