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 MARCH 31, 1999

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 May 10, 1999 was 11,638,400.

GULF ISLAND FABRICATION, INC.

I N D E X

GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
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	(Unaudited) March 31, 1999	December 31, 1998
	(in thousands)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	$12,358	$ 2,808
Contracts receivable, net	21,347	34,682
Retainage	3,329	5,837
Costs and estimated earnings in excess of billings on uncompleted contracts	1,723	2,061
Prepaid expenses	797	878
Inventory	1,143	1,137
Recoverable income taxes	-	531
Total current assets	40,697	47,934
Property, plant and equipment, net	45,775	45,418
Excess of cost over fair value of net assets acquired less accumulated amortization of $ 347,375 and $ 278,825 at March 31, 1999 and December 31, 1998, respectively	3,771	3,839
Other assets	438	549
Total assets	$90,681	$97,740
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,180	$ 7,151
Billings in excess of costs and estimated earnings on uncompleted contracts	6,477	9,476
Accrued employee costs	2,898	4,085
Accrued expenses	2,591	1,983
Income taxes payable	187	-
Total current liabilities	16,333	22,695
Deferred income taxes	2,693	2,315
Notes payable	-	3,000
Total liabilities	19,026	28,010
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 shares issued and outstanding at March 31, 1999 and December 31, 1998	4,162	4,162
Additional paid-in capital	35,124	35,124
Retained earnings	32,369	30,444
Total shareholders' equity	71,655	69,730
	$90,681	$97,740

</TABLE>

The accompanying notes are an integral part of these statements.

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

<TABLE>
<CAPTION>

Three Months Ended March 31,

	1999	1998
	(in thousands, except per share data)	
<S>	<C>	<C>
Revenue	$30,329	$46,914
Cost of revenue	26,103	38,603
Gross profit	4,226	8,311
General and administrative expenses	1,282	1,614
Operating income	2,944	6,697
Other expense (income):		
Interest expense	21	42
Interest income	(101)	(67)
Other - net	(49)	-
	(129)	(25)
Income before income taxes	3,073	6,722
Income taxes	1,148	2,489
Net income	$ 1,925	$ 4,233
Per share data:		
Basic earnings per share	$0.17	$0.36
Diluted earnings per share	$0.17	$0.36
Weighted-average shares	11,638	11,612
Effect of dilutive securities: employee stock options	18	105
Adjusted weighted-average shares	11,656	11,717

</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	Retained	Total Shareholders'
	Shares	Amount	Capital	Earnings	Equity
	(in thousands, except share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1999	11,638,400	$4,162	$35,124	$30,444	$69,730
Net income	-	-	-	1,925	1,925
Balance at March 31, 1999	11,638,400	$4,162	$35,124	$32,369	$71,655

</TABLE>

The accompanying notes are an integral part of these statements.

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

<TABLE>
<CAPTION>

	Three months ended March 31,	
	1999	1998
	(in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 1,925	$ 4,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,133	920
Amortization	68	73

Deferred income taxes	378	(46)
Changes in operating assets and liabilities:		
Contracts receivable	13,335	(5,352)
Retainage	2,508	(1,422)
Costs and estimated earnings in excess of billings on uncompleted contracts	338	(1,348)
Prepaid expenses and other assets	118	107
Inventory	(43)	(34)
Accounts payable and accrued expenses	(3,550)	822
Income taxes payable	718	2,502
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,999)	3,276
Net cash provided by operating activities	13,929	3,731
Cash flows from investing activities:		
Capital expenditures, net	(1,490)	(3,002)
Payment for purchase of Southport, net of cash acquired	-	(5,922)
Other	111	-
Net cash used in investing activities	(1,379)	(8,924)
Cash flows from financing activities:		
Borrowings against notes payable	-	5,000
Principal payments on notes payable	(3,000)	(4,900)
Proceeds from exercise of stock options	-	175
Net cash provided by (used in) financing activities	(3,000)	275
Net increase (decrease) in cash	9,550	(4,918)
Cash at beginning of period	2,808	6,879
Cash at end of period	$12,358	$ 1,961
Supplemental cash flow information:		
Interest paid	$ 31	$ 18
Income taxes paid	$ 25	$ -

</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 PERIODS ENDED
MARCH 31, 1999 AND 1998

NOTE 1 -- ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

Gulf Island Fabrication, Inc. ("Gulf Island"), together with its wholly owned subsidiaies (collectively "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. The Company, located in Houma, Louisiana, also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, steel warehousing and sales, and the fabrication of offshore living quarters. 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. All significant intercompany balances and transactions have been eliminated in consolidation.

The information presented at March 31, 1999 and for the three months ended March 31, 1999 and 1998, is unaudited. In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for the fair presentation of the Company's financial position at March 31, 1999 and the results of its operations for the three months ended March 31, 1999 and 1998, and its cash flows for the three months ended March 31, 1999 and 1998. The results of operations for the three months ended March 31, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

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 Company's annual report on Form 10-K for the year ended December 31, 1998.

NOTE 2 -- 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 $65 million from the four defendants for economic losses that it alleges resulted from the delay in oil and gas production that was caused by these events. The trial court has issued rulings, the effect of which is to limit the damage recoverable from all four defendants to a maximum of $15 million.

The trial court has issued this and other rulings that have been favorable to the defendants, all of which are subject to appeal by the plaintiff at the conclusion of the trial. Management is vigorously defending this case and, after consultation with legal counsel, 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.

The Company is subject to other claims arising primarily in the normal conduct of its business. While the outcome of such claims cannot be determined, management does not expect that resolution of these matters will have a material adverse effect on the financial position or results of operations of the Company, although no assurances can be given to the ultimate outcome of the claims.

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

RESULTS OF OPERATIONS

The Company's revenue for the three-month period ended March 31, 1999 was $30.3 million, a decrease of 35.4% compared to $46.9 million in revenue for the three-month period ended March 31, 1998. Revenue decreased as a result of a lower volume of direct labor hours applied to contracts during the current period. The continued slowdown in the oil and gas industry has made fewer fabrication projects available; consequently, in the three-month period ended March 31, 1999, the Company had fewer contracts in its backlog and thus fewer hours worked compared to the same period in 1998.

The fewer number of projects available has also caused the competitiveness in the bidding process to substantially reduce margins on contracts that have been awarded. For the three-month period ended March 31, 1999, gross profit was $4.2 million (13.9% of revenue), compared to $8.3 million (17.7% of revenue) of gross profit for the three-month period ended March 31, 1998.

The Company's general and administrative expenses were $1.3 million for the three-month period ended March 31, 1999, compared to $1.6 million for the three-month period ended March 31, 1998. The decrease of $332,000 was primarily the result of the Company more efficiently managing its costs associated with public company reporting requirements and a general decrease in costs related to reduced production levels.

The Company had net interest income of $80,000 for the three month period ended March 31, 1999 compared to $25,000 for the three month period ended March 31, 1998. The current reduction in production levels is making more cash generated from jobs in progress available for investing.

Although there have been recent increases in the price of oil and natural gas, these increases are not being reflected in the number and dollar value of projects in the market. Accordingly, the Company is continuously monitoring its costs as production levels decline to take appropriate actions.

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 increased to $13.9 million for the three months ended March 31, 1999 while working capital remained relatively stable at $24.4 million. Net cash used in investing activities for the three months ended March 31, 1999 was $1.4 million. The Company acquired one new Manitowoc crane and incurred approximately $130,000 in costs for improvements to its Southport facility located in Harvey, Louisiana. These capital expenditures were for equipment designed to increase the capacity of its facility and the productivity of its labor force.

Net cash used in financing activities was $3.0 million for the three-month period ended March 31, 1999. This amount was a payment to eliminate the outstanding balance 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, 2000 and is secured by a mortgage on the Company's real estate, equipment and fixtures. At March 31, 1999, the Company had no outstanding borrowings under the credit facility.

Capital expenditures for the remaining nine months of 1999 are estimated to be approximately $3.6 million, including improvements to the facilities and various other fabrication equipment. 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. The Company may, however, expand its operations through future acquisitions that may require additional equity or debt financing.

YEAR 2000 ISSUES

The Problem. Year 2000 issues result from the past practice in the computer industry of using two digits rather than four digits when coding the year portion of a date. This practice can create breakdowns or erroneous results when computers and processors embedded in other equipment perform operations involving dates later than December 31, 1999.

The Company's State of Readiness. The Company has assessed the Year 2000 compliance of its information technology systems and has purchased software and hardware that it believes will be adequate to upgrade all of these systems to Year 2000 compliance. The Company has also surveyed its significant non-information technology equipment for Year 2000 issues. Although the Company uses several such items of equipment that are significant to its operations (such as automated welding and cutting equipment), none of the automated functions of this equipment are date sensitive and the Company believes that none of the equipment will require replacement or modification for Year 2000 compliance.

The Company does not have any significant suppliers or customers whose information technology systems directly interface with that of the Company; nevertheless, as part of its assessment of its state of readiness, the Company has surveyed a representative number of its suppliers and customers for Year 2000 compliance. To date, the Company has received replies from approximately 73% of the suppliers that it has contacted, all of which (with insignificant exceptions) have indicated that they have taken appropriate steps to achieve Year 2000 compliance or have plans to do so. The Company has received replies from approximately 75% of its customers contacted, all of which have indicated that they have taken steps to achieve Year 2000 compliance or have plans to do so.

Costs. Because the Company's information technology systems have been regularly upgraded and replaced as part of the Company's ongoing efforts to maintain high-grade technology and because the Company is not heavily dependent on non-information technology equipment that is date sensitive, the Company's Year 2000 compliance costs are expected to be relatively low. The Company has incurred $77,000 to purchase software and hardware to upgrade its information technology systems and management does not believe that significant

additional costs will be required for Year 2000 compliance. There can be no guarantee, however, that actual costs will not exceed that amount.

Risks. Although the Company believes that it has taken reasonable steps to assess its internal systems and prepare them for Year 2000 issues, if those steps prove inadequate the Company's ability to estimate and bid on new jobs and its financial and other daily business procedures could be interrupted or delayed, any of which could have a material adverse effect on the Company's operations. Because the replies to the Company's survey of its suppliers and customers is not complete, the Company is not in a position to evaluate the risk of their non-compliance. It is possible that the operations of the Company could be adversely affected to a material extent by the non-compliance of significant suppliers or customers.

Contingency Plan. While the Company intends to continue to monitor Year 2000 issues, it does not currently have a contingency plan for dealing with the possibility that its current systems may prove inadequate, nor does the Company currently intend to develop such a plan.

FORWARD-LOOKING STATEMENTS

Statements under "Year 2000 Issues" as to the Company's beliefs and expectations, statements in the last paragraph under "Results of Operations" 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 accuracy of the Company's assessment of its exposure to Year 2000 issues and the adequacy of the steps it has taken to address those issues. 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.

PART II. OTHER INFORMATION

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

(a) An annual meeting of the registrant's stockholders was held on April 29, 1999.

(c) The following matters were voted upon with the results as indicate below:

(1) Election of the following nominees for directors.

John P. ("Jack") Laborde
Number of Votes Cast For -- 10,273,993
Number of Votes Cast Against or Withheld -- 31,530
Number of Abstentions -- None
Number of Broker Non-Votes -- None

Gregory J. Cotter
Number of Votes Cast For -- 10,274,293
Number of Votes Cast Against or Withheld -- 31,230
Number of Abstentions -- None
Number of Broker Non-Votes -- None

(2) Ratification of appointment of Ernst & Young LLP as independent auditors.

Number of Votes Cast For -- 10,279,149
Number of Votes Cast Against or Withheld -- 18,674
Number of Abstentions -- 7,700
Number of Broker Non-Votes -- None

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 February 4, 1999 announcing the resignation of a director.
99.2 Press release issued by the Company on April 28, 1999 announcing the signing of a letter of intent to reconstruct the Petronius south deck module owned by Texaco, Inc. (operator) and Marathon Oil Company.
99.3 Press release issued by the Company on April 29, 1999 announcing its 1999 first 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
and Treasurer
(Principal Financial Officer
and Duly Authorized Officer)

DATE: MAY 11, 1999

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 February 4,1999 announcing the resignation of a director.
99.2	Press release issued by the Company on April 28, 1999 announcing the signing of a letter of intent to reconstruct the Petronius south deck module owned by Texaco, Inc. (operator) and Marathon Oil Company.
99.3	Press release issued by the Company on April 29, 1999 announcing its 1999 first quarter earnings and related matters.

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financial statements and is qualified in its entirety by reference to such
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NEWS RELEASE EXHIBIT 99.1

For further information contact:

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

Joseph P. Gallagher, III
Chief Financial Officer
(504) 872-2100

FOR IMMEDIATE RELEASE
FEBRUARY 4, 1999

GULF ISLAND FABRICATION, INC.
ANNOUNCES RESIGNATION OF DIRECTOR

HOUMA, LA - GULF ISLAND FABRICATION, INC. (NASDAQ: GIFI) announced today that Stephen G. Benton, Jr., a director of the Company since February, 1998, has resigned.

NEWS RELEASE EXHIBIT 99.2

For further information contact:

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

Joseph P. Gallagher, III
Chief Financial Officer
(504) 872-2100

FOR IMMEDIATE RELEASE
APRIL 28, 1999

GULF ISLAND FABRICATION, INC.
SIGNS LETTER OF INTENT TO RECONSTRUCT
PETRONIUS SOUTH DECK MODULE

HOUMA, LA - GULF ISLAND FABRICATION, INC. (NASDAQ: GIFI) Gulf Island Fabrication, Inc. announced that it has signed a letter of intent and began construction early this year on the south deck module of the Petronius deepwater project owned by Texaco, Inc. (operator) and Marathon Oil Company.

Details of a contract are being finalized, according to Kerry J. Chauvin, President and Chief Executive Officer of Gulf Island Fabrication, Inc. Financial terms are not being disclosed.

"We are pleased to be involved with re-building this important aspect of a major deepwater project," said Chauvin. "Gulf Island Fabrication built the original north and south decks of the Petronius compliant tower and the re-building of the south deck will be a replica of the original."

Chauvin added that the re-building project is important to sustaining the Houma area's industrial growth. Gulf Island Fabrication has more than 180 workers assigned to the south deck module reconstruction. The new module is expected to be completed in the second quarter of 2000.

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, manufacture and repair of pressure vessels, steel warehousing and sales, and the fabrication of offshore living quarters.

NEWS RELEASE EXHIBIT 99.3

For further information contact:

Kerry J. Chauvin	Joseph "Duke" Gallagher
Chief Executive Officer	Chief Financial Officer
(504) 872-2100	(504) 872-2100

FOR IMMEDIATE RELEASE
THURSDAY, APRIL 29, 1999

GULF ISLAND FABRICATION, INC.
REPORTS FIRST QUARTER EARNINGS

Houma, LA -- Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of $1.9 million ($.17 diluted EPS) on revenue of $30.3 million for its first quarter ended March 31, 1999, compared to net income of $4.2 million ($.36 diluted EPS) on revenue of $46.9 million for the first quarter ended March 31, 1998.

At March 31, 1999, the company had a revenue backlog of $57.6 million and a labor backlog of approximately 900 thousand man-hours remaining to work.

Mr. Kerry J. Chauvin, Gulf Island's President and C.E.O. stated, "The slowdown in the oil and gas industry has brought our revenues and margins down to levels about where they were in the first quarter of 1997. We continue to take the necessary steps to maintain our strong balance sheet. With the previous investment in labor saving equipment and under-roof fabrication area, the company is poised to maintain its competitive position and capitalize on the expected future increase in demand for our products and services, especially in the deep water regions."

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, manufacture and repair of pressure vessels, steel warehousing and sales, and the fabrication of offshore living quarters.

EXHIBIT 99.3

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

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
Revenue	$30,329	$46,914
Cost of revenue	26,103	38,603
Gross profit	4,226	8,311
General and administrative expenses	1,282	1,614
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Income before income taxes	3,073	6,722
Income taxes	1,148	2,489
Net income	$ 1,925	$ 4,233
Per share data:		
Basic earnings per share	$0.17	$0.36
Diluted earnings per share(1)	$0.17	$0.36
Weighted-average shares	11,638	11,612
Adjusted weighted-average shares(1)	11,656	11,717
Depreciation and amortization included in expense above	$ 1,201	$ 993

(1) 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.