SEABULK INTERNATIONAL INC
Form 10-Q
August 14, 2003

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 June 30, 2003

Commission File Number: 0-28732

SEABULK INTERNATIONAL, INC.

State of Incorporation: Delaware I.R.S. Employer I.D.: 65-0966399

Address and Telephone Number:
2200 Eller Drive
P.O. Box 13038
Ft. Lauderdale, Florida 33316
(954) 523-2200

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 twelve 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 ninety 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 [ ] NO [X]

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. YES [X] NO [ ]

THERE WERE 23,317,735 SHARES OF COMMON STOCK, PAR VALUE $0.01 PER SHARE, OUTSTANDING AT AUGUST 1, 2003.

SEABULK INTERNATIONAL, INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited).....

Condensed Consolidated Balance Sheets at June 30, 2003 and December 31, 2002.....

Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2003 and 2002.....

Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2003 and 2002.....

Notes to Condensed Consolidated Financial Statements.....

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

Item 3. Quantitative and Qualitative Disclosure of Market Risk.....

Item 4. Controls and Procedures.....

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.....

Item 2. Changes in Securities .....

Item 3. Default Upon Senior Securities.....

Item 4. Submission of Matters to a Vote of Security Holders.....

Item 5. Other Information.....

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

Signature.....

As used in this Report, the term "Parent" means Seabulk International, Inc., and the term "Company" means the Parent and/or one or more of its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEABULK INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(IN THOUSANDS, EXCEPT PAR VALUE DATA)

	JUNE 30, 2003

ASSETS	
Current assets:	
Cash and cash equivalents	$ 49,078
Restricted cash	1,337
Trade accounts receivable, net of allowance for doubtful accounts of $4,652 and $5,243 in 2003 and 2002, respectively	44,803
Other receivables	16,639
Marine operating supplies	7,662
Prepaid expenses and other	3,683
Total current assets	123,202
Vessels and equipment, net	540,637
Deferred costs, net	33,751
Other	11,253
Total assets	$ 708,843
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 8,939
Current maturities of long-term debt	23,690
Current obligations under capital leases	3,504
Accrued interest	1,735
Accrued liabilities and other	45,401
Total current liabilities	83,269
Long-term debt	405,964
Obligations under capital leases	34,019
Other liabilities	3,463
Total liabilities	526,715
Commitments and contingencies	
Minority interest	848
Stockholders' equity:	
Preferred stock, no par value--authorized 5,000; none issued and outstanding	--
Common stock -- $.01 par value, authorized 40,000 shares; 23,318 and 23,124 shares issued and outstanding in 2003 and 2002, respectively	233
Additional paid-in capital	258,981
Unearned compensation	(832)
Accumulated deficit	(77,102)
Total stockholders' equity	181,280
Total liabilities and stockholders' equity	$ 708,843

SEE ACCOMPANYING NOTES.

1

SEABULK INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30,	
	2003	2002
Revenue	$ 79,924	$ 81,639
Operating expenses:		
Crew payroll and benefits	20,939	21,854
Charter hire	1,923	1,912
Repairs and maintenance	6,464	8,041
Insurance	2,739	2,603
Fuel and consumables	6,106	7,586
Port charges and other	4,410	4,744
Total operating expenses	42,581	46,740
Overhead expenses:		
Salaries and benefits	6,023	5,727
Office	1,198	1,309
Professional fees	694	858
Other	1,513	1,832
Total overhead expenses	9,428	9,726
Depreciation, amortization and drydocking	15,923	16,633
Income from operations	11,992	8,540
Other (expense) income:		
Interest expense	(8,238)	(12,365)
Interest income	123	75
Minority interest in gains of subsidiaries	(199)	(216)
Gain on disposal of assets, net	386	1,482
Other	(88)	(142)
Total other expense, net	(8,016)	(11,166)
Income (loss) before provision for income taxes	3,976	(2,626)
Provision for income taxes	1,316	1,741
Net income (loss)	$ 2,660	$ (4,367)
Net income (loss) per common share:		
Net income (loss) per common share - basic	$ 0.11	$ (0.41)
Net income (loss) per common share - diluted	$ 0.11	$ (0.41)
Weighted average common shares outstanding - basic	23,182	10,529

Weighted average common shares outstanding - diluted	23,640	10,529

SEE ACCOMPANYING NOTES.

SEABULK INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	SIX M J
	2003
OPERATING ACTIVITIES:	
Net income (loss)	$ 4,246
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation and amortization of vessels and equipment	21,391
Amortization of drydocking costs	11,026
Provision for (recovery of) bad debts	(351)
Gains on disposal of assets	(1,183)
Amortization of discount on long-term debt and financing costs	748
Minority interest in gains of subsidiaries	227
Senior and notes payable issued for payment of accrued interest and fees	--
Other non-cash items	105
Changes in operating assets and liabilities:	
Trade accounts and other receivables	(1,968)
Other current and long-term assets	(1,317)
Accounts payable and other liabilities	588
Net cash provided by operating activities	33,512
INVESTING ACTIVITIES:	
Expenditures for drydocking	(7,103)
Proceeds from disposals of assets	8,259
Purchases of vessels and equipment	(22,535)
Investment in Joint Venture	(400)
Net cash used in investing activities	(21,779)
FINANCING ACTIVITIES:	
Net payments of revolving credit facility	--
Payments of existing credit facility	(5,000)
Proceeds from long-term debt	6,525

Payments of long-term debt	(3,349)
Payments of Title XI bonds	(3,695)
Payments of deferred financing costs	(61)
Net proceeds from sale leaseback	13,274
Payments of obligations under capital leases	(7,666)
Capitalized issue costs related to issuance of common stock	(27)
Proceeds from exercise of stock options	155
Proceeds from exercise of warrants	1
Net cash provided by (used in) financing activities	157
Change in cash and cash equivalents	11,890
Cash and cash equivalents at beginning of period	37,188
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 49,078
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Senior and notes payable issued for payment of accrued interest and fees	$ --
Vessels exchanged for drydock expenditures	$ --
Reactivation of two vessels previously classified as assets held for sale	$ --

SEE ACCOMPANYING NOTES.

SEABULK INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with Article 10 of Regulation S-X. The consolidated balance sheet at December 31, 2002 has been derived from the audited financial statements at that date. The unaudited condensed consolidated financial statements and the consolidated balance sheet do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. All adjustments which, in the opinion of management, are considered necessary for a fair presentation of the results of operations for the periods shown are of a normal recurring nature and have been reflected in the unaudited condensed consolidated financial statements. The results of operations for the periods presented are not necessarily indicative of the results expected for the full fiscal year or for any future period. The information included in these unaudited condensed consolidated financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this

report and the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002. Except net income (loss), the Company has no material components of comprehensive income (loss).

Certain financial statement reclassifications have been made to conform prior period data to the 2003 financial statement presentation.

2. SENIOR NOTES OFFERING

On August 5, 2003, the Company completed the offering of $150 million of Senior Notes ("Notes") due 2013 through a private placement eligible for resale under Rule 144A and Regulation S. The net proceeds of the offering were used to repay a portion of the Company's indebtedness under its existing $180 million credit facility. Interest on the Notes will be payable semi-annually in arrears, commencing on February 15, 2004. The average interest rate on the Notes sold to private institutional investors is 9.50%. The Notes are senior unsecured obligations guaranteed by certain of the Company's U.S. subsidiaries. The Notes are subject to certain covenants, including, among other things, limiting the Parent's and certain U.S. subsidiaries' ability to incur additional indebtedness or issue preferred stock, pay dividends to stockholders, and make investments or sell assets.

In connection with the Notes offering, the Company amended and restated its existing $180 million credit facility. The amended credit facility consists of an $80 million revolving credit facility and has a five-year maturity. The amended credit facility is subject to semi-annual reductions commencing February 5, 2004. It is secured by first liens on certain of the Company's vessels (excluding vessels financed with Title XI financing and some of its other vessels) and stock of certain subsidiaries and will be guaranteed by certain subsidiaries. The amended credit facility is subject to various financial covenants, including minimum ratios of adjusted EBITDA to adjusted interest expense and a minimum ratio of adjusted funded debt to adjusted EBITDA.

3. VESSEL ACQUISITIONS

In January 2003, the Company took delivery of the SEABULK AFRICA, a newbuild, state-of-the art, 236-foot, 5,500 horsepower UT-755L platform supply vessel. The vessel has joined the Company's West African fleet. The SEABULK AFRICA and related improvements were acquired for cash of approximately $17.8 million and financed in April 2003 by means of a sale leaseback arrangement with TransAmerica Capital for a lease term of 10 years, under which the Company will have an option to acquire the vessel after 8 years at a fixed price. The lease will be accounted for as a capital lease.

The Company also took delivery of two newbuild vessels as bareboat charterer in February and March 2003. The SEABULK BADAMYAR is a 3800-horsepower anchor handling tug/supply vessel and SEABULK NILAR is a 3800-horsepower platform supply vessel. The Company is bareboat chartering the vessels from the shipbuilder, the Labroy Group in Indonesia, for deployment under time charters with a major international oil company in the Southeast Asia market. The term of each bareboat charter is three years with an option to purchase the vessel at fair market value at the end of the term. The leases will be accounted for as operating leases.

In April 2003, the Company terminated a capital lease with TA Marine

Inc. for the SEABULK ARIZONA and acquired the vessel for $6.9 million. The SEABULK ARIZONA is a 1998 built, 205-foot, 4,200 horsepower supply vessel. Financing was in the form of a 5-year, $6.5 million term loan provided by Orix Financial Services, Inc. with an interest rate of 5.81%.

In June 2003, the Company purchased a Brazilian flag line handling vessel for operations in Brazil for $2.5 million. The Company also executed a vessel construction agreement in April 2003, through its newly formed Brazilian subsidiary, with a Brazilian shipyard for the construction of a modern platform supply vessel for a purchase price of $16.6 million for offshore energy support operations in Brazil. This vessel is expected to be completed in the third quarter of 2004. As of June 30, 2003, the Company had spent approximately $800,000 on the construction of the vessel. In August 2003, the Company entered into a second construction agreement with the same yard, Promar, for a second identical vessel, to be delivered in the fourth quarter of 2004, for $16.5 million. In anticipation of such operations, the Company has established a Brazilian subsidiary called Seabulk Offshore do Brazil S.A.

The Company anticipates entering into a 5-year bareboat charter with purchase option for a newly built anchor handler. It is expected that this vessel will be deployed in West Africa.

4. JOINT VENTURE AGREEMENTS

In March 2003, the Company formed a joint venture company in Nigeria, named Modant Seabulk Nigeria Limited, with CTC International, Inc., a company owned by Nigerian interests. The Company has a 40% interest in Modant Seabulk Nigeria Limited. The Company also sold five of its crewboats operating in Nigeria to joint venture companies related to CTC International in April 2003 for $2 million. As a part of the proceeds of sale, the Company invested $400,000 and acquired a 20% interest in these joint venture companies. Modant Seabulk Nigeria Limited operates the crewboats. Seabulk Offshore provides certain management services for the joint venture. The Company has not guaranteed any debt of the joint venture nor is the Company required to provide additional funding.

The Company anticipates entering into a joint venture with an Angolan company for vessel operations in Angola.

5. INCOME TAXES

For the three and six months ended June 30, 2003 and 2002, a gross deferred tax liability and benefit, respectively, was computed using an estimated annual effective tax rate of 36%. Management has recorded a valuation allowance at June 30, 2003 and 2002 to reduce the net deferred tax assets to an amount that will more likely than not be realized. After application of the valuation allowance, the net deferred tax assets are zero. The current provision for income taxes for the three and six-month periods ended June 30, 2003 and 2002 represents taxes withheld on foreign source revenue.

6. NET INCOME (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	THREE MONTHS ENDED JUNE 30,	
	2003	2002
		(IN THOUSANDS, E
Numerator for basic and diluted net income (loss) per share – net income (loss) available to common shareholders	$ 2,660	$ (4,367)
Denominator for basic net income per share-weighted average shares	23,182	10,529
Effects of dilutive securities:		
Stock options	268	--
Warrants	164	--
Restricted shares	26	--
Dilutive potential common shares	458	--
Denominator for diluted net income per share-adjusted weighted average shares and assumed conversions	23,640	10,529
Net income (loss) per share – basic	$ 0.11	$ (0.41)
Net income (loss) per share – diluted	$ 0.11	$ (0.41)

The weighted average diluted common shares outstanding for the three and six months ended June 30, 2003 and 2002 excludes 100,000 and 820,334 options, respectively. Additionally, 250,000 and 459,775 warrants are excluded from the weighted average diluted common shares outstanding for the three and six months ended June 30, 2003 and 2002, respectively. These common stock equivalents are excluded because they are antidilutive.

7. SEGMENT INFORMATION

The Company organizes its business principally into three segments. The Company does not have significant intersegment transactions. These segments and their respective operations are as follows:

OFFSHORE ENERGY SUPPORT (Seabulk Offshore) – Offshore energy support includes vessels operating in U.S. and foreign locations used primarily to transport materials, supplies, equipment and personnel to drilling rigs and to support the construction, positioning and ongoing operations of oil and gas production platforms.

MARINE TRANSPORTATION SERVICES (Seabulk Tankers) - Marine transportation services includes oceangoing vessels used to transport chemicals, fuel and other petroleum products, primarily from chemical manufacturing plants, refineries and storage facilities along the U.S. Gulf of Mexico coast to industrial users and distribution facilities in and around the Gulf of Mexico, Atlantic and Pacific coast ports. Certain of the vessels also transport crude oil within Alaska and among Alaska, the Pacific coast and Hawaiian ports.

TOWING (Seabulk Towing) - Harbor and offshore towing services are provided by tugs to vessels utilizing the ports in which the tugs operate, and to vessels at sea to the extent required by offshore commercial contract opportunities and by environmental regulations, casualties or other emergencies.

The Company evaluates performance by operating segment. Also, within the offshore energy support segment, the Company performs additional performance evaluations of vessels marketed in U.S. and foreign locations. Resources are allocated based on segment profit or loss from operations, before interest and taxes.

Revenue by segment and geographic area consists only of services provided to external customers, as reported in the Statements of Operations. Income from operations by geographic area represents net revenue less applicable costs and expenses related to that revenue. Unallocated expenses are primarily comprised of general and administrative expenses of a corporate nature.

The following schedules present segment and geographic information about the Company's operations (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDE JUNE 30,	
	2003	2002	2003	2
REVENUE				
Offshore energy support	$ 39,230	$ 44,061	$ 77,068	$ 8
Marine transportation services	31,750	29,656	61,927	6
Towing	9,012	7,983	18,301	1
Eliminations(1)	(68)	(61)	(143)	
TOTAL	$ 79,924	$ 81,639	$ 157,153	$ 16
OPERATING EXPENSES				
Offshore energy support	$ 23,015	$ 25,092	$ 46,217	$ 4
Marine transportation services	14,113	16,532	27,770	3
Towing	5,521	4,879	10,109	
General Corporate	--	298	--	
Eliminations(1)	(68)	(61)	(143)	

TOTAL	$ 42,581	$ 46,740	$ 83,953	$ 9
DEPRECIATION, AMORTIZATION AND DRYDOCKING				
Offshore energy support	$ 9,901	$ 11,216	$ 20,590	$ 2
Marine transportation services	4,604	4,514	9,158	
Towing	992	810	1,818	
General corporate	426	93	851	
TOTAL	$ 15,923	$ 16,633	$ 32,417	$ 3
INCOME (LOSS) FROM OPERATIONS				
Offshore energy support	$ 1,724	$ 3,320	$ 962	$
Marine transportation services	11,964	7,327	23,047	1
Towing	1,242	1,181	3,895	
General corporate	(2,938)	(3,288)	(5,879)	(
TOTAL	$ 11,992	$ 8,540	$ 22,025	$ 2
NET INCOME (LOSS)				
Offshore energy support	$ (2,160)	$ (4,979)	$ (6,264)	$ (
Marine transportation services	7,343	3,571	14,014	
Towing	369	(128)	2,334	
General Corporate	(2,892)	(2,831)	(5,838)	(
TOTAL	$ 2,660	$ (4,367)	$ 4,246	$ (
GEOGRAPHIC REVENUE				
Domestic	$ 51,022	$ 49,353	$ 99,249	$ 10
Foreign				
West Africa	19,765	22,455	39,729	4
Middle East	5,356	5,780	10,833	1
Southeast Asia	3,781	4,051	7,342	
CONSOLIDATED GEOGRAPHIC REVENUE	$ 79,924	$ 81,639	$ 157,153	$ 16

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(1) Eliminations of intersegment towing revenue and intersegment marine transportation operating expense.

8. COMMITMENTS AND CONTINGENCIES

Under United States law, "United States persons" are prohibited from business activities and contracts in certain countries, including Sudan and Iran. The Company has filed three reports with and submitted documents to the Office of Foreign Asset Control ("OFAC") of the U.S. Department of Treasury. One of the reports was also filed with the Bureau of Export Administration of the U.S. Department of Commerce. The reports and documents related to certain limited charters with third parties involving three of the Company's vessels

which called in the Sudan for several months in 1999 and January 2000, and charters with third parties involving several of the Company's vessels which called in Iran in 1998. In March 2003, the Company received notification from OFAC that the case has been referred to its Civil Penalties Division. Should OFAC determine that these activities constituted violations of the laws or regulations, civil penalties, including fines, could be assessed against the Company. The Company cannot predict the extent of such penalties; however, management does not believe the outcome of these matters will have a material impact on its financial position or results of operations.

The Company was sued by Maritime Transportation Development Corporation (MTDC) in January 2002 in Florida state court in Broward County alleging broker commissions due since 1998 from charters on two of its vessels, the SEABULK MAGNACHEM and SEABULK CHALLENGER, under an alleged broker commission agreement. MTDC was controlled by the founders of the Company's predecessor company. The claim allegedly continues to accrue. The amount alleged to be due is over $500,000, but is subject to offset claims and defenses by the Company. The Company is vigorously defending such charges and believes that it has good defenses, but the Company cannot predict the ultimate outcome.

Under the Company's mutual protection and indemnity marine insurance policy, the Company could be liable for additional premiums to cover investment losses and reserve shortfalls experienced by its marine insurance club (Steamship). The maximum potential amount of additional premiums that can be assessed by Steamship is substantial, however, additional premiums can only be assessed for open policy years. Steamship usually closes a policy year approximately three years after the policy year has ended. As of August 1, 2003, completed policy years 2000 - 2002 are still open, but there have been no additional premiums assessed for these policy years. The Company will record a liability for any such additional premiums when they are assessed and the amount can be reasonably estimated.

From time to time, the Company is also party to personal injury and property damage claims litigation arising in the ordinary course of its business. Protection and indemnity marine liability insurance covers large claims in excess of the Company's significant deductibles and self-insured retentions.

9. STOCK-BASED COMPENSATION

As permitted by SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION ("SFAS 123"), the Company has elected to follow Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES ("APB 25") and related interpretations in accounting for its employee stock-based transactions and has complied with the disclosure requirements of SFAS 123. Under APB 25, compensation expense is calculated at the time of option grant based upon the difference between the exercise prices of the option and the fair market value of the Company's common stock at the date of grant recognized over the vesting period.

On December 31, 2002, the FASB issued SFAS No. 148, ACCOUNTING FOR STOCK-BASED COMPENSATION - TRANSITION AND DISCLOSURE. SFAS No. 148 amends SFAS 123 to provide alternative methods of transition to the fair value method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure provisions of SFAS 123 to require expanded disclosure of

the effects of an entity's accounting policy with respect to stock-based

employee compensation on reported net income and earnings per share in annual and interim financial statements.

The Company uses the Black-Scholes option valuation model to determine the fair value of options granted under the Company's stock option plans. Had compensation expense for the stock option grants been determined based on the fair value at the grant date for awards consistent with the methods of SFAS No. 123, the Company's net income (loss) would have changed the pro forma amounts presented below:

	THREE MONTHS ENDED JUNE 30,		SIX
	2003	2002	2003
Net income (loss), as reported	$ 2,660	$ (4,367)	$ 4
Stock-based compensation expense determined under the fair value method	$ (473)	$ (531)	$
Pro forma net income (loss)	$ 2,187	$ (4,898)	$ 3
Net income (loss) per common share:			
Basic-as reported	$ 0.11	$ (0.41)	$
Basic-pro forma	$ 0.09	$ (0.47)	$
Diluted-as reported	$ 0.11	$ (0.41)	$
Diluted-pro forma	$ 0.09	$ (0.47)	$

10. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Accounting Executive Committee of the American Institute of Certified Public Accountants issued an exposure draft of a proposed Statement of Position ("SOP") entitled ACCOUNTING FOR CERTAIN COSTS AND ACTIVITIES RELATED TO PROPERTY, PLANT AND EQUIPMENT. Under the proposed SOP, the Company would expense major maintenance costs as incurred and prohibit the use of the deferral of the entire cost of a planned major maintenance activity. Currently, the costs incurred to drydock the Company's vessels are deferred and amortized on a straight-line basis over the period to the next drydocking, generally 30 to 36 months. Management has determined that this SOP, if issued as proposed, would have a material effect on the consolidated financial statements. In the year of adoption, the Company would write-off the net book value of the deferred drydocking costs and record the write-off as a change in accounting principle ($23.2 million as of June 30, 2003). Additionally, all drydock expenditures incurred after the adoption of the SOP would be expensed as incurred.

In April 2002, the FASB issued SFAS No. 145, RESCISSION OF FASB STATEMENTS NO. 4, 44 AND 64, AMENDMENT OF FASB STATEMENT NO. 14, AND TECHNICAL CORRECTIONS, which eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an

extraordinary item, net of the related income tax effect, and eliminates an inconsistency between the accounting for sale-leaseback transactions and certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Subsequent to the January 1, 2003 adoption date of the standard, the Company will be required to reclassify to continuing operations amounts previously reported as extinguishments of debt.

In June 2002, the FASB issued SFAS No. 146, ACCOUNTING FOR COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES, which addresses the financial

accounting and reporting for costs associated with exit or disposal activities. SFAS No. 146 is effective for fiscal years beginning after December 31, 2002. The adoption of the standard is not expected to have a significant impact on the Company.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES, INCLUDING INDIRECT GUARANTEES OF INDEBTEDNESS OF OTHERS. FIN 45 expands on the accounting guidance of Statements No. 5, 57, and 107 and incorporates without change the provisions of FASB Interpretation No. 34, which is being superseded. FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, it must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The disclosure requirements in the Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of FIN 45 is not expected to have a significant impact on the Company.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), CONSOLIDATION OF VARIABLE INTEREST ENTITIES, AN INTERPRETATION OF ARB NO. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the variable interest entity. The primary beneficiary is defined as the party which, as a result of holding its variable interest, absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company has not yet determined the impact that the adoption of FIN 46 will have on its financial position, results of operations or cash flows.

11. SUPPLEMENTAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On August 5, 2003, the Company completed the offering of $150 million of Senior Notes due 2013 through a private placement eligible for resale under Rule 144 A and Regulation S. The net proceeds of the offering were used to repay a portion of the Company's indebtedness under its existing $180 million credit facility.

The restricted subsidiaries presented below represent the Company's subsidiaries that will be subject to the terms and conditions outlined in the indenture governing the Senior Notes. Only certain of the restricted subsidiaries, representing the domestic restricted subsidiaries, will guarantee

the notes, jointly and severally, on a senior unsecured basis. The non-guarantor unrestricted subsidiaries presented below represent the subsidiaries that own the five double-hull tankers which are financed by the Title XI debt with recourse to these tankers and the subsidiaries that own them. These subsidiaries are designated as unrestricted subsidiaries under the indenture governing the Senior Notes and will not guarantee the notes.

Supplemental financial information for the Company and its guarantor restricted subsidiaries, non-guarantor restricted subsidiaries and non-guarantor unrestricted subsidiaries for the senior notes is presented below.

CONDENSED CONSOLIDATING BALANCE SHEET
(IN THOUSANDS)

	AS OF JUNE 30			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICT SUBSIDIARI
ASSETS				
Current assets:				
Cash and cash equivalents	$ 22,520	$ 1,608	$ 6,700	$ 18,250
Restricted cash	--	--	1,337	--
Accounts receivable:				
Trade, net	263	13,646	29,299	1,595
Insurance claims and other	861	4,882	10,371	525
Marine operating supplies	(739)	2,973	3,230	2,198
Due (to) from affiliates	--	58,873	124,554	12,541
Prepaid expenses and other	448	478	2,267	490
Total current assets	23,353	82,460	177,758	35,599
Vessels and equipment, net	38,341	173,442	107,079	221,775
Deferred costs, net	6,586	8,744	12,126	6,295
Investments in affiliates	515,777	--	--	--
Other	1,896	2,129	1,843	5,385
Total assets	$ 585,953	$266,775	$298,806	$269,054
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$ 603	$ 2,120	$ 6,216	$ --
Current maturities of long-term debt	16,086	2,768	--	4,836
Current obligations under capital leases	1,007	2,497	--	--
Accrued interest	758	308	--	669

Due (to) from affiliates	192,443	--	--	--
Accrued liabilities and other	8,531	4,010	32,111	749
Total current liabilities	219,428	11,703	38,327	6,254
Long-term debt	171,375	26,027	--	208,562
Obligations under capital leases	12,102	21,917	--	--
Other liabilities	1,768	565	1,082	48
Total liabilities	404,673	60,212	39,409	214,864
Commitments and contingencies				
Minority interest	--	--	--	--
Total stockholders' equity (deficit)	181,280	206,563	259,397	54,190
Total liabilities and stockholders' equity (deficit)	$ 585,953	$266,775	$298,806	$269,054

CONDENSED CONSOLIDATING BALANCE SHEET
(IN THOUSANDS)

	AS OF DECEMBER 31, 20			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICT SUBSIDIARI
ASSETS				
Current assets:				
Cash and cash equivalents	$ 12,316	$ 426	$ 4,802	$ 19,644
Restricted cash	--	--	1,337	--
Accounts Receivable:				
Trade, net	580	15,774	28,239	1,394
Insurance claims and other	797	3,417	8,890	381
Marine operating supplies	(719)	3,099	3,504	2,255
Due (to) from affiliates	--	63,142	134,054	--
Prepaid expenses and other	652	831	1,033	186
Total current assets	13,626	86,689	181,859	23,860
Vessels and equipment, net	40,784	184,917	93,259	226,209
Deferred costs, net	8,243	9,368	13,715	6,902
Investments in affiliates	513,909	30,504	--	--
Other	1,931	3,165	5,345	419

Total assets	$ 578,493	$314,643	$294,178	$257,390
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$ 3,094	$ 2,397	$ 5,783	$ 69
Current maturities of long-term debt	17,586	2,055	--	4,674
Current obligations under capital leases	--	3,005	--	--
Accrued interest	671	393	--	669
Due (to) from affiliates	189,946	10,567	--	206
Accrued liabilities and other	10,013	3,824	27,520	824
Total current liabilities	221,310	22,241	33,303	6,442
Long-term debt	178,500	21,337	--	211,021
Obligations under capital leases	--	28,748	--	--
Other liabilities	1,883	616	944	46
Total liabilities	401,693	72,942	34,247	217,509
Commitments and contingencies				
Minority interest	--	--	--	--
Total stockholders' equity (deficit)	176,800	241,701	259,931	39,881
Total liabilities and stockholders' equity (deficit)	$ 578,493	$314,643	$294,178	$257,390

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN THOUSANDS)

	THREE MONTHS ENDED JUNE 30, 200			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICTED SUBSIDIARIES
Revenue	$ 11,872	$ 23,249	$ 28,902	$ 15,920
Operating expenses	5,720	14,800	15,751	6,329
Overhead expenses	2,865	2,586	3,535	442
Depreciation, amortization and drydocking	1,929	4,530	7,082	2,382

Income from operations	1,358	1,333	2,534	6,767
Other expense, net	(121)	(2,752)	(1,192)	(3,951)
Income (loss) before income taxes	1,237	(1,419)	1,342	2,816
Provision for income taxes	--	--	1,316	--
Net income (loss)	$ 1,237	$ (1,419)	$ 26	$ 2,816

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN THOUSANDS)

	THREE MONTHS ENDED JUNE 30, 2002				
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICTED SUBSIDIARIES	E
Revenue	$ 9,770	$ 24,191	$ 32,287	$ 15,405	
Operating expenses	7,302	14,499	17,863	7,090	
Overhead expenses	2,910	3,230	3,193	393	
Depreciation, amortization and Drydocking	1,956	4,737	7,545	2,395	
Income (loss) from operations ...	(2,398)	1,725	3,686	5,527	
Other expense, net	(321)	(2,678)	(4,156)	(4,011)	
Income (loss) before income taxes	(2,719)	(953)	(470)	1,516	
Provision for income taxes	--	--	1,741	--	
Net income (loss)	$(2,719)	$ (953)	$ (2,211)	$ 1,516	

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN THOUSANDS)

SIX MONTHS ENDED JUNE 30,

	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICTED SUBSIDIARIES
Revenue	$ 23,757	$ 44,822	$ 57,904	$ 30,723
Operating expenses	11,775	28,464	31,777	11,990
Overhead expenses	5,709	5,340	6,907	802
Depreciation, amortization and drydocking	3,867	9,314	14,473	4,763
Income from operations	2,406	1,704	4,747	13,168
Other expense, net	(27)	(4,586)	(2,701)	(7,887)
Income (loss) before income taxes	2,379	(2,882)	2,046	5,281
Provision for income taxes	--	--	2,578	--
Net income (loss)	$ 2,379	$ (2,882)	$ (532)	$ 5,281

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR UNRESTRICTED SUBSIDIARIES
Revenue	$ 20,133	$ 52,125	$ 61,915	$ 30,711
Operating expenses	13,481	31,895	33,121	14,030
Overhead expenses	5,676	5,876	6,129	977
Depreciation, amortization and drydocking	3,935	10,148	14,310	4,798
Income (loss) from operations	(2,959)	4,206	8,355	10,906
Other expense, net	(703)	(7,352)	(7,640)	(8,058)
Income (loss) before income taxes	(3,662)	(3,146)	715	2,848
Provision for income taxes	--	--	3,408	--
Net income (loss)	$ (3,662)	$ (3,146)	$ (2,693)	$ 2,848

15

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NO GUARA UNREST SUBSID
Net cash provided by operating Activities	$ 6,939	$ 3,681	$ 21,989	$ 90
INVESTING ACTIVITIES:				
Expenditures for drydocking	(65)	(3,115)	(3,923)	-
Proceeds from disposals of assets	--	3,607	4,652	-
Purchases of vessels and equipment	(1,059)	(1,056)	(20,420)	-
Investment in Joint Venture	--	--	(400)	-
Net cash used in financing activities	(1,124)	(564)	(20,091)	-
FINANCING ACTIVITIES:				
Payments of existing Credit Facility	(5,000)	--	--	-
Proceeds from long-term debt	--	6,525	--	-
Payments of long-term debt	(2,551)	(798)	--	-
Payments of Title XI bonds	(1,075)	(323)	--	(2,29
Payments of deferred financing costs	(61)	--	--	-
Net proceeds from sale leaseback	13,274	--	--	-
Payments of obligations under capital leases	(327)	(7,339)	--	-
Capitalized issue costs related to Issuance of common stock	(27)	--	--	-
Proceeds from exercise of stock options	155	--	--	-
Proceeds from exercise of warrants	1	--	--	-
Net cash provided by (used in) financing activities	4,389	(1,935)	--	(2,29
Increase (decrease) in cash and cash equivalents	10,204	1,182	1,898	(1,39
Cash and cash equivalents at beginning of period	12,316	426	4,802	19,64
Cash and cash equivalents at end of period	$ 22,520	$ 1,608	$ 6,700	$ 18,25

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE			
	PARENT	GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANTOR RESTRICTED SUBSIDIARIES	NON-GUARANT UNRESTRI SUBSIDIA
Net cash provided by (used in) operating activities	$ 22,161	$ (336)	$ 6,691	$ 6,26
INVESTING ACTIVITIES:				
Expenditures for drydocking	(1,375)	(2,589)	(8,021)	(8
Proceeds from disposals of assets	--	7,213	2,165	1,50
Purchases of vessels and equipment	(137)	(1,755)	(312)	-
Net cash provided by (used in) investing activities	(1,512)	2,869	(6,168)	1,41
FINANCING ACTIVITIES:				
Net repayment of revolving credit facility	(4,281)	--	--	-
Payments of long-term borrowings	(17,970)	(634)	--	-
Payments of Title XI bonds	(1,075)	(323)	--	(2,14
Payments of obligations under capital leases	--	(1,576)	--	-
Capitalization issue costs related to issuance of common stock	(328)	--	--	-
Proceeds from exercise of warrants	1	--	--	-
Net cash used in financing activities	(23,653)	(2,533)	--	(2,14
Increase (decrease) in cash and cash equivalents	(3,004)	--	523	5,53
Cash and cash equivalents at beginning of period	250	284	3,888	7,20
Cash and cash equivalents at end of period	$ (2,754)	$ 284	$ 4,411	$ 12,74

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Report and the 2002 Form 10-K.

The MD&A contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in the MD&A are forward-looking statements. Although the Company believes that the expectations and beliefs reflected in such forward-looking statements are reasonable, it can give no assurance that they will prove correct. For information regarding the risks and uncertainties that could cause such forward-looking statements to prove incorrect, see "Projections and Other Forward-Looking Information" in Item 1 of the 2002 Form 10-K.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For general information concerning critical accounting policies as well as estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Policies and Estimates" in the 2002 Form 10-K.

In June 2001, the Accounting Executive Committee of the American Institute of Certified Public Accountants issued an exposure draft of a proposed Statement of Position ("SOP") entitled ACCOUNTING FOR CERTAIN COSTS AND ACTIVITIES RELATED TO PROPERTY, PLANT AND EQUIPMENT. Under the proposed SOP, the Company would expense major maintenance costs as incurred and prohibit the use of the deferral of the entire cost of a planned major maintenance activity. Currently, the costs incurred to drydock the vessels are deferred and amortized on a straight-line basis over the period to the next drydocking, generally 30 to 36 months. Management has determined that this SOP, if issued as proposed, would have a material effect on the consolidated financial statements. In the year of adoption, the Company would write off the net book value of the deferred drydocking costs and record the write off as a change in accounting principle ($23.2 million as of June 30, 2003). Additionally, all drydock expenditures incurred after the adoption of the SOP would be expensed as incurred.

REVENUE OVERVIEW

The Company derives its revenue from three main lines of business - Seabulk Offshore, Seabulk Tankers, and Seabulk Towing. Seabulk Offshore, the Company's domestic and international offshore energy support business, accounted for approximately 49% and 54% of Company revenue for the three months ended June 30, 2003 and 2002, respectively. Marine transportation, under the name Seabulk Tankers, consists of the Company's Jones Act domestic tanker business, in which it owns nine petroleum and chemical product carriers in the domestic coastwise trade and leases one vessel under a bareboat charter. Seabulk Tankers accounted for approximately 40% and 36% of Company revenue for the three months ended June 30, 2003 and 2002, respectively. Seabulk Towing, the Company's domestic harbor and offshore towing business, accounted for approximately 11% and 10% of Company revenue for the three months ended June 30, 2003 and 2002, respectively.

SEABULK OFFSHORE

Revenue from the Company's offshore energy support operations is primarily a function of the size of the Company's fleet, vessel day rates or charter rates, and fleet utilization. Rates and utilization are primarily a function of offshore exploration, development, and production activities, which are in turn heavily dependent upon the price of crude oil and natural gas. Further, in certain areas where the Company conducts offshore energy support operations (particularly the U.S. Gulf of Mexico), contracts for the utilization of offshore energy support vessels commonly include termination provisions with three- to five-day notice requirements and no termination penalty. As a result, companies engaged in offshore energy support operations (including the Company) are particularly sensitive to changes in market demand.

As the Company's offshore energy support fleet gets older, the Company's strategy is to look for opportunities to upgrade its offshore fleet to higher-value, newer vessels and to reduce the number of older and smaller crewboats in its fleet. The Company sold 15 offshore energy support vessels during the first half of 2003 for an aggregate total of $7.9 million and a gain of approximately $1.3 million. The Company sold 17 offshore energy support vessels during 2002 for an aggregate total of $6.8 million and a gain of approximately $55,000.

Periods for collection of receivables in certain foreign areas of operation in the offshore business tend to be longer than is usual for the United States. The Company regularly monitors all such receivables accounts and believes that it has accrued adequate reserves where necessary.

The following tables set forth, by primary area of operation, average day rates achieved by the offshore energy fleet owned or operated by the Company and average utilization for the periods indicated. Average day rates are calculated by dividing total revenue by the number of days worked. Utilization percentages are based upon the number of working days over a 365/366-day year and the number of vessels in the fleet on the last day of the quarter.

	Q1 2003				Q2	
	AHTS/ Supply	AHT/ Tugs	Crew/ Utility	Other	AHTS/ Supply	AHT/ Tugs
DOMESTIC(1)						
Vessels(2)	21	--	25	2	21	--
Laid-Up	--	--	--	1	--	--
Effective Utilization(3)	56%	--	61%	--	67%	--
Day Rate	$5,192	--	$2,330	--	$4,989	--
WEST AFRICA						
Vessels(2)	32	4	6	1	32	4
Laid-Up	--	--	--	--	--	--

Effective Utilization(3)	80%	72%	97%	--	83%	76%
Day Rate	$7,223	$6,131	$3,028	--	$7,199	$6,198
MIDDLE EAST						
Vessels(2)	6	6	7	6	6	6
Laid-Up	--	--	--	1	--	--
Effective Utilization(3)	90%	56%	86%	52%	89%	48%
Day Rate	$3,283	$4,457	$1,682	$5,213	$3,393	$5,364
SOUTHEAST ASIA						
Vessels(2)	9	1	--	1	8	--
Laid-Up	--	--	--	--	--	--
Effective Utilization(3)	59%	--	--	--	80%	--
Day Rate	$5,936	--	--	--	$5,321	--

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(1) Domestic consists of vessels operating in the United States, the U.S. Gulf of Mexico and Mexico.

(2) Held-for-sale and bareboat-out vessels are excluded from the vessel count.

(3) Effective utilization excludes laid-up vessels.

	Q1 2002				Q2 2002			
	AHTS/ Supply	AHT/ Tugs	Crew/ Utility	Other	AHTS/ Supply	AHT/ Tugs	Crew/ Utility	Other
DOMESTIC(1)								
Vessels(2)	24	--	30	2	21	--	31	
Bareboat-out	--	--	--	--	--	--	--	-
Laid-Up	--	--	--	1	--	--	--	
Effective Utilization(3)	59%	--	65%	--	63%	--	58%	-
Day Rate	$6,687	--	$2,666	--	$6,005	--	$2,469	-
WEST AFRICA								
Vessels(2)	29	5	7	1	30	5	6	
Laid-Up	--	1	--	--	--	1	--	-
Effective Utilization(3)	84%	86%	89%	97%	85%	97%	84%	-
Day Rate	$7,368	$6,613	$3,124	--	$8,042	$6,522	$2,722	-
MIDDLE EAST								
Vessels(2)	6	8	8	5	6	8	8	
Laid-Up	--	1	1	1	--	1	1	
Effective								

Utilization(3)	83%	75%	81%	77%	79%	62%	85%	6
Day Rate	$3,265	$4,571	$1,649	$4,502	$3,250	$5,048	$1,668	$4,47
SOUTHEAST ASIA								
Vessels(2)	8	--	5	2	8	--	--	
Laid-Up	--	--	--	--	--	--	--	-
Effective Utilization(3)	59%	--	53%	44%	68%	--	--	-
Day Rate	$5,510	--	$1,472	--	$6,320	--	--	-

	Q3 2002				Q4 2002			
	AHTS/ Supply	AHT/ Tugs	Crew/ Utility	Other	AHTS/ Supply	AHT/ Tugs	Crew/ Utility	Other
DOMESTIC(1)								
Vessels(2)	21	--	31	2	21	--	28	2
Bareboat-out	--	--	--	--	--	--	--	--
Laid-Up	--	--	--	1	--	--	--	1
Effective Utilization(3)	63%	--	62%	--	65%	--	65%	--
Day Rate	$5,581	--	$2,530	--	$5,252	--	$2,315	--
WEST AFRICA								
Vessels(2)	30	5	6	1	30	4	6	1
Laid-Up	--	1	--	--	--	--	--	--
Effective Utilization(3)	80%	87%	76%	--	79%	71%	68%	--
Day Rate	$7,787	$6,234	$2,976	--	$7,316	$5,891	$2,878	--
MIDDLE EAST								
Vessels(2)	6	8	8	5	6	7	7	5
Laid-Up	--	1	1	1	--	--	--	1
Effective Utilization(3)	92%	49%	88%	65%	86%	71%	95%	57
Day Rate	$3,496	$4,556	$1,646	$4,181	$3,684	$3,991	$1,666	$4,197
SOUTHEAST ASIA								
Vessels(2)	8	--	--	2	8	--	--	2
Laid-Up	--	--	--	--	--	--	--	--
Effective Utilization(3)	66%	--	--	--	61%	--	--	--
Day Rate	$5,584	--	--	--	$6,484	--	--	--

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(1) Domestic consists of vessels operating in the United States, the U.S. Gulf of Mexico and Mexico.

(2) Held-for-sale and bareboat-out vessels are excluded from the vessel count.

(3) Effective utilization excludes laid-up vessels.

Domestic revenue for the six months ended June 30, 2003 was adversely affected by the continued slowdown in natural gas and crude oil drilling activity in the U.S. Gulf of Mexico. Despite relatively high natural gas prices and dwindling inventories, exploration and production companies in the U.S. Gulf of Mexico were unwilling to invest in new projects until there was clear evidence of the sustainability of commodity prices and an increase in energy demand. Although there is still uncertainty in the market, the rise in both crude oil and natural gas prices that began in the fourth quarter of 2002, the temporary shutoff of Iraqi and Venezuelan imports, dwindling inventories of both crude oil and natural gas as the winter of 2002/2003 turned out to be much colder than expected, and other factors, should eventually aid a recovery in the Gulf of Mexico offshore vessel market. In the meantime, the Company is exploring charter opportunities in Mexico, which remains an active market. On the other hand, some exploration and drilling companies have reduced expectations for energy prospects in the mature Gulf of Mexico market. These two factors may prolong the slump in this market and limit the extent of a recovery. The recent increase in worldwide crude oil inventories and subsequent decline in crude oil prices following the conclusion of the war phase in Iraq may also impact any recovery.

International offshore revenues for the six months ended June 30, 2003 decreased slightly from the same period in the prior year. In West Africa, the demand for vessels, and hence utilization, remained strong as this is an oil-driven deepwater market with longer time horizons and increasing exploration and production budgets primarily from oil company majors. The Company redeployed one vessel and added one newbuild vessel to its West African operations during the first half of 2003. The recent unrest in Nigeria did not have a significant impact on its operations.

International vessel demand is primarily driven by crude oil exploration and production. During the second quarter of 2003, crude oil prices and demand remained firm. The Company expects international exploration and production spending to continue to increase in West Africa, which should strengthen vessel demand in that area. Revenue decreased from the prior year for the Company's Middle East operations as both vessel count and utilization decreased. In Southeast Asia, revenue increased slightly from the year-earlier period due to an increase in utilization.

Day rates currently available to the Company's anchor handling tug supply and supply boats average approximately $5,000 for Domestic, $7,100 for West Africa, $3,400 for the Middle East and $5,300 for Southeast Asia.

The Company had two offshore vessels in "held-for-sale" status as of June 30, 2003. The balance is included in other assets on the condensed consolidated balance sheet.

SEABULK TANKERS

Revenue from the Company's marine transportation services is derived from the operations of ten tankers carrying crude oil, petroleum products and chemical products in the U.S. Jones Act trade.

The Company's tanker fleet operates on either long-term time charters, bareboat charters, or pursuant to contracts of affreightment. The Company currently has six tankers operating under long-term time charters, three on contracts of affreightment and one under a bareboat charter.

The following table sets forth the number of vessels and revenue for the Company's petroleum and chemical product carriers:

	SIX MONTHS ENDED JUNE 30,	
	2003	2002
Number of vessels owned at end of period	10	10
Revenue (in thousands)	$61,927	$57,880

Tanker revenue increased by 7.0% in the first half of 2003 compared to the same period in the prior year as a result of improved rates and higher utilization.

PETROLEUM TANKERS. Demand for the Company's crude oil and petroleum product transportation services is dependent both on production and refining levels in the United States as well as on domestic consumer and commercial consumption of petroleum products and chemicals. The Company owned eight petroleum product tankers at June 30, 2003. Five of these are double-hull, state-of-the-art vessels, of which two have chemical-carrying capability. Since January 2002, a major oil company charterer has had exclusive possession and control of one of the petroleum product tankers and is responsible for all operating and drydocking expenses of the vessel. That bareboat charter is expected to be converted to a transportation contract during the third quarter of 2003. In the third quarter of 2002, a vessel previously trading under a voyage contract entered into a three-year time charter with a major oil company, and two of the Company's existing time charters were extended through July 10, 2010. Under a time charter, fuel and port charges are borne by the charterer and are therefore not reflected in the charter rates. Consequently, both the revenue and cost side of time charter vessels are reduced by the amount of the fuel and port charges. The Company's Jones Act fleet is benefiting from a tightening domestic tanker market, which should see a further strengthening as OPA 90 forces out older, single-hull vessels. None of the Company's single-hull vessels are scheduled for retirement under OPA 90 before 2007.

CHEMICAL TANKERS. Demand for the Company's industrial chemical transportation services generally coincides with overall domestic economic activity. The Company operated two chemical tankers and one of the five double-hull vessels in the chemical trade as of June 30, 2003. The two chemical tankers are double-bottom ships. The higher day rate environment for petroleum tankers is carrying over into the chemical tanker market as charterers look for quality tonnage to replace older single-hull vessels.

SEABULK TOWING

Revenue derived from the Company's tug operations is primarily a function of the number of tugs available to provide services, the rates charged for their services, the volume of vessel traffic requiring docking and other ship-assist services and competition. Vessel traffic, in turn, is largely a function of the general trade activity in the region served by the port.

The following table summarizes certain operating information for the Company's tugs:

	SIX MONTHS ENDED JUNE 30,	
	2003	2002
Number of tugs at end of period	28	31
Revenue (in thousands)	$18,301	$16,043

Towing revenue increased 14.1% in the first half of 2003 compared to the same period in the prior year due to increased vessel traffic in certain of the Company's ports and other factors, including higher rates.

The Company has been the sole provider of docking services in Port Canaveral, the smallest of its harbor towing markets. As a result of a recent proceeding before the Federal Maritime Commission, the Company is expected to

have a competitor in Port Canaveral. Port Canaveral Towing intends to continue its operations at Port Canaveral.

OVERVIEW OF OPERATING EXPENSES AND CAPITAL EXPENDITURES

The Company's operating expenses are primarily a function of fleet size and utilization. The most significant expense categories are crew payroll and benefits, maintenance and repairs, fuel, insurance and charter hire. For general information concerning these categories of operating expenses as well as capital expenditures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations, Overview of Operating Expenses and Capital Expenditures" in the 2002 Form 10-K.

RESULTS OF OPERATIONS

The following table sets forth certain selected financial data and percentages of revenue for the periods indicated:

	THREE MONTHS ENDED JUNE 30,	
	2003	2002

	(IN MILLIONS)			
Revenue	$79.9	100.0%	$81.6	100.0
Operating expenses	42.6	53.3	46.7	57.2
Overhead expenses	9.4	11.8	9.7	11.9
Depreciation, amortization and drydocking	15.9	19.9	16.6	20.3
Income from operations	$12.0	15.0%	$ 8.5	10.6
Interest expense, net	$ 8.1	10.1%	$12.3	15.1
Other income, net	$ 0.1	0.1%	$ 1.1	1.3
Net income (loss)	$ 2.7	3.4%	$(4.4)	(5.4

THREE MONTHS ENDED JUNE 30, 2003 COMPARED WITH THE THREE MONTHS ENDED JUNE 30, 2002

REVENUE. Revenue decreased 2.1% to $79.9 million for the three months ended June 30, 2003 from $81.6 million for the three months ended June 30, 2002.

Offshore energy support revenue decreased 11.0% to $39.2 million for the three months ended June 30, 2003 from $44.1 million for the same period in 2002, primarily due to reduced revenue from the U.S. Gulf of Mexico and the West Africa operating region. Revenue from the U.S. Gulf of Mexico decreased during the three months ended June 30, 2003 compared to the same period in 2002 primarily due to reduced exploration and production activity as oil companies were unwilling to invest in new projects until there was clear evidence of the sustainability of commodity prices and an increase in energy demand. The decrease in West Africa revenue was driven by lower day rates and a reduction in vessel count.

Marine transportation revenue increased 7.1% to $31.8 million for the three months ended June 30, 2003 from $29.7 million for the three months ended June 30, 2002. This increase is primarily due to an improvement in rates and higher utilization.

Towing revenue increased 12.9% to $9.0 million for the three months ended June 30, 2003 from $8.0 million for the three months ended June 30, 2002. The increase in revenue is due to increased vessel traffic in certain of the Company's ports and other factors, including higher rates.

OPERATING EXPENSES. Operating expenses decreased 8.9% to $42.6 million for the three months ended June 30, 2003 from $46.7 million for the same period in 2002. The decrease is due to a variety of factors, including a reduction in crewing payroll in the struggling U.S. Gulf of Mexico market, as well as strong payroll expense control in the towing and tanker segments. Repairs and maintenance decreased as there were major repairs in the tanker segment for the

same period in 2002. Fuel and consumables decreased in the West Africa region as the passenger count on the vessels decreased. As a percentage of revenue, operating expenses decreased to 53.3% for the three months ended June 30, 2003 from 57.2% for the 2002 period.

OVERHEAD EXPENSES. Overhead expenses decreased 3.1% to $9.4 million for the three months ended June 30, 2003 from $9.7 million for the same period in 2002, primarily due to a decrease in professional fees and other overhead. Other overhead decreased as a result of a reduction in the bad debt reserve. As a percentage of revenue, overhead expenses decreased to 11.8% for the three months ended June 30, 2003 compared to 11.9% for the same period in 2002.

DEPRECIATION, AMORTIZATION AND DRYDOCKING. Depreciation, amortization and drydocking decreased 4.3% to $15.9 million for the three months ended June 30, 2003 from $16.6 million for the three months ended June 30, 2002 primarily due to a reduction in drydockings in the offshore energy segment as the Company has been selling its older and smaller vessels.

NET INTEREST EXPENSE. Net interest expense decreased 34.0% to $8.1 million for the three months ended June 30, 2003 from $12.3 million for the same period in 2002. The decrease is primarily due to a lower debt balance and lower interest rates as a result of the recapitalization in September 2002.

OTHER INCOME, NET. Other income, net decreased to $0.1 million for the three months ended June 30, 2003 compared to other income, net of $1.1 million for the same period in 2002, primarily due to a smaller gain on vessel sales in 2003 compared to the 2002 period.

SIX MONTHS ENDED JUNE 30, 2003 COMPARED WITH THE SIX MONTHS ENDED JUNE 30, 2002

REVENUE. Revenue decreased 4.7% to $157.2 million for the six months ended June 30, 2003 from $164.8 million for the six months ended June 30, 2002.

Offshore energy support revenue decreased 11.8% to $77.1 million for the six months ended June 30, 2003 from $87.4 million for the same period in 2002, primarily due to reduced revenue from the U.S. Gulf of Mexico. Revenue from the U.S. Gulf of Mexico decreased during the six months ended June 30, 2003 compared to the same period in 2002 primarily due to reduced exploration and production activity as oil companies were unwilling to invest in new projects until there was clear evidence of the sustainability of commodity prices and an increase in energy demand.

Marine transportation revenue remains substantially the same at $61.9 million for the six months ended June 30, 2003 as compared to $61.6 million for the six months ended June 30, 2002.

Towing revenue increased 14.1% to $18.3 million for the six months ended June 30, 2003 from $16.0 million for the six months ended June 30, 2002. The increase in revenue is due to increased vessel traffic in certain of the Company's ports and other factors, including higher rates.

OPERATING EXPENSES. Operating expenses decreased 9.2% to $84.0 million for the six months ended June 30, 2003 from $92.5 million for the same period in 2002. The decrease is due to a variety of factors, including the elimination of operating expenses for the Company's Sun State Marine Services subsidiary, which was discontinued in March 2002, a reduction in crewing payroll in the struggling U.S. Gulf of Mexico market, a decrease in repairs and maintenance for the Company's tanker segment due to major repairs done in the first half of 2002, and a decrease in fuel and consumables in the West Africa operating region. As a percentage of revenue, operating expenses decreased to 53.4% for the six months ended June 30, 2003 from 56.1% for the 2002 period.

OVERHEAD EXPENSES. Overhead expenses remain substantially the same at $18.8 million for the six months ended June 30, 2003 as compared to $18.7 million for the six months ended June 30, 2002.

DEPRECIATION, AMORTIZATION AND DRYDOCKING. Depreciation, amortization and drydocking decreased 2.3% to $32.4 million for the six months ended June 30, 2003 from $33.2 million for the six months ended June 30, 2002 primarily due to a reduction in drydockings in the offshore energy segment as the Company has been selling its older and smaller vessels.

NET INTEREST EXPENSE. Net interest expense decreased 35.5% to $16.1 million for the six months ended June 30, 2003 from $24.9 million for the same period in 2002. The decrease is primarily due to a lower debt balance and lower interest rates as a result of the recapitalization in September 2002.

OTHER INCOME, NET. Other income, net decreased to $0.9 million for the six months ended June 30, 2003 compared to $1.2 million for the same period in 2002, primarily due to a smaller gain on asset sales in 2003 compared to the same period in 2002.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS. Net cash provided by operating activities totaled $33.5 million for the six months ended June 30, 2003 compared to $34.8 million for the same period in 2002. Net income improved by $10.9 million over the 2002 period as a result of the factors mentioned above. This was partially offset by a decrease of $7.6 million between the 2002 and 2003 period in trade accounts and other receivables. The collections from the Company's protection and indemnity insurance club for settlement of outstanding insurance claims were higher in the first half of 2002 versus the 2003 period.

Net cash used in investing activities was $21.8 million for the six months ended June 30, 2003 compared to $3.4 million for the same period in 2002. The increase in cash used in investing activities is due to the cash purchases of the SEABULK AFRICA in January 2003 and the SEABULK IPANEMA in April 2003, and the initial down payment on the first Brazilian newbuild in April 2003 (See Note 3).

Net cash provided by financing activities for the six months ended June 30, 2003 was $0.2 million compared to net cash used in financing activities of $28.3 million for the same period in 2002. The decrease in cash used in financing activities is attributable to larger payments in 2002 on the previous term loans and from the proceeds of the sale leaseback of the SEABULK AFRICA in April 2003 (See Note 3).

RECENT EXPENDITURES AND FUTURE CASH REQUIREMENTS. During the first six months of 2003, the Company incurred $29.6 million in capital expenditures for fleet improvements and drydocking costs of which approximately $21 million was for the purchase of the SEABULK AFRICA and the SEABULK IPANEMA, as well as the down payment on the Brazilian newbuild. For the remainder of 2003, maintenance capital expenditures are expected to aggregate approximately $16 million. The Company received net proceeds of approximately $13.3 million from the sale-leaseback of the SEABULK AFRICA in April of 2003. Total 2003 expenditures of approximately $46.0 million will substantially cover all of the Company's drydocking requirements for 64 vessels during 2003.

Long-term debt consisted of the following at June 30, 2003:

FACILITY	2003 PAYMENTS	OUTSTANDING BALANCE AS OF JUNE 30, 2003	MATURITY
Bank Tranche A revolver	$5.0 million	$93.7 million	2007
Bank Tranche B term loan	$0.0 million	$80.0 million	2007
Title XI Financing Bonds	$3.7 million	$230.8 million	2005 to 2024
Other notes payable	$3.3 million	$25.2 million	2003 to 2011

In addition to the revolver balance of $93.7 million, there are $1.3 million in outstanding letters of credit as of June 30, 2003. The Company is required to make semi-annual principal repayments of the revolver commencing six months after September 2002 with the final payment due in September 2007. In connection with the Notes offering, the bank Tranche A revolver has been amended and the bank Tranche B term loan has been prepaid and cancelled (See Note 2).

The Company's capital requirements arise primarily from its need to service debt, fund working capital, maintain and improve its vessels, and make vessel acquisitions. The Company's expected 2003 capital requirements for debt service, vessel maintenance and fleet improvements total approximately $93 million. The Company expects that cash flow from operations will continue to be a significant source of funds for its working capital and capital requirements.

Management continues implementation of certain initiatives in an effort to improve profitability and liquidity. These initiatives include (1) selective acquisitions and charters of additional vessels, (2) repositioning certain vessels to take advantage of higher day rates, (3) selling unprofitable vessels, and (4) eliminating non-essential operating and overhead expenses.

While the Company believes that these initiatives are sound and attainable, the possibility exists that unforeseen events or business or regulatory conditions, including deterioration in its markets, could prevent the Company from meeting targeted operating results. If unforeseen events or business or regulatory conditions prevent the Company from meeting targeted operating results, it will continue to pursue alternative plans including additional asset sales, additional reductions in operating expenses and deferral of capital expenditures, which should enable the Company to satisfy essential capital requirements. While the Company believes it could successfully complete alternative plans, if necessary, there can be no assurance that such alternatives would be available or that the Company would be successful in their implementation.

EFFECTS OF INFLATION

The rate of inflation has not had a material impact on the Company's operations. Moreover, if inflation remains at its recent levels, it is not expected to have a material impact on the Company's operations for the

foreseeable future.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Accounting Executive Committee of the American Institute of Certified Public Accountants issued an exposure draft of a proposed Statement of Position ("SOP") entitled ACCOUNTING FOR CERTAIN COSTS AND ACTIVITIES RELATED TO PROPERTY, PLANT AND EQUIPMENT. Under the proposed SOP, the Company would expense major maintenance costs as incurred and prohibit the use of the deferral of the entire cost of a planned major maintenance activity.

Currently, the costs incurred to drydock the Company's vessels are deferred and amortized on a straight-line basis over the period to the next drydocking, generally 30 to 36 months. Management has determined that this SOP, if issued as proposed, would have a material effect on the consolidated financial statements. In the year of adoption, the Company would write-off the net book value of the deferred drydocking costs and record the write-off as a change in accounting principle ($23.2 million as of June 30, 2003). Additionally, all drydock expenditures incurred after the adoption of the SOP would be expensed as incurred.

In April 2002, the FASB issued SFAS No. 145, RESCISSION OF FASB STATEMENTS NO. 4, 44 AND 64, AMENDMENT OF FASB STATEMENT NO. 14, AND TECHNICAL CORRECTIONS, which eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect, and eliminates an inconsistency between the accounting for sale-leaseback transactions and certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Subsequent to the January 1, 2003 adoption date of the standard, the Company will be required to reclassify to continuing operations amounts previously reported as extinguishments of debt.

In June 2002, the FASB issued SFAS No. 146, ACCOUNTING FOR COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES, which addresses the financial accounting and reporting for costs associated with exit or disposal activities. SFAS No. 146 is effective for fiscal years beginning after December 31, 2002. The adoption of the standard is not expected to have a significant impact on the Company.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES, INCLUDING INDIRECT GUARANTEES OF INDEBTEDNESS OF OTHERS. FIN 45 expands on the accounting guidance of Statements No. 5, 57, and 107 and incorporates without change the provisions of FASB Interpretation No. 34, which is being superseded. FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, it must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The disclosure requirements in the Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of FIN 45 is not expected to have a significant impact on the Company.

In December 2002, the FASB issued SFAS No. 148, ACCOUNTING FOR STOCK-BASED COMPENSATION - TRANSITION AND DISCLOSURE. SFAS No. 148 amends SFAS

123 to provide alternative methods of transition to the fair value method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure provisions of SFAS 123 to require expanded disclosure of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, "CONSOLIDATION OF VARIABLE INTEREST ENTITIES, AN INTERPRETATION OF ARB NO. 51" (FIN46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the variable interest entity. The primary beneficiary is defined as the party which, as a result of holding its variable interest, absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company has not yet determined the impact that the adoption of FIN 46 will have on its financial position, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

The Company is exposed to market risk from changes in interest rates, which may adversely affect its results of operations and financial condition. The Company's policy is not to use financial instruments for trading or other speculative purposes, and the Company is not a party to any leveraged financial instruments. The Company manages market risk by restricting the use of derivative financial instruments to infrequent purchases of forward contracts for the purchase of fuel oil for its carrier fleet. These contracts have been terminated as of December 31, 2001.

The Jones Act restricts the U.S. coastwise trade to vessels owned, operated and crewed substantially by U.S. citizens. The Jones Act continues to be in effect and supported by Congress and the Administration. However, it is possible that the Company's advantage as a U.S. citizen operator of Jones Act vessels could be somewhat eroded over time as there continue to be periodic efforts and attempts by foreign interests to circumvent certain aspects of the Jones Act.

EXPOSURE TO SHORT-TERM INTEREST RATEs. In connection with the Senior Notes offering, the Company has amended and restated its existing credit facility (see Note 2). The amended credit facility consists of an $80 million revolving credit facility and has a five-year maturity. The interest rate is currently 5.11%. A hypothetical 2.0% increase in interest rates on $80 million of debt would cause the Company's interest expense to increase on average approximately $1.2 million per year over the term of the loans, with a corresponding decrease in income before taxes.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.

The Company maintains systems of disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) designed to

ensure that the Company is able to record, process, summarize and report, within the applicable time periods, the information required in the Company's annual and quarterly reports under the Securities Exchange Act of 1934. Management of the Company has evaluated the effectiveness of these disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that these disclosure controls and procedures are effective to accomplish their purpose. No significant changes were made to the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, nor were any corrective actions with respect to significant deficiencies and material weaknesses necessary subsequent to that date.

Attached as Exhibits 31.1 and 31.2 hereto are certifications by the Company's Chief Executive Officer and Chief Financial Officer, which are required by Section 302 of the Sarbanes-Oxley Act of 2002. The information set forth in this Item 4 should be read in conjunction with these Section 302 certifications.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information concerning certain legal proceedings, see Note 8 of the financial statements.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

The Company held its annual meeting of shareholders on May 16, 2003. At the meeting, the shareholders elected the following individuals to one-year terms as members of the Board of Directors: Ari J. Benacerraf, Peter H. Cressy, David A. Durkin, Kenneth V. Huseman, Robert L. Keiser, Gerhard E.Kurz, Pierre F. Lapeyre, Jr., David M. Leuschen, Thomas P. Moore, Jr., and Steven A. Webster.

The shareholders also approved amendment of the Company's Amended and Restated Equity Ownership Plan to increase the number of shares of the Company's common stock available for issuance under the Plan from 1,300,000 to 2,300,000, and to amend the definition of the term "Change in Control" in such Plan.

The shareholders also approved amendment of the Seabulk International, Inc. Stock Option Plan for Directors to increase the number of shares of the Company's common stock available for issuance under such Plan from 125,000 to 360,000, and amend the definition of the term "Change in Control" in such Plan.

The voting results of the election of directors, amendment of the two Plans and the ratification of the appointment of Ernst & Young LLP as independent public accountants for the year 2003 voted upon at the meeting are

as follows:

Election of Directors:

NOMINEE	VOTES FOR	AUTHORITY WITHHELD
Ari J. Benacerraf	19,209,286	147,019
Peter H. Cressy	19,242,615	113,690
David A. Durkin	19,241,415	114,890
Kenneth V. Huseman	19,241,515	114,790
Robert L. Keiser	19,210,186	146,119
Gerhard E. Kurz	19,233,215	123,090
Pierre F. Lapeyre, Jr.	19,209,186	147,119
David M. Leuschen	19,241,515	114,790
Thomas P. Moore, Jr.	19,242,515	113,790
Steven A. Webster	19,241,515	114,790

To approve amendment of the Company's Amended and Restated Equity Ownership Plan to increase the number of shares of the Company's common stock available for issuance under the Plan from 1,300,000 to 2,300,000, and amend the definition of the term "Change in Control" in such Plan:

VOTES FOR	VOTES AGAINST	VOTES ABSTAINING
17,375,434	214,871	6,700

To approve amendment of the Seabulk International, Inc. Stock Option Plan for Directors to increase the number of shares of the Company's common stock available for issuance under such Plan from 125,000 to 360,000, and amend the definition of the term "Change in Control" in such Plan:

VOTES FOR	VOTES AGAINST	VOTES ABSTAINING
17,478,491	111,291	7,223

To ratify the appointment of Ernst & Young LLP as the Company's independent public accountants for the year ending December 31, 2003:

VOTES FOR	VOTES AGAINST	VOTES ABSTAINING
19,353,905	2,000	400

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1 Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

31.2 Certification of Principal Financial Officer pursuant

to Rule 13a-14(a) of the Securities Exchange Act of 1934.

32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C.ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C.ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports of Form 8-K

The following reports on Form 8-K were filed during the quarter ended June 30, 2003:

1. The Company filed a Current Report on Form 8-K dated April 21, 2003. Item 5 was reported and no financial statements were filed.

2. The Company filed a Current Report on Form 8-K dated May 9, 2003. Item 5 was reported and no financial statements were filed.

3. The Company filed a Current Report on Form 8-K dated June 16, 2003. Item 5 was reported and no financial statements were filed.

SIGNATURE

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.

SEABULK INTERNATIONAL, INC.

/s/ MICHAEL J. PELLICCI

Michael J. Pellicci
VP - Finance and Corporate Controller
(Principal Accounting Officer)
Date: August 14, 2003