

GULF ISLAND FABRICATION INC

Form 10-Q

October 31, 2012

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**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 September 30, 2012

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 001-34279

**GULF ISLAND FABRICATION, INC.**

(Exact name of registrant as specified in its charter)

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**LOUISIANA**  
(State or other jurisdiction of  
incorporation or organization)  
**567 THOMPSON ROAD,**  
**HOUMA, LOUISIANA**  
(Address of principal executive offices)

**72-1147390**  
(I.R.S. Employer  
Identification No.)  
**70363**  
(Zip Code)

**(985) 872-2100**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes**  **No**

The number of shares of the registrant's common stock, no par value per share, outstanding as of October 30, 2012 was 14,412,003.

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	September 30, 2012 (Unaudited)	December 31, 2011 (Note 1)
	(in thousands)	
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 26,366	\$ 55,287
Contracts receivable, net	91,748	72,474
Contract retainage	1,144	4,313
Costs and estimated earnings in excess of billings on uncompleted contracts	16,752	12,982
Prepaid expenses and other	31,354	13,075
Inventory	5,331	6,278
Deferred tax assets	7,454	10,157
Income tax receivable	4,817	3,347
<b>Total current assets</b>	<b>184,966</b>	<b>177,913</b>
Property, plant and equipment, net	226,155	216,722
Long-term contracts receivable, net	663	625
Other assets	674	675
<b>Total assets</b>	<b>\$ 412,458</b>	<b>\$ 395,935</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 58,924	\$ 20,502
Billings in excess of costs and estimated earnings on uncompleted contracts	13,881	49,363
Accrued employee costs	7,023	3,512
Accrued expenses	4,312	2,610
Accrued contract losses	9,484	
<b>Total current liabilities</b>	<b>93,624</b>	<b>75,987</b>
Deferred tax liabilities	36,167	37,149
<b>Total liabilities</b>	<b>129,791</b>	<b>113,136</b>
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, 14,412,003 issued and outstanding at September 30, 2012 and 14,376,443 at December 31, 2011, respectively	9,944	9,921
Additional paid-in capital	92,147	91,933
Retained earnings	180,576	180,945
<b>Total shareholders' equity</b>	<b>282,667</b>	<b>282,799</b>

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Total liabilities and shareholders' equity	\$ 412,458	\$ 395,935
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*The accompanying notes are an integral part of these financial statements.*

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(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue	\$ 141,793	\$ 85,827	\$ 392,103	\$ 219,426
Cost of revenue:				
Contract costs	145,688	81,823	369,425	212,454
Anticipated loss on contract	9,484		9,484	
Asset impairments				7,690
Total cost of revenue	155,172	81,823	378,909	220,144
Gross profit (loss)	(13,379)	4,004	13,194	(718)
General and administrative expenses	1,983	1,910	7,177	5,804
Operating income (loss)	(15,362)	2,094	6,017	(6,522)
Other income (expense):				
Interest expense	(19)	(48)	(138)	(102)
Interest income	113	378	541	549
Other	54	89	139	317
Total other income	148	419	542	764
Income (loss) before income taxes	(15,214)	2,513	6,559	(5,758)
Income taxes	(4,842)	954	2,560	(2,188)
Net income (loss)	\$ (10,372)	\$ 1,559	\$ 3,999	\$ (3,570)
Per share data:				
Basic earnings (loss) per share - common shareholders	\$ (0.72)	\$ 0.11	\$ 0.28	\$ (0.25)
Diluted earnings (loss) per share - common shareholders	\$ (0.72)	\$ 0.11	\$ 0.28	\$ (0.25)
Weighted-average shares	14,408	14,351	14,393	14,347
Effect of dilutive securities: employee stock options		25	24	
Adjusted weighted-average shares	14,408	14,376	14,417	14,347
Cash dividend declared per common share	\$ 0.10	\$ 0.06	\$ 0.30	\$ 0.18

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

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## GULF ISLAND FABRICATION, INC.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders Equity
	(in thousands, except share data)				
Balance at January 1, 2012	14,376,443	\$ 9,921	\$ 91,933	\$ 180,945	\$ 282,799
Exercise of stock options	8,998	1	17		18
Income tax benefit from exercise of stock options and vesting of restricted stock			3		3
Net income				3,999	3,999
Vesting of restricted stock	26,562	(37)	(341)		(378)
Compensation expense from restricted stock		59	535		594
Dividends on common stock				(4,368)	(4,368)
Balance at September 30, 2012	14,412,003	\$ 9,944	\$ 92,147	\$ 180,576	\$ 282,667

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