

GULF ISLAND FABRICATION INC
Form 10-Q
October 29, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

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 29, 2010 was 14,318,501.

GULF ISLAND FABRICATION, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED BALANCE SHEETS

	September 30, 2010 (Unaudited)	December 31, 2009 (Note 1)
	(in thousands)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 35,696	\$ 8,751
Contracts receivable, net	54,599	76,555
Contract retainage	11,215	875
Costs and estimated earnings in excess of billings on uncompleted contracts	7,768	17,973
Prepaid expenses	2,875	2,983
Inventory	4,558	4,224
Deferred tax assets	1,489	1,513
	118,200	112,874
Property, plant and equipment, net	197,429	200,459
Long-term contracts receivable, net	21,451	12,313
Other receivables	5,907	5,854
Other assets	674	675
Total assets	\$ 343,661	\$ 332,175
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 10,038	\$ 16,518
Billings in excess of costs and estimated earnings on uncompleted contracts	12,292	8,935
Accrued employee costs	5,263	4,737
Accrued expenses	3,272	2,059
Income taxes payable	737	124
Total current liabilities	31,602	32,373
Deferred tax liabilities	26,655	26,001
Total liabilities	58,257	58,374
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, 14,318,501 and 14,307,878 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	9,833	9,770
Additional paid-in capital	90,886	90,311
Retained earnings	184,685	173,720
Total shareholders' equity	285,404	273,801

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Total liabilities and shareholders' equity	\$ 343,661	\$ 332,175
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The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue	\$ 60,733	\$ 76,631	\$ 205,282	\$ 240,763
Cost of revenue	53,798	65,413	184,174	209,448
Gross profit	6,935	11,218	21,108	31,315
General and administrative expenses	1,997	2,051	6,084	6,247
Operating income	4,938	9,167	15,024	25,068
Other income (expense):				
Interest expense	(19)	(23)	(57)	(58)
Interest income	1,044	81	2,363	101
Other	23	2	1,054	4
	1,048	60	3,360	47
Income before income taxes	5,986	9,227	18,384	25,115
Income taxes	2,524	3,241	6,985	8,916
Net income	\$ 3,462	\$ 5,986	\$ 11,399	\$ 16,199
Per share data:				
Basic earnings per share - common shareholders	\$ 0.24	\$ 0.41	\$ 0.79	\$ 1.12
Diluted earnings per share - common shareholders	\$ 0.24	\$ 0.41	\$ 0.79	\$ 1.12
Weighted-average shares	14,318	14,293	14,316	14,293
Effect of dilutive securities: employee stock options	2	2	9	2
Adjusted weighted-average shares	14,320	14,295	14,325	14,295
Cash dividend declared per common share	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.12

The accompanying notes are an integral part of these statements.

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, 2010	14,307,878	\$ 9,770	\$ 90,311	\$ 173,720	\$ 273,801
Exercise of stock options	3,300	4	47		51
Income tax benefit from exercise of stock options and vesting of restricted stock			12		12
Net income				11,399	11,399
Issuance of common stock restricted stock vesting	9,330				
Cancellation of common stock restricted stock vesting	(2,007)	(2)	(29)		(31)
Compensation expense restricted stock		61	545		606
Dividends on common stock				(434)	(434)
Balance at September 30, 2010	14,318,501	\$ 9,833	\$ 90,886	\$ 184,685	\$ 285,404

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2010 2009 (in thousands)	
Cash flows from operating activities:		
Net income	\$ 11,399	\$ 16,199
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,412	