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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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

For the quarterly period ended September 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 0-22303

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**GULF ISLAND FABRICATION, INC.**

*(Exact name of registrant as specified in its charter)*

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**LOUISIANA**

*(State or other jurisdiction of  
incorporation or organization)*

**583 THOMPSON ROAD,  
HOUma, LOUISIANA**

*(Address of principal executive offices)*

**72-1147390**

*(I.R.S. Employer  
Identification No.)*

**70363**

*(Zip Code)*

**(985) 872-2100**

*(Registrant's telephone number, including area code)*

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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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the Registrant's common stock, no par value per share, outstanding at October 15, 2004 was 12,149,041.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**GULF ISLAND FABRICATION, INC.  
CONSOLIDATED BALANCE SHEETS**

|   | (Unaudited)<br>September 30,<br>2004 | (Note 1)<br>December 31,<br>2003 |  |  |
|---|--------------------------------------|----------------------------------|--|--|
|   | (in thousands)                       |                                  |  |  |
| <b>ASSETS</b>   |                                      |                                  |  |  |
| Current assets:   |                                      |                                  |  |  |
| Cash and cash equivalents   | \$ 26,452                            | \$ 8,012                         |  |  |
| Short-term investments  | 18,642                               | 14,038                           |  |  |
| Contracts receivable, net   | 28,170                               | 42,443                           |  |  |
| Contract retainage  | 1,752                                | 7,062                            |  |  |
| Costs and estimated earnings in excess of billings on uncompleted contracts   | 5,373                                | 5,806                            |  |  |
| Prepaid expenses  | 1,324                                | 1,349                            |  |  |
| Inventory   | 3,702                                | 2,697                            |  |  |
| Recoverable income taxes  | 501                                  | —                                |  |  |
| <br>Total current assets  | <br>85,916                           | <br>81,407                       |  |  |
| Property, plant and equipment, net  | 60,845                               | 58,259                           |  |  |
| Other assets  | 645                                  | 650                              |  |  |
| <br>Total assets  | <br>\$ 147,406                       | <br>\$ 140,316                   |  |  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                                      |                                  |  |  |
| Current liabilities:  |                                      |                                  |  |  |
| Accounts payable  | \$ 5,179                             | \$ 8,937                         |  |  |
| Billings in excess of costs and estimated earnings on uncompleted contracts   | 4,843                                | 6,003                            |  |  |
| Accrued employee costs  | 3,161                                | 3,906                            |  |  |
| Accrued expenses  | 1,109                                | 957                              |  |  |
| Income taxes payable  | —                                    | 893                              |  |  |
| <br>Total current liabilities   | <br>14,292                           | <br>20,696                       |  |  |
| Deferred income taxes   | 8,753                                | 8,029                            |  |  |
| <br>Total liabilities   | <br>23,045                           | <br>28,725                       |  |  |
| Shareholders' equity:   |                                      |                                  |  |  |
| Preferred stock, no par value, 5,000,000 shares authorized, no shares issued and outstanding  | —                                    | —                                |  |  |
| Common stock, no par value, 20,000,000 shares authorized, 12,149,041 and 11,801,618 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively | 4,777                                | 4,340                            |  |  |
| Additional paid-in capital  | 42,301                               | 37,310                           |  |  |
| Retained earnings   | 77,322                               | 69,941                           |  |  |
| Accumulated other comprehensive loss  | (39)                                 | —                                |  |  |
| <br>Total shareholders' equity  | <br>124,361                          | <br>111,591                      |  |  |
| <br>Total liabilities and shareholders' equity  | <br>\$ 147,406                       | <br>\$ 140,316                   |  |  |

*The accompanying notes are an integral part of these statements.*

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**GULF ISLAND FABRICATION, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
( in thousands, except per share data)

|   | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                 |
|---|-------------------------------------|-----------------|------------------------------------|-----------------|
|   | 2004                                | 2003            | 2004                               | 2003            |
| Revenue   | \$35,753                            | \$63,329        | \$127,990                          | \$147,505       |
| Cost of revenue                                       | 32,060                              | 56,072          | 110,465                            | 129,630         |
| <b>Gross profit</b>                                   | <b>3,693</b>                        | <b>7,257</b>    | <b>17,525</b>                      | <b>17,875</b>   |
| General and administrative expenses                   | 1,197                               | 1,234           | 3,763                              | 3,568           |
| <b>Operating income</b>                               | <b>2,496</b>                        | <b>6,023</b>    | <b>13,762</b>                      | <b>14,307</b>   |
| Other income (expense):                               |                                     |                 |                                    |                 |
| Interest expense                                      | (9)                                 | (7)             | (36)                               | (30)            |
| Interest income                                       | 168                                 | 39              | 355                                | 170             |
| Other   | 4                                   | 15              | 51                                 | 19              |
|   | 163                                 | 47              | 370                                | 159             |
| <b>Income before income taxes</b>                     | <b>2,659</b>                        | <b>6,070</b>    | <b>14,132</b>                      | <b>14,466</b>   |
| Income taxes  | 931                                 | 2,037           | 4,946                              | 4,892           |
| <b>Net income</b>                                     | <b>\$ 1,728</b>                     | <b>\$ 4,033</b> | <b>\$ 9,186</b>                    | <b>\$ 9,574</b> |
| Per share data:                                       |                                     |                 |                                    |                 |
| Basic earnings per share                              | \$ 0.14                             | \$ 0.34         | \$ 0.76                            | \$ 0.81         |
| Diluted earnings per share                            | \$ 0.14                             | \$ 0.34         | \$ 0.76                            | \$ 0.81         |
| Weighted-average shares                               | 12,136                              | 11,787          | 12,022                             | 11,774          |
| Effect of dilutive securities: employee stock options | 121                                 | 100             | 137                                | 119             |
| Adjusted weighted-average shares                      | 12,257                              | 11,887          | 12,159                             | 11,893          |
| Cash dividend declared per common share               | \$ 0.05                             | \$ —            | \$ 0.15                            | \$ —            |

*The accompanying notes are an integral part of these statements.*

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**GULF ISLAND FABRICATION, INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

|  | Common Stock |          | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total<br>Shareholders'<br>Equity |
|--|--------------|----------|----------------------------------|----------------------|--|----------------------------------|
|  | Shares       | Amount   |                                  |                      |  |                                  |
| (in thousands, except share data)                              |              |          |                                  |                      |  |                                  |
| Balance at January 1, 2004                                     | 11,801,618   | \$ 4,340 | \$ 37,310                        | \$ 69,941            | \$ —   | \$ 111,591                       |
| Exercise of stock options                                      | 347,423      | 437      | 3,930                            | —                    | —  | 4,367                            |
| Income tax benefit from exercise of stock options              | —            | —        | 1,061                            | —                    | —  | 1,061                            |
| Net income   | —            | —        | —                                | 9,186                | —  | 9,186                            |
| Unrealized (loss) on available-for-sale securities, net of tax | —            | —        | —                                | —                    | (39)   | (39)                             |
| Comprehensive income   |              |          |                                  |                      |  | 9,147                            |
| Dividends on common stock                                      | —            | —        | —                                | (1,805)              | —  | (1,805)                          |
| Balance at September 30, 2004                                  | 12,149,041   | \$ 4,777 | \$ 42,301                        | \$ 77,322            | \$ (39)  | \$ 124,361                       |

*The accompanying notes are an integral part of these statements.*

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**GULF ISLAND FABRICATION, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

|   | Nine Months Ended<br>September 30, |           |
|---|------------------------------------|-----------|
|   | 2004                               | 2003      |
| (in thousands)  |                                    |           |
| Cash flows from operating activities:   |                                    |           |
| Net income  | \$ 9,186                           | \$ 9,574  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |           |
| Depreciation  | 4,496                              | 3,887     |
| Deferred income taxes   | 724                                | 565       |
| Tax benefit from exercise of stock options  | 1,061                              | 71        |
| Changes in operating assets and liabilities:                                      |                                    |           |
| Contracts receivable  | 14,273                             | (15,597)  |
| Contract retainage  | 5,310                              | (1,548)   |
| Costs and estimated earnings in excess of billings on uncompleted contracts       | 433                                | (3,207)   |
| Prepaid expenses, inventory and other assets                                      | (980)                              | (417)     |
| Accounts payable  | (3,758)                            | 6,077     |
| Billings in excess of costs and estimated earnings on uncompleted contracts       | (1,160)                            | 5,490     |
| Accrued employee costs  | (745)                              | 1,075     |
| Accrued expenses  | 152                                | 2,004     |
| Income taxes payable/recoverable  | (1,394)                            | 1,863     |
| Net cash provided by operating activities   | 27,598                             | 9,837     |
| Cash flows from investing activities:   |                                    |           |
| Capital expenditures, net   | (7,082)                            | (15,273)  |
| Proceeds from short-term investments  | —                                  | 10,000    |
| Purchase of short-term investments  | (4,638)                            | (190)     |
| Net cash used in investing activities   | (11,720)                           | (5,463)   |
| Cash flows from financing activities:   |                                    |           |
| Proceeds from exercise of stock options   | 4,367                              | 560       |
| Payments of dividends on common stock   | (1,805)                            | —         |
| Net cash provided by financing activities   | 2,562                              | 560       |
| Net change in cash and cash equivalents   | 18,440                             | 4,934     |
| Cash and cash equivalents at beginning of period                                  | 8,012                              | 5,667     |
| Cash and cash equivalents at end of period  | \$ 26,452                          | \$ 10,601 |
| Supplemental cash flow information:   |                                    |           |
| Interest paid   | \$ 37                              | \$ 23     |
| Income taxes paid   | \$ 4,531                           | \$ 2,394  |

*The accompanying notes are an integral part of these statements.*

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**GULF ISLAND FABRICATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTH AND NINE MONTH**  
**PERIODS ENDED SEPTEMBER 30, 2004 AND 2003**

**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES**

Gulf Island Fabrication, Inc., together with its subsidiaries, (the “Company”) is a leading fabricator of offshore drilling and production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. Structures and equipment fabricated by the Company include jackets and deck sections of fixed production platforms; hull and/or deck sections of floating production platforms (such as TLP’s, SPAR’s and FPSO’s); piles; wellhead protectors; subsea templates; various production, compressor and utility modules; and offshore living quarters. The Company, located in Houma, Louisiana, also provides services such as offshore interconnect pipe hook-up; inshore marine construction; manufacture and repair of pressure vessels; and steel warehousing and sales. The Company’s principal markets are concentrated in the offshore regions of the Gulf of Mexico. The consolidated financial statements include the accounts of Gulf Island Fabrication, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Certain items in 2003 have been reclassified to conform to the 2004 financial statement presentation.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2003.

**NOTE 2 – ACCOUNTING FOR STOCK BASED COMPENSATION**

In December 2002, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 148 (“SFAS No. 148”), “Accounting for Stock-Based Compensation – Transition and Disclosure – An Amendment of SFAS No. 123,” which amends SFAS No. 123, “Accounting for Stock-Based Compensation.” SFAS No. 148 provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation and amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity’s accounting policy decisions with respect to stock-based employee compensation. Additionally, SFAS No. 148 amends Accounting Principles Board (“APB”) Opinion No. 28, “Interim Financial Reporting,” to require disclosure about those effects in interim financial information.

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The Company elected to continue to apply APB Opinion No. 25 and related interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for its stock option plans as the exercise price of all stock options granted thereunder is equal to the fair value at the date of grant. Had compensation costs for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, the Company's net income and net income per share for the three-month and the nine-month periods ended September 30, would have been reduced to the pro forma amounts indicated below (in thousands, except per share data):

|  | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|--|-------------------------------------|----------|------------------------------------|----------|
|  | 2004                                | 2003     | 2004                               | 2003     |
| Reported net income  | \$ 1,728                            | \$ 4,033 | \$ 9,186                           | \$ 9,574 |
| Add back: Stock compensation costs, net of tax included in the determination of net income reported              | —                                   | —        | —                                  | —        |
| Less: Stock compensation costs, net of tax, had option expense been measured at fair value applied to all awards | 167                                 | 180      | 534                                | 540      |
| Pro forma net income   | \$ 1,561                            | \$ 3,853 | \$ 8,652                           | \$ 9,034 |
| Weighted-average shares (basic) as reported  | 12,136                              | 11,787   | 12,022                             | 11,774   |
| Adjusted weighted-average shares (diluted) as reported   | 12,257                              | 11,887   | 12,159                             | 11,893   |
| Basic earnings-per-share   |                                     |          |                                    |          |
| Reported net income  | \$ 0.14                             | \$ 0.34  | \$ 0.76                            | \$ 0.81  |
| Pro forma net income   | \$ 0.13                             | \$ 0.33  | \$ 0.72                            | \$ 0.77  |
| Diluted earnings-per-share   |                                     |          |                                    |          |
| Reported net income  | \$ 0.14                             | \$ 0.34  | \$ 0.76                            | \$ 0.81  |
| Pro forma net income   | \$ 0.13                             | \$ 0.32  | \$ 0.71                            | \$ 0.76  |

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### Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Gulf Island Fabrication, Inc.

We have reviewed the condensed consolidated balance sheet of Gulf Island Fabrication, Inc. as of September 30, 2004, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2004 and 2003, and the condensed consolidated statement of changes in shareholders' equity for the nine-month period ended September 30, 2004, and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2004 and 2003. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, its objective of which is the expression an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting Principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Gulf Island Fabrication, Inc. as of December 31, 2003, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, not presented herein, and in our report dated February 19, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

New Orleans, Louisiana  
October 26, 2004

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### **Item 2. Management's Discussion and Analysis of Financial Condition And Results of Operations.**

#### **Critical Accounting Policies and Estimates**

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require the Company to make estimates and assumptions (see Note 1 to the consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2003). The Company believes that of its significant accounting policies, the following involve a higher degree of judgement and complexity: revenue recognition and estimating the recoverability of accounts receivable. Critical accounting policies are discussed more fully in the annual report on Form 10-K for the year ended December 31, 2003. There have been no changes in the Company's evaluation of its critical accounting policies since that date.

#### **Results of Operations**

The Company's revenue for the three-month and nine-month periods ended September 30, 2004 was \$35.8 million and \$128.0 million, a decrease of 43.4% and 13.2%, respectively, compared to \$63.3 million and \$147.5 million in revenue for the three-month and nine-month periods ended September 30, 2003. The decrease in revenue for the three-month and nine-month periods ended September 30, 2004 was directly associated with a decrease in direct labor hours, 20.8% and 10.2%, respectively. Also contributing to the decrease in revenue was a reduction in direct material and subcontractor pass-through sales applied to contracts in progress during the three-month and nine-month periods ended September 30, 2004, compared to the three-month and nine-month periods ended September 30, 2003.

For the three-month and nine-month periods ended September 30, 2004, gross profit was \$3.7 million (10.3% of revenue) and \$17.5 million (13.7% of revenue), compared to gross profit of \$7.3 million (11.5% of revenue) and \$17.9 million (12.1% of revenue) for the three-month and nine-month periods ended September 30, 2003. Gross profit decreased \$3.6 million (or 49.3%) and \$350,000 (or 2.0%) when comparing the three-month and nine-month periods ended September 30, 2004 to the comparable periods in 2003. During the three-month and nine-month periods ended September 30, 2004, the Company substantially reduced its reliance on contract labor man-hours. The efficiencies that resulted positively impacted the gross profit margins for both the three-month and nine-month periods of 2004. However, the 43.4% reduction in revenue for the three-month period ended September 30, 2004 prevented the Company from exceeding the gross profit margin or gross profit of the comparable three-month period of 2003. For the nine-month period ended September 30, 2004, with only a 13.2 % decrease in revenue, the Company was able to exceed the gross profit margin, but not the gross profit of the nine-month period of 2003.

The Company's general and administrative expenses were \$1.2 million for the three-month period ended and \$3.8 million for the nine-month period ended September 30, 2004, respectively. This compares to \$1.2 million for the three-month period and \$3.6 million for the nine-month period ended September 30, 2003, respectively. As a percentage of revenue, general and administrative expenses increased to 3.4% from 1.9% of revenue for the three-month periods ended September 30, 2004 and 2003, respectively, and increased to 3.0% from

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2.4% of revenue for the comparable nine-month periods. The increase in absolute dollar costs for general and administrative expenses primarily resulted from increased salary and wage related costs.

The Company had net interest income of \$159,000 and \$319,000 for the three-month and nine-month periods ended September 30, 2004, respectively, compared to \$32,000 and \$140,000 for the three-month and nine-month periods ended September 30, 2003. The increase in interest income resulted from the Company's increased investments of cash, which was made available due to the increase in cash provided by operating activities, and an increase in investment yield for the three-month and nine-month periods ended September 30, 2004, compared to the three-month and nine-month periods ended September 30, 2003.

The Company's effective income tax rate increased to 35% from 34% of income before income taxes as a result of the estimated tax liabilities of the Company when comparing the three-month and nine-month periods ended September 30, 2004 and 2003, respectively.

### **Liquidity and Capital Resources**

Historically the Company has funded its business activities primarily through funds generated from operations. The Company also maintains a revolving line of credit with commercial banks, but has not drawn on it since December 1998. At September 30, 2004, the Company's cash and cash equivalents plus short-term investments totaled \$45.1 million and working capital was \$71.6 million, resulting in a current ratio of 6.0 to 1. Net cash provided by operating activities was \$27.6 million for the nine-months ended September 30, 2004. Net cash used in investing activities for the nine-months ended September 30, 2004, was \$11.7 million, of which \$7.1 related to capital expenditures for equipment and improvements to its production facilities and \$4.6 related to the purchase of short-term investments. Net cash provided by financing activities for the nine-month period ended September 30, 2004 was \$2.6 million, which consisted of proceeds in the amount of \$4.4 million from the exercise of stock options, and \$1.8 million used to pay dividends on common stock.

The Company's bank credit facility provides for a revolving line of credit of up to \$20.0 million ("the Revolver"), which bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1.5%. The Revolver matures December 31, 2006, and is secured by a mortgage on the Company's real estate, machinery and equipment, and fixtures. The Company pays a fee on a quarterly basis of three-sixteenths of one percent per annum on the weighted-average unused portion of the Revolver. At September 30, 2004, there were no borrowings outstanding under the Revolver, but the Company did have letters of credit outstanding totaling \$2.2 million, which reduces the unused portion of the Revolver. The Company is required to maintain certain covenants, including balance sheet and cash flow ratios. At September 30, 2004, the Company was in compliance with these covenants.

Capital expenditures for the remaining three months of 2004 are estimated to be approximately \$2.4 million, which includes the purchase of machinery and equipment and additional yard and facility expansion improvements. Management believes that its available funds, cash generated by operating activities and funds available under the bank credit facility will be sufficient to fund its capital expenditures and working capital needs.

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### **Contractual Obligations**

There have been no material changes from the information included in the Company's Form 10-K for the year ended December 31, 2003.

### **Off-Balance Sheet Arrangements**

There have been no material changes from the information included in the Company's Form 10-K for the year ended December 31, 2003.

### **Forward-Looking Statements**

Statements under "Results of Operations" and "Liquidity and Capital Resources" and other statements in this report and the exhibits hereto that are not statements of historical fact are forward-looking statements. These statements involve risks and uncertainties that include, among others, the timing and extent of changes in the prices of crude oil and natural gas; the timing of new projects and the Company's ability to obtain them; competitive factors in the heavy marine fabrication industry; the Company's ability to successfully complete the testing, production and marketing of the MinDOC (a deepwater floating, drilling, and production concept) and other deep water production systems and to develop and provide financing for them; and the Company's ability to attract and retain qualified production employees at acceptable compensation rates. Changes in these factors could result in changes in the Company's performance and could cause the actual results to differ materially from those expressed in the forward-looking statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes from the information included in the Company's Form 10-K for the year ended December 31, 2003.

### **Item 4. Controls and Procedures.**

The Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of September 30, 2004. The evaluation was carried out under the supervision of and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company, including its consolidated subsidiaries, required to be included in reports the Company files with or submits to the Securities and Exchange Commission under the Securities Exchange Act of 1934. There have been no changes during the fiscal quarter ended September 30, 2004, in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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The Company is subject to various routine legal proceedings in the normal conduct of its business primarily involving commercial claims, workers' compensation claims, and claims for personal injury under general maritime laws of the United States and the Jones Act. While the outcome of these lawsuits, legal proceedings and claims cannot be predicted with certainty, management believes that the outcome of any such proceedings, even if determined adversely, would not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

**Item 5. Other Information.**

On October 11, 2004, the Company announced the scheduled time for the release of its 2004 third quarter earnings and its quarterly conference call. The press release making this announcement is attached hereto as Exhibit 99.1.

**Item 6. Exhibits**

- 15.1 Letter regarding unaudited interim financial information
- 31.1 CEO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.
- 31.2 CFO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.
- 32 Section 906 Certification furnished pursuant to 18 U.S.C. Section 1350.
- 99.1 Press release issued by the Company on October 11, 2004, announcing the scheduled time for the release of its 2004 third quarter earnings and its quarterly conference call.

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**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.

GULF ISLAND FABRICATION, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III  
Vice President – Finance,  
Chief Financial Officer  
and Treasurer  
(Principal Financial Officer  
and Duly Authorized Officer)

Date: October 27, 2004

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**GULF ISLAND FABRICATION, INC.**  
**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description of Exhibit</b>   |
|---------------------------|---|
| 15.1                      | Letter regarding unaudited interim financial information  |
| 31.1                      | CEO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.   |
| 31.2                      | CFO Certifications pursuant to Rule 13a-14 under the Securities Exchange Act of 1934.   |
| 32                        | Section 906 Certification furnished pursuant to 18 U.S.C. Section 1350.   |
| 99.1                      | Press release issued by the Company on October 11 2004, announcing the scheduled time for the release of its 2004 third quarter earnings and its quarterly conference call. |

The Board of Directors and Shareholders  
Gulf Island Fabrication, Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 33-46155) pertaining to the Long-Term Incentive Plan and the Registration Statement (Form S-8 No. 333-88466) pertaining to the 2002 Long-Term Incentive Plan, of our report dated October 26, 2004, relating to the unaudited condensed consolidated interim financial statements of Gulf Island Fabrication, Inc. included in its Form 10-Q for the quarter ended September 30, 2004.

/s/ Ernst & Young LLP

New Orleans, Louisiana  
October 26, 2004

**Certifications**

I, Kerry J. Chauvin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 registrant and 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (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 registrant'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 registrant's internal control over financial reporting.

Date: October 27, 2004

/s/ Kerry J. Chauvin

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Kerry J. Chauvin  
President and Chief Executive Officer

**Certifications**

I, Joseph P. Gallagher, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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 registrant and 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (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 registrant'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 registrant's internal control over financial reporting.

Date: October 27, 2004

/s/ Joseph P. Gallagher, III

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Joseph P. Gallagher, III  
Chief Financial Officer

Certification Furnished 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 on Form 10-Q of Gulf Island Fabrication, Inc. (the "Company") for the period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, who are the Chief Executive Officer and Chief Financial Officer of the Company, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

By: /s/ Kerry J. Chauvin

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Kerry J. Chauvin  
Chief Executive Officer  
October 27, 2004

By: /s/ Joseph P. Gallagher, III

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Joseph P. Gallagher, III  
Chief Financial Officer  
October 27, 2004

*A signed original of this written statement required by Section 906 has been provided to Gulf Island Fabrication, Inc. and will be retained by Gulf Island Fabrication, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.*

**NEWS RELEASE**

For further information contact:

Kerry J. Chauvin  
Chief Executive Officer  
985.872.2100

Joseph "Duke" Gallagher  
Chief Financial Officer  
985.872.2100

**FOR IMMEDIATE RELEASE**  
**OCTOBER 11, 2004**

**GULF ISLAND FABRICATION, INC.  
TO ANNOUNCE EARNINGS RESULTS  
AND QUARTERLY CONFERENCE CALL**

Houma, LA — (BUSINESS WIRE) — October 11, 2004—Gulf Island Fabrication, Inc. (NASDAQ: GIFI), will announce 2004 third quarter earnings on Wednesday, October 27, 2004 during morning market hours.

The management of Gulf Island Fabrication, Inc. will hold a conference call on Thursday, October 28, 2004, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended September 30, 2004.

The call is accessible by webcast through CCBN and by dialing the following:

Dial In: 1.800.289.0504

Webcast: [www.gulfisland.com](http://www.gulfisland.com)

A digital rebroadcast of the call is available two hours after the call and ending November 4, 2004 by dialing:

Phone Number: 1.888.203.1112

Replay Passcode: 958119

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, offshore living quarters and other specialized structures used in the development and production of offshore oil and gas reserves. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, and steel warehousing and sales.