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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 1998

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	72-1147390
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
583 THOMPSON ROAD, HOUMA, LOUISIANA	70363
(Address of principal executive offices)	(Zip Code)

(504) 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 [X]   NO [_]

The number of shares of the Registrant's common stock, no par value per share, outstanding at August 7, 1998 was 11,638,400.

GULF ISLAND FABRICATION, INC.
INDEX

SIGNATURES 12

EXHIBIT INDEX E-1

GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	(Unaudited) June 30, 1998 <C>	December 31, 1997 <C>
	(in thousands)	
ASSETS		
Current assets:		
Cash	$ 3,623	$ 6,879
Contracts receivable, net	32,193	21,204
Retainage	5,177	1,556
Costs and estimated earnings in excess of billings on uncompleted contracts	3,716	903
Prepaid expenses	508	914
Inventory	1,072	968
Recoverable income taxes	-	321
Total current assets	46,289	32,745
Property, plant and equipment, net	39,831	34,505
Excess of cost over fair value of net assets acquired less accumulated amortization of $141,725 at June 30, 1998	3,976	-
Other assets	497	428
Total assets	$ 90,593	$ 67,678
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,875	$ 3,368
Billings in excess of costs and estimated earnings on uncompleted contracts	10,755	5,925
Accrued employee costs	4,210	3,068
Accrued expenses	1,855	2,829
Income taxes payable	705	-
Total current liabilities	28,400	15,190
Deferred income taxes	1,911	1,878
Total liabilities	30,311	17,068
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, 11,638,400 and 11,600,000 shares issued and outstanding at June 30, 1998 and December 31, 1997, respectively	4,162	4,133
Additional paid-in capital	35,124	34,865
Retained earnings	20,996	11,612
Total shareholders' equity	60,282	50,610
	$ 90,593	$ 67,678

</TABLE>

The accompanying notes are an integral part of these statements.

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

<TABLE>
<CAPTION>

<S>	Three Months Ended June 30, 1998 <C>	Three Months Ended June 30, 1997 <C>	Six Months Ended June 30, 1998 <C>	Six Months Ended June 30, 1997 <C>
	(in thousands, except per share data)			
Revenue	$ 50,641	$ 35,023	$ 97,555	$ 65,247
Cost of revenue	40,874	28,599	79,477	53,958

Gross profit	9,767	6,424	18,078	11,289
General and administrative expenses	1,460	1,144	3,074	2,146
Operating income	8,307	5,280	15,004	9,143
Other expense (income):				
Interest expense	15	55	57	310
Interest income	(22)	(16)	(89)	(35)
	(7)	39	(32)	275
Income before income taxes	8,314	5,241	15,036	8,868
Income taxes	3,163	1,976	5,652	1,976
Cumulative deferred tax provision	-	1,144	-	1,144
Net income	$ 5,151	$ 2,121	$ 9,384	$ 5,748
Pro forma data (Note 3):				
Income before income taxes	$ 8,314	$ 5,241	$ 15,036	$ 8,868
Income taxes	3,163	1,976	5,652	1,976
Pro forma income taxes related to operations as S Corporation	-	-	-	1,379
Pro forma net income	$ 5,151	$ 3,265	$ 9,384	$ 5,513
Pro forma per share data:				
Pro forma basic earnings per share	$ 0.44	$ 0.28	$ 0.81	$ 0.57
Pro forma diluted earnings per share	$ 0.44	$ 0.28	$ 0.80	$ 0.57
Pro forma weighted-average shares	11,632	11,477	11,622	9,666
Effect of dilutive securities: employee stock options	89	39	97	19
Pro forma adjusted weighted-average shares	11,721	11,516	11,719	9,685

</TABLE>

The accompanying notes are an integral part of these statements.

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

<TABLE>
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	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
			(in thousands)		
Balance at January 1, 1998	11,600	$ 4,133	$ 34,865	$ 11,612	$ 50,610
Exercise of stock options	38	29	259	-	288
Net income	-	-	-	9,384	9,384

Balance at June 30, 1998	11,638	$ 4,162	$ 35,124	$ 20,996	$ 60,282
	======	=======	========	========	========

</TABLE>

The accompanying notes are an integral part of these statements.

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

<TABLE>
<CAPTION>

	Six months ended June 30,	
	1998	1997
	(in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 9,384	$ 5,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,889	1,339
Amortization	141	-
Deferred income taxes	(168)	1,144
Changes in operating assets and liabilities:		
Contracts receivable	(3,085)	(8,065)
Retainage	(2,376)	1,001
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,653)	(1,964)
Other assets	427	673
Accounts payable and accrued expenses	2,728	4,620
Income taxes payable	959	1,523
Billings in excess of costs and estimated earnings on uncompleted contracts	2,385	1,894
	-------	-------
Net cash provided by operating activities	10,631	7,913
Cash flows from investing activities:		
Capital expenditures, net	(5,601)	(7,481)
Payment for purchase of Dolphin Services, net of cash acquired	-	(5,803)
Payment for purchase of Southport, net of cash acquired	(5,922)	-
Other	(52)	253
	-------	-------
Net cash used in investing activities	(11,575)	(13,031)
Cash flows from financing activities:		
Cost associated with initial public offering	-	(143)
Borrowings against notes payable	8,000	41,900
Principal payments on notes payable	(10,600)	(48,524)
Proceeds from initial public offering	-	31,471
Proceeds from exercise of stock options	288	-
Dividends	-	(16,641)
	-------	-------
Net cash provided by (used in) financing activities	(2,312)	8,063
	-------	-------

Net increase (decrease) in cash	(3,256)	2,945
Cash at beginning of period	6,879	1,357
Cash at end of period	$ 3,623	$ 4,302
Supplemental cash flow information:		
Interest paid	$ 38	$ 236
Income taxes paid	$ 4,827	$ -

</TABLE>

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, 1998 AND 1997

NOTE 1 -- ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

Gulf Island Fabrication, Inc. ("Gulf Island"), located in Houma, Louisiana, 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. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, and steel warehousing and sales. With the acquisition of Southport, Inc., effective January 1, 1998, the Company also provides the fabrication of living quarters for offshore platforms for the oil and gas industry. Gulf Island's principal markets are concentrated in the offshore regions of the Gulf of Mexico. The consolidated financial statements include the accounts of Gulf Island and its wholly owned subsidiaries (collectively "the Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Effective January 1, 1998, the Company acquired all of the outstanding shares of Southport, Inc. and its wholly owned subsidiary Southport International, Inc. (collectively "Southport"). Southport specializes in the fabrication of living quarters for offshore platforms. The purchase price was $6.0 million cash, plus contingent payments of up to an additional $5.0 million based on Southport's net income over a four-year period ending December 31, 2001. The purchase price plus $130,000 of direct expenses exceeded the fair value of the assets acquired of $12.3 million and liabilities assumed of $10.3 million with the acquisition being accounted for under the purchase method of accounting. Goodwill of $4.1 million is being amortized over 15 years on a straight-line basis. Accordingly, the operations of Southport are included in the Company's consolidated operations from January 1, 1998.

The information presented at June 30, 1998 and for the three months and six months ended June 30, 1998 and 1997, is unaudited. In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring adjustments) which the Company considers necessary for the fair presentation of the Company's financial position at June 30, 1998 and the results of its operations for the three months and six months ended June 30, 1998 and 1997, and its cash flows for the six months ended June 30, 1998 and 1997. The results of operations for the three months and six months ended June 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

In the opinion of management, the financial statements included herein 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. For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant Company's annual report on Form 10-K for the year ended December 31, 1997.

Certain items included in the financial statements for the periods ended December 31, 1997 and June 30, 1997 have been reclassified to conform to the June 30, 1998 financial statement presentation.

NOTE 2-- ACQUISITION OF SOUTHPORT, INC.

The following unaudited pro forma information presents a summary of consolidated results of operations of the Company and Southport as if the acquisition had occurred on January 1, 1997. Pro forma adjustments include (1) adjustments for the increase in interest expense as a result of the acquisition, (2) additional depreciation on property, plant and equipment, (3) adjustments to record the amortization of cost in excess of fair value of net assets acquired, (4) the elimination of certain general and administrative expenses, and (5) the related tax effects. The effects of the termination of the S Corporation status (Note 3) are included.

<TABLE>
<CAPTION>

	Three months ended June 30, 1997	Six months ended June 30, 1997
	(in thousands, except per share data)	
<S>	<C>	<C>
Revenue...	$40,619	$74,972
Pro forma net income................................	3,260	5,699
Pro forma basic and diluted net income per share......	0.28	.59

</TABLE>

NOTE 3-- PRO FORMA PER SHARE DATA

On April 4, 1997, the Company's shareholders elected to terminate the Company's status as an S Corporation, and the Company became subject to federal and state income taxes. The 1997 periods reflect an expense of $1,144,000 related to the cumulative deferred income taxes resulting form the conversion to a C Corporation on April 4, 1997. The pro forma income statement presentation reflects income taxes related to operations as an S Corporation as if the Company had been subject to federal and state income taxes since January 1, 1997 using an assumed effective tax rate of approximately 38%. Further, the pro forma weighted-average share calculations for 1997 include the assumed issuance of additional shares sufficient to pay the distributions made to shareholders in connection with the Company's Initial Public Offering, to the extent such distributions exceeded net income for the year ended December 31, 1996.

NOTE 4 -- STOCK SPLIT

On October 6, 1997, the Company's Board of Directors authorized a two-for-one stock split effected in the form of a stock dividend that became effective on October 28, 1997 to shareholders of record on October 21, 1997. All share and per share data included in the financial statements prior to the stock split have been restated to reflect the stock split.

NOTE 5 -- CONTINGENCIES

The Company is one of four defendants in a lawsuit in which the plaintiff claims that the Company improperly installed certain attachments to a jacket that it had fabricated for the plaintiff. The plaintiff, which has recovered most of its out-of-pocket losses from its insurer, seeks to recover the remainder of its claimed out-of-pocket losses (approximately $1 million) and approximately $63 million for punitive damages and for economic losses which it alleges resulted from the delay in oil and gas production that was caused by these events. The Company is vigorously contesting the plaintiff's claims and, based on the Company's analysis of those claims, the Company's defenses thereto, and the Court's rulings received to date, the Company believes that its liability for such claims, if any, will not have a material adverse effect on the financial position or results of operations of the Company. In view of the uncertainties inherent in litigation, however, no assurance can be given as to the ultimate outcome of such claims.

The Company is subject to claims arising through the normal conduct of its business. While the ultimate outcome of such claims cannot be determined, management does not expect that these matters will have a material adverse effect on the financial position or results of operations of the Company.

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

RESULTS OF OPERATIONS

Effective January 1, 1998, the Company acquired all of the outstanding stock of Southport, Inc. and its wholly owned subsidiary Southport International, Inc. (collectively, "Southport"). The acquisition is being accounted for under the purchase method of accounting, and accordingly, the operations of Southport are included in the Company's consolidated operations starting January 1, 1998. The Statement of Income included in the unaudited financial statements presents the consolidated results of operations of the Company for the three months and six months ended June 30, 1998, compared to the results of operations of the Company for the three months and six months ended June 30, 1997, without giving effect to the Southport acquisition.

The Company's revenue for the three month and six month periods ended June 30, 1998 was $50.6 million and $97.6 million, an increase of 44.6% and 49.5%, respectively, compared to $35.0 million and $65.2 million in revenue for the three month and six month periods ended June 30, 1997. Revenue increased as a result of the Southport Acquisition, the on-going labor recruiting and retention efforts by the Company which generated an increase in the volume of direct labor hours applied to contracts, and the implementation of productivity enhancing equipment for the three month and six month periods ended June 30, 1998, compared to the same periods in 1997.

The increased employment levels and the utilization of labor saving equipment enabled the Company to increase volume and improve profit margins and generate a gross profit of $9.8 million (19.3% of revenue) and $18.1 million (18.5% of revenue) for the three and six month periods ended June 30, 1998, respectively, compared to the $6.4 million (18.3% of revenue) and $11.3 million (17.3% of revenue) of gross profit for the three and six month periods ended June 30, 1997.

The Company's general and administrative expenses were $1.5 million for the three month period ended June 30, 1998 and $3.1 million for the six month period ended June 30, 1998. This compares to $1.1 million for the three month period ended June 30, 1997 and $2.1 million for the six month period ended June 30, 1997. These increases of $400,000 and $1.0 million, respectively, were caused by additional general and administrative costs associated with the operating activities of Southport, additional costs associated with increased production levels and public company reporting requirements.

The Company had net interest income of $7,000 for the three months ended June 30, 1998 and $32,000 for the six months ended June 30, 1998, compared to net interest expense of $39,000 and $275,000 for the three months and six months ended June 30, 1997. The Company completed its Initial Public Offering in April 1997 and used the proceeds to eliminate all of its outstanding bank debt and provide working capital to the Company. Since that time, the Company's cash provided by operations has increased to a level which has allowed the Company to make capital expenditures and acquisitions with little or no debt.

The Company converted from S Corporation to C Corporation status on April 4, 1997. Pro forma income taxes and pro forma net income give effect to federal and state income taxes as if the Company had been taxed as a C Corporation during the three and six month periods ended June 30, 1997.

LIQUIDITY AND CAPITAL RESOURCES

Historically the Company has funded its business activities through funds generated from operations and borrowings under its bank credit facility. Net cash provided by operations was $10.6 million for the six months ended June 30, 1998 with working capital remaining stable at $17.9 million. Net cash used in investing activities for the six months ended June 30, 1998 was $11.6 million, of which $5.9 million related to the purchase of Southport and $5.6 million related to capital expenditures made during the period. Approximately 50% of the Company's capital expenditures were for improvements to its production facilities and for equipment designed to increase the capacity of its facilities and the productivity of its labor force. The remaining 50% was for the purchase of two new Manitowoc cranes which replace two cranes previously rented.

Net cash used in financing activities was $2.3 million for the six months ended June 30, 1998. The Company received $288,000 from the proceeds of exercised stock options and made $2.6 million net payments on the Company's Bank Credit Facility.

The Company's Bank Credit Facility currently provides for a revolving line of credit (the "Revolver") of up to $20.0 million which bears interest equal to, at the Company's option, the prime lending rate established by Citibank, N.A. or LIBOR plus 1 1/2%. The Revolver matures December 31, 1999 and is secured by a mortgage on the Company's real estate, equipment and fixtures, and by the stock of its subsidiary, Dolphin Services, Inc. As additional security, the Company has caused Dolphin Services Inc. to guarantee the Company's obligations under the Revolver. At June 30, 1998 the Company had no outstanding borrowings under the credit facility.

Capital expenditures for the remaining six months of 1998 are estimated to be approximately $10.0 million, including the purchase of three additional new Manitowoc crawler cranes, improvements to the west yard fabrication area and various other fabrication equipment purchases and facility expansions. Management believes that its available funds, cash generated by operating activities and funds available under the Revolver will be sufficient to fund these capital expenditures and its working capital needs. However, the Company may expand its operations through future acquisitions that may require additional equity or debt financing.

GENERAL

The Company has developed a plan to modify its information technology to recognize the year 2000. The Company has committed to purchase software and upgrade its hardware to address the year 2000. The project is to be substantially complete and operational by late 1998 and is expected to cost approximately $77,000. Management does not expect this project to have a significant effect on the Company's operations. The Company is currently evaluating its position with significant suppliers and large customers to ensure that those parties have appropriate plans to address year 2000 issues where they may otherwise impact the operations

of the Company. The Company does not have any significant suppliers or large customers that directly interface with the Company's information technology systems. There is no guarantee that the systems of the Company's suppliers and customers will be 2000 compliant and that such non-compliance will not have an adverse effect on the Company.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

On July 22, 1998 the Company announced its 1998 second quarter earnings and related matters. The press release making this announcement is attached hereto as Exhibit 99.1.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

27.1 Financial Data Schedule.

99.1 Press release issued by the Company on July 22, 1998 announcing its 1998 second quarter earnings and related matters.

(b) The Company filed no reports on Form 8-K during the quarter for which this report is filed.

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,
Treasurer and Secretary
(Principal Financial Officer
and Duly Authorized Officer)

Date: August 10, 1998

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
27.1	Financial Data Schedule.
99.1	Press release issued by the Company on July 22, 1998 announcing its 1998 second quarter earnings and related matters.

<TABLE> <S> <C>

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This schedule contains summary financial information extracted from consolidated financial statements and is qualified in its entirety by reference to such financial statements.
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NEWS RELEASE EXHIBIT 99.1

For further information contact:

Kerry J. Chauvin
Chief Executive Officer
(504) 872-2100

Joseph "Duke" Gallagher
Chief Financial Officer
(504) 872-2100

FOR IMMEDIATE RELEASE
WEDNESDAY, JULY 22, 1998

GULF ISLAND FABRICATION, INC.
REPORTS SECOND QUARTER AND YEAR-TO-DATE 1998 EARNINGS

Houma, LA -- Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported pro forma net income of $5.2 million ($.44 diluted EPS) on revenue of $50.6 million for its second quarter ended June 30, 1998, compared to pro forma net income of $3.3 million ($.28 diluted EPS) on revenues of $35.0 million for the second quarter of 1997. Pro forma net income for the first six months of 1998 was $9.4 million ($.80 diluted EPS) on revenue of $97.6 million, compared to pro forma net income of $5.5 million ($.57 diluted EPS) on revenues of $65.2 million for the first six months of 1997.

Pro forma net income gives effect to federal and state income taxes as if the company had been a C corporation for tax purposes during all the periods presented. Pro forma net income excludes the non-recurring charge of $1.1 million to record the cumulative deferred income tax provision upon the election on April 4, 1997 to convert from S Corporation status to C Corporation status. On October 6, 1997 the Company's Board of Directors authorized a two-for-one stock split effected in the form of a stock dividend that was distributed on October 28, 1997 to shareholders of record on October 21, 1997. All share and per share data presented reflects the stock split. At June 30, 1998, the company had a revenue backlog of $84.5 million and a labor backlog of 1.4 million manhours remaining to work.

Gulf Island Fabrication, Inc., based in Houma, Louisiana, 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. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, and steel warehousing and sales. With the acquisition of Southport, Inc., effective January 1, 1998, the Company also provides the fabrication of living quarters for offshore platforms for the oil and gas industry.

EXHIBIT 99.1(a)

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

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Revenue	$50,641	$35,023	$97,555	$65,247
Cost of revenue	40,874	28,599	79,477	53,958
Gross profit	9,767	6,424	18,078	11,289
General and administrative expenses	1,460	1,144	3,074	2,146
Operating income	8,307	5,280	15,004	9,143
Other expense (income):				
Interest expense	15	55	57	310

Interest income	(22)	(16)	(89)	(35)
	(7)	39	(32)	275
Income before income taxes	8,314	5,241	15,036	8,868
Income taxes	3,163	1,976	5,652	1,976
Cumulative deferred tax provision(1)		1,144		1,144
Net income	$ 5,151	$ 2,121	$ 9,384	$ 5,748
Pro forma data: (2)				
Income before income taxes	$ 8,314	$ 5,241	$15,036	$ 8,868
Income taxes	3,163	1,976	5,652	1,976
Pro forma income taxes related to operations as S Corporation	-	-	-	1,379
Pro forma net income	$ 5,151	$ 3,265	$ 9,384	$5,513
Pro forma per share data:				
Pro forma basic earnings per share (3)	$ 0.44	$ 0.28	$ 0.81	$ 0.57
Pro forma diluted earnings per share (3) (4)	$ 0.44	$ 0.28	$ 0.80	$ 0.57
Weighted-average shares (3)	11,632	11,477	11,622	9,666
Adjusted weighted-average shares (3) (4)	11,721	11,516	11,719	9,685
Depreciation and amortization included in expense above	$ 1,037	$ 692	$ 2,030	$1,339

</TABLE>

(1) Cumulative deferred tax provision charged upon election on April 4, 1997 to convert from an S Corporation status to a C Corporation Status.

(2) Pro forma information gives effect to federal and state income taxes as if the Company had been a C Corporation for tax purposes during all periods presented.

(3) Includes the initial public offering completed on April 9, 1997 and retroactively restates the two-for-one stock split effective October 28, 1997.

(4) The calculation of diluted earnings per share assumes that all stock options are exercised and that the assumed proceeds are used to purchase shares at the average market price for the period.