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, 2004

OR

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

For the transition period from______ to ______

Commission File Number 0-22303

GULF ISLAND FABRICATION, INC.
(Exact name of registrant as specified in its charter)

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

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

The number of shares of the Registrant's common stock, no par value per share, outstanding at July 21, 2004 was 12,118,601.

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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, 2004	(Note 1) December 31, 2003
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,229	$ 8,012
Short-term investments	19,100	14,038
Contracts receivable, net	42,448	42,443
Contract retainage	2,198	7,062
Costs and estimated earnings in excess of billings on uncompleted contracts	3,938	5,806
Prepaid expenses	766	1,349
Inventory	3,308	2,697
Recoverable income taxes	346	—
Total current assets	84,333	81,407
Property, plant and equipment, net	62,222	58,259
Other assets	648	650
Total assets	$ 147,203	$ 140,316
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,583	$ 8,937
Billings in excess of costs and estimated earnings on uncompleted contracts	4,478	6,003
Accrued employee costs	3,813	3,906
Accrued expenses	925	957
Income taxes payable	—	893
Total current liabilities	15,799	20,696
Deferred income taxes	8,631	8,029
Total liabilities	24,430	28,725
Shareholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, no par value, 20,000,000 shares authorized, 12,114,601 and 11,801,618 shares issued and outstanding at June 30, 2004 and December 31, 2003, respectively	4,745	4,340
Additional paid-in capital	41,877	37,310
Retained earnings	76,201	69,941
Other comprehensive loss	(50)	—
Total shareholders' equity	122,773	111,591
Total liabilities and shareholders' equity	$ 147,203	$ 140,316

The accompanying notes are an integral part of these statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 41,443	$ 44,603	$ 92,237	$ 84,176
Cost of revenue	34,941	39,959	78,405	73,558
Gross profit	6,502	4,644	13,832	10,618
General and administrative expenses	1,256	1,156	2,566	2,334
Operating income	5,246	3,488	11,266	8,284
Other income (expense):				
Interest expense	(20)	(14)	(27)	(23)
Interest income	138	49	187	131
Other	29	1	47	4
	147	36	207	112
Income before income taxes	5,393	3,524	11,473	8,396
Income taxes	1,887	1,203	4,015	2,855
Net income	$ 3,506	$ 2,321	$ 7,458	$ 5,541
Per share data:				
Basic earnings per share	$ 0.29	$ 0.20	$ 0.62	$ 0.47
Diluted earnings per share	$ 0.29	$ 0.20	$ 0.62	$ 0.47
Weighted-average shares	12,064	11,778	11,966	11,768
Effect of dilutive securities: employee stock options	131	122	144	128
Adjusted weighted-average shares	12,195	11,900	12,110	11,896
Cash dividend declared per common share	$ 0.05	$ —	$ 0.10	$ —

The accompanying notes are an integral part of these statements.

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
			(in thousands, except share data)			
Balance at January 1, 2004	11,801,618	$ 4,340	$ 37,310	$ 69,941	$ —	$ 111,591
Exercise of stock options	312,983	405	3,640	—	—	4,045
Income tax benefit from exercise of stock options	—	—	927	—	—	927
Net income	—	—	—	7,458	—	7,458
Unrealized (loss) on available-for-sale securities	—	—	—	—	(50)	(50)
Comprehensive income						7,408
Dividends on common stock	—	—	—	(1,198)	—	(1,198)
Balance at June 30, 2004	12,114,601	$ 4,745	$ 41,877	$ 76,201	$ (50)	$ 122,773

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, 2004	Six Months Ended June 30, 2003
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 7,458	$ 5,541
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,971	2,534
Deferred income taxes	602	614
Tax benefit from exercise of stock options	927	65
Changes in operating assets and liabilities:		
Contracts receivable	(5)	(12,015)
Contract retainage	4,864	93
Costs and estimated earnings in excess of billings on uncompleted contracts	1,868	(709)
Prepaid expenses, inventory and other assets	(26)	(281)
Accounts payable	(2,354)	492
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,525)	3,232
Accrued employee costs	(93)	464
Accrued expenses	(32)	2,009
Income taxes payable/recoverable	(1,239)	780
Net cash provided by operating activities	13,416	2,819
Cash flows from investing activities:		
Capital expenditures, net	(6,934)	(13,985)
Proceeds from short-term investments	—	10,000
Purchase of short-term investments	(5,112)	(204)
Net cash used in investing activities	(12,046)	(4,189)
Cash flows from financing activities:		
Proceeds from exercise of stock options	4,045	481
Payments of dividends on common stock	(1,198)	—
Net cash provided by financing activities	2,847	481
Net change in cash and cash equivalents	4,217	(889)
Cash and cash equivalents at beginning of period	8,012	5,667
Cash and cash equivalents at end of period	$ 12,229	$ 4,778
Supplemental cash flow information:		
Interest paid	$ 36	$ 23
Income taxes paid	$ 3,690	$ 1,396

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, 2004 AND 2003

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

Certain items in 2003 have been reclassified to confirm to the 2004 financial statement presentation.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

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

NOTE 2 – ACCOUNTING FOR STOCK BASED COMPENSATION

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

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

	2004	2003
Reported net income	$ 7,458	$ 5,541
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	357	360
Pro forma net income	$ 7,101	$ 5,181
Weighted-average shares (basic) as reported	11,966	11,768
Adjusted weighted-average shares (diluted) as reported	12,110	11,896
Basic earnings-per-share		
Reported net income	$ 0.62	$ 0.47
Pro forma net income	$ 0.59	$ 0.44
Diluted earnings-per-share		
Reported net income	$ 0.62	$ 0.47
Pro forma net income	$ 0.59	$ 0.44

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, 2004, and the related condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003, and the condensed consolidated statement of changes in shareholders’ equity for the six month period ended June 30, 2004 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2004 and 2003. These financial statements are the responsibility of the Company’s management.

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

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

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

/s/ Ernst & Young LLP

New Orleans, Louisiana
July 27, 2004

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

Critical Accounting Policies and Estimates

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

Results of Operations

The Company's revenue for the three-month periods ended June 30, 2004 and 2003 was $41.4 million compared to $44.6 million, respectively, a decrease of 7.2%. The decrease in revenue for the three-month period ended June 30, 2004 was directly associated with the decrease in direct labor hours, 13.5%, applied to contracts in progress compared to the three-month period ended June 30, 2003. The Company's revenue for the six-month periods ended June 30, 2004 and 2003 was $92.2 million compared to $84.2 million, respectively, an increase of 9.5%. The increase in revenue for the six-month period ended June 30, 2004 was primarily the result of an increase in pass-through costs, such as materials and outside services, compared to the six-month period ended June 30, 2003.

For the three-month and six-month periods ended June 30, 2004, gross profit was $6.5 million (15.7% of revenue) and $13.8 million (15.0% of revenue), compared to $4.6 million (10.3% of revenue) and $10.6 million (12.6% of revenue) of gross profit for the three-month and six-month periods ended June 30, 2003. Gross profit increased $1.9 million or (41.3%) and $3.2 million or (30.2%) when comparing the three-month and six-month periods ended June 30, 2004 to the comparable periods in 2003. The volume of direct labor hours applied to contracts in progress for the three-month and six month periods ended June 30, 2004 compared to the three-month and six-month periods ended June 30, 2003, decreased 13.5% and 4.2%, respectively. During the first six months of 2004 however, the Company substantially reduced its reliance on contract labor man-hours, which reliance caused inefficiencies that resulted in reduced gross margins for the comparable periods ended June 30, 2003.

The Company's general and administrative expenses were $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. This compares to $1.2 million for the three-month period ended June 30, 2003 and $2.3 million for the six-month period ended June 30, 2003. As a percentage of revenue, general and administrative expenses increased to 3.1% from 2.7% of revenue for the three-month periods ended June 30, 2004 and 2003, respectively, and increased to 2.8% from 2.7% of revenue for the comparable six-month periods. The increase in absolute dollar costs for general and administrative expenses primarily resulted from increased salary and wage related costs.

The Company had net interest income of $118,000 and $160,000 for the three-month and six-month periods ended June 30, 2004, respectively, compared to $35,000 and $108,000 for the three-month and six-month periods ended June 30, 2003. The increase in interest income resulted from the Company's investment of larger sums of cash, which was made available due to the increase in cash provided by operating activities for the three-month and six-month periods ended June 30, 2004, compared to the three-month and six-month periods ended June 30, 2003.

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

Liquidity and Capital Resources

Historically the Company has funded its business activities primarily through funds generated from operations. The Company also maintains a revolving line of credit with commercial banks, but has not drawn on it since December 1998. At June 30, 2004, the Company's cash and cash equivalents plus short-term investments totaled $31.3 million and working capital was $68.5 million, resulting in a current ratio of 5.3 to 1. Net cash provided by operating activities was $13.4 million for the six-months ended June 30, 2004. Net cash used in investing activities for the six-months ended June 30, 2004, was $12.0 million, of which $6.9 related to capital expenditures for equipment and improvements to its production facilities and $5.1 related to the purchase of short-term investments. Net cash provided by financing activities for the six-month period ended June 30, 2004 was $2.8 million, which consisted of proceeds in the amount of $4.0 million from the exercise of stock options, and $1.2 million used to pay dividends on common stock.

The Company's bank credit facility provides for a revolving line of credit of up to $20.0 million ("the Revolver"), which bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1.5%. The Revolver matures December 31, 2006, and is secured by a mortgage on the Company's real estate, machinery and equipment, and fixtures. The Company pays a fee on a quarterly basis of three-sixteenths of one percent per annum on the weighted-average unused portion of the Revolver. At June 30, 2004, there were no borrowings outstanding under the Revolver, but the Company did have letters of credit outstanding totaling $3.9 million, which reduces the unused portion of the Revolver. The Company is required to maintain certain covenants, including balance sheet and cash flow ratios. At June 30, 2004, the Company was in compliance with these covenants.

Capital expenditures for the remaining six months of 2004 are estimated to be approximately $4.9 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 Form 10-K for the year ended December 31, 2003.

Off-Balance Sheet Arrangements

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

Forward-Looking Statements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

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

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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.

Item 5. Other Information.

On July 15, 2004, the Company announced the scheduled time for the release of its 2004 second quarter earnings and its quarterly conference call. The press release making this announcement is attached hereto as Exhibit 99.1.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

10.1	First Amendment to Ninth Amended and Restated Credit Agreement among the Company, Bank One, NA and Whitney National Bank, dated June 30, 2004.
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 15, 2004, announcing the scheduled time for the release of its 2004 second quarter earnings and its quarterly conference call.

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(b) Reports on Form 8-K.

On April 29, 2004, the Company filed a report on Form 8-K under Items 7 and 12 to furnish its press release announcing its 2004 first quarter earnings.

On April 30, 2004, the Company filed a report on Form 8-K under Items 5 and 7 to furnish its press release announcing the declaration of a common stock dividend.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GULF ISLAND FABRICATION, INC.

By: /s/ Joseph P. Gallagher, III

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

Date: July 28, 2004

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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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 15, 2004, announcing the scheduled time for the release of its 2004 second quarter earnings and its quarterly conference call.

Exhibit 10.1

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

This FIRST AMENDMENT dated as of June 30, 2004 (this "First Amendment") to that certain **NINTH AMENDED AND RESTATED CREDIT AGREEMENT** (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, INC.**, a Louisiana corporation ("Dolphin"), **SOUTHPORT, L.L.C.**, a Louisiana limited liability company and successor by merger to Southport, Inc. ("Southport"), **GULF ISLAND MINDOC COMPANY, L.L.C.** (formerly Vanguard Ocean Services, L.L.C.), a Louisiana limited liability company ("MinDOC"), and **GIF FINANCE, INC.,** a Delaware corporation ("GIF Finance") as Guarantors, **GIF FINANCE, INC.** as Subordinated Creditor ("Subordinated Creditor"), **WHITNEY NATIONAL BANK**, a national banking association ("Whitney") and **BANK ONE, NA,** a national banking association having its principal office in Chicago, Illinois, in its individual capacity ("Bank One") (Whitney and Bank One, each a "Lender" and collectively the "Lenders") and **BANK ONE, NA**, as Agent and LC Issuer.

WHEREAS, the parties wish to make certain modifications to the Credit Agreement by executing this First Amendment 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 First 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 definitions of "Facility Termination Date" and "Indebtedness" to read in their entirety as follows:

"Facility Termination Date" means December 31, 2006 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.

"Indebtedness" of a Person means, calculated without duplication and in accordance with GAAP, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person (provided that if the obligations are not assumed, the amount of such obligation shall be restricted, for purposes of Section 6.21, to the fair market value of the Property encumbered), (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) the fair value of Contingent Obligations (excluding, however, for purposes of the calculation of Indebtedness, any guaranties by the Borrower of a Subsidiary's construction contract and any guaranties by the Borrower of a Subsidiary's trade payables that are not older than ninety (90) days), (viii) Reimbursement Obligations; (ix) Rate Management Obligations; (x) Off-Balance Sheet Liabilities; (xi) Sale and Leaseback Transactions; (xii) obligations to reimburse the issuer of Letters of Credit; (xiii) all liabilities in respect of unfunded vested benefits under any Plan; and (xiv) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person.

3. Except to the extent its provisions are specifically amended, modified or superseded by this First 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 First 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 First 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 First Amendment. Borrower and Guarantor acknowledge and agree that this First Amendment shall not be considered a novation or a new contract. Borrower and 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 First 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. Subordinated Creditor under that Amended and Restated Subordination Agreement effective as of December 31, 2003 (the “Subordination Agreement”), hereby consents to the execution of this First Amendment and reaffirms that all obligations to Subordinated Creditor shall remain fully subordinated to all obligations under the Credit Agreement, as amended hereby. Subordinated Creditor further reaffirms all obligations under the Subordination Agreement.

6. 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 First Amendment.

7. This First Amendment may be executed in any number of counterparts and all of such counterparts taken together shaft be deemed to constitute one and the same instrument.

8. **THIS FIRST 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 Agreement 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, 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

GIF FINANCE, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
President & CEO

SUBORDINATED CREDITOR:

GIF FINANCE, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
President & CEO

LENDERS:

BANK ONE, NA,
Individually, as LC Issuer, and as Agent

By: /s/ J. Charles Freel

J. Charles Freel, Director, Capital Markets

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel

Harry C. Stahel, Senior Vice President

Exhibit 15.1

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

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 33-46155) pertaining to the Long-Term Incentive Plan and the Registration Statement (Form S-8 No. 333-88466) pertaining to the 2002 Long-Term Incentive Plan, of our report dated July 27, 2004, relating to the unaudited condensed consolidated interim financial statements of Gulf Island Fabrication, Inc. included in its Form 10-Q for the quarter ended June 30, 2004.

/s/ Ernst & Young

New Orleans, Louisiana
July 27, 2004

Exhibit 31.1

Certifications

I, Kerry J. Chauvin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 28, 2004

/s/ Kerry J. Chauvin

Kerry J. Chauvin
President and Chief Executive Officer

Exhibit 31.2

Certifications

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

1. I have reviewed this quarterly report on Form 10-Q of Gulf Island Fabrication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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 28, 2004

/s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
Chief Financial Officer

Exhibit 32

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, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, who are the Chief Executive Officer and Chief Financial Officer of the Company, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

By: /s/ Kerry J. Chauvin

Kerry J. Chauvin
Chief Executive Officer
July 28, 2004

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
Chief Financial Officer
July 28, 2004

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

Exhibit 99.1

NEWS RELEASE

For further information contact:

Kerry J. Chauvin	Joseph “Duke” Gallagher
Chief Executive Officer	Chief Financial Officer
985.872.2100	985.872.2100

FOR IMMEDIATE RELEASE
JULY 15, 2004

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

Houma, LA — (BUSINESS WIRE) — July 15, 2004—Gulf Island Fabrication, Inc. (NASDAQ: GIFI), will announce 2004 second quarter earnings on Wednesday, July 28, 2004 during morning market hours.

The management of Gulf Island Fabrication, Inc. will hold a conference call on Thursday, July 29, 2004, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company’s financial results for the quarter ended June 30, 2004.

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

Dial In:	1.800.915.4836
Webcast:	www.gulfisland.com

A digital rebroadcast of the call is available two hours after the call and ending August 5, 2004 by dialing:

Phone Number:	1.800.428.6051
Replay Passcode:	363765

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.