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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2005

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

GULF ISLAND FABRICATION, INC.

(Exact name of registrant as specified in its charter)

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)

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 July 26, 2005 was 12,246,841.

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GULF ISLAND FABRICATION, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2005	(Note 1) December 31, 2004
(in thousands)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,781	\$ 11,696
Short-term investments	29,771	28,701
Contracts receivable, net	36,040	37,077
Contract retainage	1,678	2,434
Costs and estimated earnings in excess of billings on uncompleted contracts	15,286	6,152
Prepaid expenses	735	1,284
Inventory	4,509	3,560
Recoverable income taxes	—	386
	<u>103,800</u>	<u>91,290</u>
Total current assets	103,800	91,290
Property, plant and equipment, net	59,856	60,346
Other assets	649	649
	<u>164,305</u>	<u>152,285</u>
Total assets	\$ 164,305	\$ 152,285
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,573	\$ 5,788
Billings in excess of costs and estimated earnings on uncompleted contracts	3,820	6,865
Accrued employee costs	3,789	2,619
Accrued expenses	885	804
Income taxes payable	513	—
	<u>20,580</u>	<u>16,076</u>
Total current liabilities	20,580	16,076
Deferred income taxes	9,373	9,625
	<u>29,953</u>	<u>25,701</u>
Total liabilities	29,953	25,701
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, 12,241,341 and 12,151,041 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	4,909	4,780
Additional paid-in capital	43,781	42,326
Retained earnings	85,812	79,571
Accumulated other comprehensive loss	(150)	(93)
	<u>134,352</u>	<u>126,584</u>
Total shareholders' equity	134,352	126,584
Total liabilities and shareholders' equity	\$ 164,305	\$ 152,285

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 June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenue	\$55,412	\$41,443	\$109,644	\$92,237
Cost of revenue	46,978	34,941	94,703	78,405
Gross profit	8,434	6,502	14,941	13,832
General and administrative expenses	1,514	1,256	2,886	2,566
Operating income	6,920	5,246	12,055	11,266
Other income (expense):				
Interest expense	(9)	(20)	(36)	(27)
Interest income	310	138	597	187
Other	1	29	(2)	47
	302	147	559	207
Income before income taxes	7,222	5,393	12,614	11,473
Income taxes	2,652	1,887	4,541	4,015
Net income	\$ 4,570	\$ 3,506	\$ 8,073	\$ 7,458
Per share data:				
Basic earnings per share	\$ 0.37	\$ 0.29	\$ 0.66	\$ 0.62
Diluted earnings per share	\$ 0.37	\$ 0.29	\$ 0.65	\$ 0.62
Weighted-average shares	12,241	12,064	12,219	11,966
Effect of dilutive securities: employee stock options	103	131	118	144
Adjusted weighted-average shares	12,344	12,195	12,337	12,110
Cash dividend declared per common share	\$ 0.075	\$ 0.05	\$ 0.15	\$ 0.10

The accompanying notes are an integral part of these statements.

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
			(in thousands, except share data)			
Balance at January 1, 2005	12,151,041	\$ 4,780	\$ 42,326	\$ 79,571	\$ (93)	\$ 126,584
Exercise of stock options	90,300	129	1,166	—	—	1,295
Income tax benefit from exercise of stock options	—	—	289	—	—	289
Net income	—	—	—	8,073	—	8,073
Unrealized (loss) on available-for-sale securities (net of tax)	—	—	—	—	(57)	(57)
Comprehensive income						8,016
Dividends on common stock	—	—	—	(1,832)	—	(1,832)
Balance at June 30, 2005	12,241,341	\$ 4,909	\$ 43,781	\$ 85,812	\$ (150)	\$ 134,352

The accompanying notes are an integral part of these statements.

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

	Six Months Ended June 30,	
	2005	2004
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 8,073	\$ 7,458
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,118	2,971
Deferred income taxes	(252)	602
Changes in operating assets and liabilities:		
Contracts receivable	1,037	(5)
Contract retainage	756	4,864
Costs and estimated earnings in excess of billings on uncompleted contracts	(9,134)	1,868
Prepaid expenses, inventory and other assets	(400)	(28)
Accounts payable	5,785	(2,354)
Billings in excess of costs and estimated earnings on uncompleted contracts	(3,045)	(1,525)
Accrued employee costs	1,170	(93)
Accrued expenses	81	(32)
Income taxes payable/recoverable	899	(1,239)
Net cash provided by operating activities	8,088	12,487
Cash flows from investing activities:		
Capital expenditures, net	(2,628)	(6,934)
Purchase of short-term investments, net	(1,127)	(5,110)
Net cash used in investing activities	(3,755)	(12,044)
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,295	4,045
Tax benefit from exercise of stock options	289	927
Payments of dividends on common stock	(1,832)	(1,198)
Net cash (used in) provided by financing activities	(248)	3,774
Net change in cash and cash equivalents	4,085	4,217
Cash and cash equivalents at beginning of period	11,696	8,012
Cash and cash equivalents at end of period	\$15,781	\$ 12,229
Supplemental cash flow information:		
Interest paid	\$ 138	\$ 36
Income taxes paid	\$ 3,930	\$ 3,690

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH AND SIX MONTH
PERIODS ENDED JUNE 30, 2005 AND 2004

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; steel warehousing and sales; onshore and offshore scaffolding and piping insulation services. 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 six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

The balance sheet at December 31, 2004 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 2004 have been reclassified to conform to the 2005 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, 2004.

NOTE 2 – ACCOUNTING FOR STOCK BASED COMPENSATION

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), (“Statement 123 R”) Share-Based Payment, which is a revision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. Statement No. 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends FASB Statement No. 95, *Statement of Cash Flows*. Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) *requires* all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

On April 14, 2005, the U.S. Securities and Exchange Commission announced a deferral of the effective date of Statement 123(R) for calendar year companies until the beginning of 2006. Early adoption will be permitted in periods in which financial statements have not yet been issued. We expect to adopt Statement 123(R) on January 1, 2006.

Statement 123(R) permits public companies to adopt its requirements using one of two methods:

1. A “modified prospective” method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of Statement 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123(R) for all awards granted to employees prior to the effective date of Statement 123(R) that remain unvested on the effective date.
2. A “modified retrospective” method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under Statement 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The company plans to adopt Statement 123(R) using the modified prospective method.

The Company has elected to continue to apply APB Opinion No. 25 and related interpretations in accounting for its stock option plans until the adoption of Statement 123(R) on January 1, 2006 as previously mentioned. 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.

The future impact of the adoption of Statement 123(R) will depend on levels of share-based payments granted in the future.

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

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with the method of SFAS No. 123, the Company's net income and net income per share for the three-month and six-month periods ended June 30, would have been reduced to the pro forma amounts indicated below (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Reported net income	\$ 4,570	\$ 3,506	\$ 8,073	\$ 7,458
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	181	177	362	357
Pro forma net income	\$ 4,389	\$ 3,329	\$ 7,711	\$ 7,101
Weighted-average shares (basic) as reported	12,241	12,064	12,219	11,966
Adjusted weighted-average shares (diluted) as reported	12,344	12,195	12,337	12,110
Basic earnings-per-share				
Reported net income	\$ 0.37	\$ 0.29	\$ 0.66	\$ 0.62
Pro forma net income	\$ 0.36	\$ 0.28	\$ 0.63	\$ 0.59
Diluted earnings-per-share				
Reported net income	\$ 0.37	\$ 0.29	\$ 0.65	\$ 0.62
Pro forma net income	\$ 0.36	\$ 0.27	\$ 0.63	\$ 0.59

NOTE 3 – CONTINGENCIES

In November 2004, Gulf Island, L.L.C., a wholly-owned subsidiary of Gulf Island Fabrication, Inc., filed a breach of contract suit against J. Ray McDermott for non-payment of a portion of a contract completed by Gulf Island, L.L.C. earlier in 2004. The amount of the unpaid portion of the contract in Contracts receivable, net is approximately \$5 million. J. Ray McDermott has deposited certified funds with the Terrebonne Parish Clerk of Court in the amount of 125% of the unpaid portion. After consultation with legal counsel, the Company does not expect that the ultimate resolution of this matter will have a material adverse effect on the financial position or results of operations of the Company.

In December 2004, the Company received notice from the Louisiana Department of Environmental Quality ("LDEQ") that its Corrective Action Plan submitted in October 2004 was not acceptable. The Corrective Action Plan was developed to provide remediation to several isolated areas located on property the Company sold in 2001. Cost of remediation based on revising the Corrective Action Plan according to the LDEQ's recommendations is not expected to exceed \$230,000.

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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 June 30, 2005, and the related condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2005 and 2004, and the condensed consolidated statement of changes in shareholders' equity for the six-month period ended June 30, 2005 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management.

We conducted our review 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, 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, the objective of which is the expression of 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, 2004, 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 23, 2005, 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, 2004, 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
July 26, 2005

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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 Company's Annual Report on Form 10-K for the year ended December 31, 2004). 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 Company's Annual Report on Form 10-K for the year ended December 31, 2004. There have been no changes in the Company's evaluation of its critical accounting policies since that date.

The Company will be required to adopt Statement 123 (R) for stock-based compensation effective January 1, 2006. See Note 2 to the unaudited condensed consolidated financial statements in this Form 10-Q.

Results of Operations

The Company's revenue for the three-month and six-month periods ended June 30, 2005 was \$55.4 million and \$109.6 million, an increase of 33.8% and 18.9% respectively, compared to \$41.4 million and \$92.2 million in revenue for the three-month and six-month periods ended June 30, 2004. The increase in revenue for the three-month and six-month periods ended June 30, 2005 was directly associated with an increase in direct material pass-through sales and an increase in direct labor hours, 25.1% and 13.8%, respectively, applied to contracts in progress during the three-month and six-month periods ended June 30, 2005, compared to the three-month and six-month periods ended June 30, 2004.

For the three-month and six-month periods ended June 30, 2005, gross profit was \$8.4 million (15.2% of revenue) and \$14.9 million (13.6% of revenue), compared to gross profit of \$6.5 million (15.7% of revenue) and \$13.8 million (15.0% of revenue) for the three-month and six-month periods ended June 30, 2004. The decrease in gross profit margin primarily related to higher amounts of pass-through material costs, which generate little or no margin, during the periods ended June 30, 2005 as compared to the same periods in 2004.

The Company's general and administrative expenses were \$1.5 million for the three-month period ended June 30, 2005 and \$2.9 million for the six-month period ended June 30, 2005. This compares to \$1.3 million for the three-month period ended June 30, 2004 and \$2.6 million for the six-month period ended June 30, 2004. As a percentage of revenue, general and administrative expenses decreased to 2.7% from 3.1% and 2.6% from 2.8% of revenue for the three-month and six-month periods ended June 30, 2005 and 2004, respectively. The increase in absolute dollar costs for general and administrative expenses, for the three-month and six month periods ended June 20, 2005, primarily resulted from increased costs related to legal proceedings in progress. For a description of legal proceedings, see Item 3 of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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The Company had net interest income of \$301,000 and \$561,000 for the three-month and six-month periods ended June 30, 2005, respectively, compared to \$118,000 and \$160,000 for the three-month and six-month periods ended June 30, 2004. The increase in interest income resulted from the Company's increase in cash and cash equivalents, 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 six-month periods ended June 30, 2005, compared to the three-month and six-month periods ended June 30, 2004.

The Company's effective income tax rate increased to 36.7% and 36.0% for the three-month and six-month periods ended June 30, 2005, respectively, from 35% of income before income taxes for the comparative periods of 2004.

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 June 30, 2005, the Company's cash and cash equivalents plus short-term investments totaled \$45.6 million and working capital was \$83.2 million, resulting in a current ratio of 5.0 to 1. Net cash provided by operating activities was \$8.1 million for the six-months ended June 30, 2005. Net cash used in investing activities for the six-months ended June 30, 2005, was \$3.8 million, of which \$2.6 related to capital expenditures for equipment and improvements to its production facilities and \$1.2 related to the purchase of short-term investments. Net cash used in financing activities for the six-month period ended June 30, 2005 was \$248,000, which consisted of proceeds in the amount of \$1.3 million from the exercise of stock options, \$289,000 related to the tax benefit of stock options exercised 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 JPMorgan Chase Bank N.A. or LIBOR plus 1.5%. The Revolver matures December 31, 2007, 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 June 30, 2005, there were no borrowings outstanding under the Revolver, but the Company did have letters of credit outstanding totaling \$ 950,000, which reduces the unused portion of the Revolver. The Company is required to maintain certain covenants, including balance sheet and cash flow ratios. At June 30, 2005, the Company was in compliance with these covenants.

Capital expenditures for the remaining six months of 2005 are estimated to be approximately \$2.6 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.

Contractual Obligations

There have been no material changes from the information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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Off-Balance Sheet Arrangements

There have been no material changes from the information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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, 2004.

Item 4. Controls and Procedures.

The Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of June 30, 2005. 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 June 30, 2005, 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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.

For a description of legal proceedings, see Item 3 of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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

- (a) An annual meeting of the Company's shareholders was held on April 27, 2005.
- (b) At the annual meeting, the shareholders elected Gregory J. Cotter and John P. Laborde to serve as directors of the Company until the 2008 annual meeting of shareholders. The terms of office of directors Kerry J. Chauvin, Alden J. Laborde, Huey J. Wilson, Hugh J. Kelly, Thomas E. Fairley and Ken C. Tamblyn continued after the annual meeting.
- (c) The following matters were voted upon at such meeting with the results indicated below:
 - (1) Election of the following nominees for directors.

Gregory J. Cotter

Number of Votes Cast For – 11,531,491
Number of Votes Cast Against or Withheld – 156,901
Number of Abstentions – None
Number of Broker Non-Votes – None

John P. Laborde

Number of Votes Cast For – 9,232,555
Number of Votes Cast Against or Withheld – 2,455,837
Number of Abstentions – None
Number of Broker Non-Votes – None

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- (2) Ratification of appointment of Ernst & Young LLP as independent auditors.
 - Number of Votes Cast For – 11,587,262
 - Number of Votes Cast Against or Withheld – 110,113
 - Number of Abstentions – 1,016
 - Number of Broker Non-Votes – None

Item 6. Exhibits

- 10.1 Third Amendment to Ninth Amended and Restated Credit Agreement among the Company, Whitney National Bank and JPMorgan Chase Bank N.A. dated June 30, 2005.
- 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 July 13, 2005, announcing the scheduled time for the release of its 2005 second quarter earnings and its quarterly conference call.

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: July 26, 2005

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	Third Amendment to Ninth Amended and Restated Credit Agreement among the Company, Whitney National Bank and JPMorgan Chase Bank N.A. dated June 30, 2005.
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 July 13, 2005, announcing the scheduled time for the release of its 2005 second quarter earnings and its quarterly conference call.

**THIRD AMENDMENT TO
NINTH AMENDED AND RESTATED
CREDIT AGREEMENT**

This THIRD AMENDMENT dated as of June 30, 2005 (this "Third Amendment") to that certain **NINTH AMENDED AND RESTATED CREDIT AGREEMENT**, as amended (as so amended, the "Credit Agreement"), dated as of December 31, 2003, is among **GULF ISLAND FABRICATION, INC.**, a Louisiana corporation ("Borrower"), **GULF ISLAND, L.L.C.**, a Louisiana limited liability company ("Gulf Island Subsidiary"), **DOLPHIN SERVICES, L.L.C.**, a Louisiana limited liability company and successor by merger to Dolphin Services, Inc. ("Dolphin"), **SOUTHPORT, L.L.C.**, a Louisiana limited liability company and successor by merger to Southport, Inc. ("Southport"), and **GULF ISLAND MINDOC COMPANY, L.L.C.** (formerly Vanguard Ocean Services, L.L.C.), a Louisiana limited liability company ("MinDOC") as Guarantors, **WHITNEY NATIONAL BANK**, a national banking association ("Whitney") and **JPMORGAN CHASE BANK, N.A.** (successor by merger to BANK ONE, N.A., Chicago) in its individual capacity ("JPMorgan") (Whitney and JPMorgan, each a "Lender" and collectively the "Lenders") and JPMorgan, as Agent and LC Issuer.

WHEREAS, the Borrower has requested that the Lenders extend the Facility Termination Date under the Credit Agreement that the Lenders are agreeable thereto; and

WHEREAS, the Parties wish to execute this Third Amendment to reflect such extension on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto do hereby amend the Credit Agreement, all on the terms and conditions hereof and do hereby agree as follows:

1. Unless otherwise defined herein, all defined terms used in this Third Amendment shall have the same meaning ascribed to such terms in the Credit Agreement.
2. The Credit Agreement is hereby amended by amending and restating the definition of "Facility Termination Date" to read in its entirety as follows:

"Facility Termination Date" means December 31, 2007 or any later date as may be specified as the Facility Termination Date in any amendment to this Agreement or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

3. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as

amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the parties hereto.

4. Each Guarantor hereby consents to the execution of this Third Amendment and reaffirms its Guaranty of all of the obligations of the Borrower. Each such Guarantor further acknowledges and consents to any increase in the obligations owed by such Guarantor as the result of this Third Amendment. Borrower and Guarantor acknowledge and agree that this Third Amendment shall not be considered a novation or a new contract. Borrower and each Guarantor acknowledge that all existing rights, titles, powers, Liens, security interests and estates in favor of the Lenders constitute valid and existing obligations and Liens and security interests as against the Collateral in favor of the Administrative Agent for the benefit of the Lenders. Borrower and each Guarantor confirm and agree that (a) neither the execution of this Third Amendment nor the consummation of the transactions described herein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and each Guarantor under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in the Guaranty the due and punctual payment and performance of any and all amounts and obligations owed the Borrower under the Credit Agreement or the other Loan Documents.

5. Borrower and each Guarantor that has executed any mortgage, security agreement, pledge, or other security device as security for the obligations under the Credit Agreement hereby acknowledges and affirms that such security remains in effect for the obligations evidenced by the Credit Agreement, as amended by this Third Amendment.

6. This Third Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7. THIS THIRD AMENDMENT AND THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF LOUISIANA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Borrower, the Guarantors, the Lenders, the LC Issuer and the Agent have executed this Third Amendment as of the date first above written.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, President & CEO

GUARANTORS:

GULF ISLAND, L.L.C.

By: /s/ Kirk J. Meche

Kirk J. Meche, President & CEO

DOLPHIN SERVICES, L.L.C.,

successor by merger to
Dolphin Services, Inc.

By: /s/ William J. Fromenthal

William J. Fromenthal, President & CEO

SOUTHPORT, L.L.C.

By: /s/ Jacques C. Olivier

Jacques C. Olivier, President & CEO

GULF ISLAND MINDOC COMPANY, L.L.C.

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin, Manager

LENDERS:

JPMorgan Chase Bank, N.A.,
Successor by merger
to Bank One, NA, Chicago
Individually, as LC Issuer, and as Agent

By: /s/ Jeanie C. Gonzalez

Name: Jeanie C. Gonzalez
Title: Senior Vice President

WHITNEY NATIONAL BANK

By: /s/ Josh J. Jones

Josh J. Jones, Assistant Vice President

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. 333-46155) 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 July 26, 2005, relating to the unaudited condensed consolidated interim financial statements of Gulf Island Fabrication, Inc. that are included in its Form 10-Q for the quarter ended June 30, 2005.

/s/ Ernst & Young LLP

New Orleans, Louisiana
July 26, 2005

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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

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- (d) 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
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: July 26, 2005

/s/ Kerry J. Chauvin

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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

- (d) 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
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: July 26, 2005

/s/ Joseph P. Gallagher, III

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 June 30, 2005, 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

Kerry J. Chauvin
Chief Executive Officer
July 26, 2005

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
Chief Financial Officer
July 26, 2005

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
JULY 13, 2005**

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

Houma, LA — (BUSINESS WIRE) — July 13, 2005—Gulf Island Fabrication, Inc. (NASDAQ: GIF1), will announce 2005 second quarter earnings on Wednesday, July 27, 2005 at 8:00 a.m. Central Time (9:00 a.m. Eastern Time).

The management of Gulf Island Fabrication, Inc. will hold a conference call on Wednesday, July 27, 2005, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended June 30, 2005.

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

Dial In: 1.800.946.0785

Webcast: www.gulfisland.com

A digital rebroadcast of the call is available two hours after the call and ending August 5, 2005 by dialing:

Phone Number: 1.888.203.1112

Replay Passcode: 4872255

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.