GLOBAL INDUSTRIES LTD
Form 10-K
March 16, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[x] Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2005

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition period from _____ to _____

Commission File Number 0-21086

Global Industries, Ltd.

(Exact Name of Registrant as Specified in Its Charter)

LOUISIANA	**72-1212563**
(State or Other Jurisdiction of Incorporation Organization)	(I.R.S. Employer Identification Number)
8000 Global Drive **Carlyss, Louisiana**	**70665**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (337) 583-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
None	**None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($0.01 par value)
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES [X] NO [ ]

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES [ ] NO [X]

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large Accelerated Filer [X] Accelerated Filer [ ] Non-accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2)
YES [ ] NO [X]

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of June 30, 2005 was $718,574,930 based on the last reported sales price of the Common Stock on June 30, 2005 on the NASDAQ\NMS.

The number of shares of the registrant's Common Stock outstanding as of March 10, 2006, was 114,599,096.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 16, 2006 are incorporated by reference into Part III hereof.

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FORWARD-LOOKING STATEMENTS

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our Company and to take advantage of the "safe harbor" protection for forward-looking statements that applicable federal securities law affords.

From time to time, our management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about our Company. These statements may include projections and estimates concerning the timing and success of specific projects and our future backlog, revenues, income, and capital spending. Forward-looking statements are generally accompanied by words such as "estimate," "project," "believe," "expect," "anticipate," "plan," "goal," or other words that convey the uncertainty of future events or outcomes.

In addition, various statements in this Annual Report, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. Those forward-looking statements appear in Item 1 - "Business" in Part I of this Annual Report and in Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report and elsewhere in this Annual Report. These forward-looking statements speak only as of the date of this Annual Report; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory, and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- fluctuations in the prices or demand for oil and gas;
- the level of offshore drilling activity;
- operating hazards;
- industry conditions;
- foreign exchange and currency fluctuations;
- changes in laws and regulations;
- acquisition or divestitures;
- environmental matters; and
- the availability of capital resources.

We believe the items we have outlined above are important factors that could cause estimates in our financial statements to differ materially from actual results and those expressed in a forward-looking statement made in this report or elsewhere by us or on our behalf. We have discussed many of these factors in more detail elsewhere in this report. These factors are not necessarily all the important factors that could affect us. Unpredictable or unknown factors we have not discussed in this report could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises, except as required by applicable securities laws and regulations. We advise our security holders that they should be aware that important factors not referred to above could affect the accuracy of our forward-looking statements.

PART I

ITEM 1. BUSINESS

We provide construction services including pipeline construction, platform installation and removal, diving services, and construction support to the offshore oil and gas industry in the United States Gulf of Mexico and in selected international areas. Unless the context indicates otherwise, all references to "we," "us," "our," or "the Company" refer to Global Industries, Ltd. and its consolidated subsidiaries.

We began as a provider of diving services to the offshore oil and gas industry over thirty years ago and have used selective acquisitions, new construction, and upgrades to expand our operations and assets. On December 31, 2005, our fleet included sixteen major construction vessels, four cargo launch barges, fourteen dive support vessels ("DSVs"), and five other miscellaneous offshore support vessels. All but three of these vessels were utilized in productive service for the Company in 2005. Our major construction vessels, which include thirteen barges, two ships, and one small waterplane area twin hull ("SWATH") vessel, have various combinations of pipelay, pipebury, derrick, and dive support capabilities.

DESCRIPTION OF OPERATIONS

We are a leading offshore construction company offering a comprehensive and integrated range of marine construction and support services in the Gulf of Mexico, West Africa, Asia Pacific, Latin America, and the Middle East (including the Mediterranean and India). These services include pipeline construction, platform installation and removal, subsea construction, and diving services.

We are equipped to provide services from shallow water to water depths of up to 10,000 feet. As exploration companies have made considerable commitments and expenditures for production in water depths over 1,000 feet, we have invested in vessels, equipment, technology, and skills to increase our abilities to provide services in this growing deepwater market.

We operate our business through two divisions:

- Offshore Construction division ("OCD"), which includes worldwide pipelay and derrick lifts and Asia Pacific diving and marine support services; and

- Global Divers and Marine Contractors division ("GDMC"), which includes all diving and marine support services worldwide, except in our Asia Pacific segment.

For financial information regarding our operating segments and the geographic areas in which we operate, see Note 8 of the Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Recent Business Development

During the fourth quarter of 2005, we entered into a long-term charter for a newly built dive support vessel to be delivered for service in June 2006. The charter includes a five-year fixed term and a one-year optional period. The 305-foot vessel will have extensive capabilities, including dynamic positioning, 100-ton crane capacity, and specialized design features which will facilitate diving, ROV inspection, and other construction services. Please read "Management's Discussion and Analysis - Liquidity and Capital Resources - Other Indebtedness and Obligations" for additional information.

Offshore Construction

The services performed by OCD include pipelay, derrick, and related services. We are capable of installing steel pipe by either the conventional or the reel method of pipelaying using either manual or automatic welding processes. With the conventional method, 40-foot to 60-foot segments of up to 60-inch diameter pipe are welded together, x-ray tested and corrosion coated on the deck of the pipelay barge. Each segment of pipe is connected to the prior segment of pipe and then submerged in the water as the barge is moved forward by its anchor winches, or in some instances onboard thrusters; the process is then repeated. Using the conventional pipelay method, our barges can install approximately 400 feet per hour of small diameter pipe in shallow water under good weather conditions. Larger diameter pipe, deeper water, and less favorable weather conditions all reduce the speed of pipeline installation. We have vessels located in most of the regions in which we currently operate that are capable of installing pipe using the conventional method. Several of our vessels employ dynamic positioning technology, which uses onboard thrusters in conjunction with global positioning system technology to enable a vessel to remain on station or move with precision without the use of anchors.

We also can install pipe using the reel method of pipelaying. We perform the welding, testing, and corrosion coating onshore, and then spool the pipe onto a pipe reel in one continuous length. Once the reel barge is in position, the pipe is unspooled onto the ocean floor as the barge is moved forward.

In the Gulf of Mexico, The United States Department of Interior Minerals Management Service ("MMS") requires the burial of all offshore oil and gas pipelines that are greater than 8.75-inches in diameter and located in water depths of 200 feet or less. We believe we have the equipment and expertise necessary for our customers to comply with MMS regulations. Regulations also require that these pipelines be periodically inspected, repaired, and if necessary, reburied. Inspection requires extensive diving or remotely operated vehicle (ROV) services, and rebury requires either hand-jetting by divers or use of one of our large jet sleds and a bury barge.

All of our major construction vessels are equipped with cranes designed to lift and place equipment into position for installation. Nine of these vessels are capable of lifts of 500 tons or more, making them suitable for very heavy lifts such as offshore platform installations. In addition, the vessels can be used to disassemble and remove platforms and prepare them for salvage or refurbishment. We expect demand for Gulf of Mexico abandonment services to increase as more platforms are removed due to MMS regulations relating to the abandonment of wells and removal of platforms. Current MMS regulations require platforms to be removed within twelve months after production ceases and that the site be restored to meet stringent standards. According to MMS, in March 2006 there were approximately 4,000 platforms on active leases in U.S. waters of the Gulf of Mexico.

Global Divers and Marine Contractors

GDMC performs diving operations in the Gulf of Mexico, West Africa, Latin America, and the Middle East. Demand for diving services covers the full life cycle of an offshore oil and gas property, including supporting exploration, installing pipelines for production and transportation, periodic inspection, repair and maintenance of fixed platforms and pipelines and, ultimately, salvage and site clearance. To support our diving operations, we operate a fleet of eight DSVs domestically and six DSVs internationally. We have recorded the deepest working dive in the Gulf of Mexico at 1,075 feet.

For the Gulf of Mexico, the MMS requires that all offshore structures have extensive and detailed inspections for corrosion, metal thickness, and structural damage every five years. As the age of the offshore infrastructure increases, we anticipate that demand for inspections, repairs, and wet welding technology will increase.

For diving projects involving long-duration and deepwater dives to 1,500 feet, we use saturation diving systems that maintain an environment for the divers at the subsea water pressure at which they are working until the job is completed. Saturation diving allows divers to make repeated dives without decompressing, thereby reducing the time necessary to complete the job and reducing the diver's exposure to the risks associated with frequent decompression. Two of our largest saturation diving systems are capable of maintaining an environment simulating subsea water pressures to 1,500 feet. Our OCD pipelay and derrick operations create captive demand for GDMC saturation diving services, for which divers are highly compensated. This ability to offer our divers saturation diving work helps us to attract and retain qualified and experienced divers.

We have been at the forefront in the development of many underwater welding techniques, and we believe we have more qualified diver/welders in the Gulf of Mexico than any of our competitors. Welded repairs are made by two methods: dry hyperbaric welding and wet welding. In dry hyperbaric welding, a customized, watertight enclosure is engineered and fabricated to fit the specific requirements of the structural joint or pipeline requiring repairs. The enclosure is lowered into the water, attached to the structure, and then the water is evacuated, allowing divers to enter the chamber and to perform dry welding repairs. Wet welding is accomplished while divers are in the water, using specialized welding rods. Wet welding is less costly because it eliminates the need to construct an expensive, customized, single-use enclosure. We believe that we have been a leader in improving wet welding techniques and that we have satisfied the technical specifications for customers' wet welded repairs in water depths to 325 feet. Our Research and Development Center includes a hyperbaric facility capable of simulating wet or dry welding environments for water depths of up to 1,200 feet so that welds can be performed and tested to assure compliance with the customer's technical specifications.

We also operate other offshore support vessels ("OSVs") in the U.S. and internationally to support our offshore construction services and also offer time charters to the offshore service industry.

Raw Materials

Our OCD segment uses raw materials, such as carbon and alloy steels in various forms, welding gases, paint, fuels and lubricants, which are available from many sources. We do not depend on a single supplier or source for any of these materials. Although shortages of some of these materials and fuels have existed from time to time, no material shortage currently exists. However, steel prices are volatile, and shortages may occur from time to time.

Customers and Contracts

Our customers are primarily oil and gas producers and pipeline companies. During the year ended December 31, 2005, we provided offshore marine construction services to approximately 90 customers. Our largest single customer in any one of the last three years, Petroleos Mexicanos ("PEMEX"), accounted for 36% of consolidated revenues in 2005. The loss of these revenues could have a material adverse effect on our Latin American segment and the Company.

The level of construction services required by any particular customer depends on the size of that customer's capital expenditure budget devoted to construction projects in a particular year. Consequently, customers that account for a significant portion of revenues in one fiscal year may represent an immaterial portion of revenues in subsequent fiscal years. Our traditional contracts are typically of short duration, being completed in one to five months. Engineering, Procurement, Installation and Commissioning contracts ("EPIC"), turnkey contracts, and certain international contracts may be performed over time periods exceeding one year.

Contracts for work in the Gulf of Mexico are typically awarded on a competitive bid basis with customers usually requesting bids on projects one to three months prior to commencement. However, for projects in water depths greater than 1,000 feet, particularly subsea development projects and turnkey projects, and for projects in international areas, the elapsed time from bid request to commencement of work may exceed one year. Our marketing staff contacts offshore operators known to have projects scheduled to ensure that we have an opportunity to bid for the projects. Most contracts are awarded on a fixed-price basis, but we also perform work on a cost-plus or day-rate basis, or on a combination of such bases. We attempt to qualify our contracts so we can recover the costs of certain unexpected difficulties and the costs of weather-related delays during the winter months.

Competition

In each region of the world in which we operate, the offshore marine construction industry is highly competitive. Price competition and contract terms are the primary factors in determining which qualified contractor is awarded a job. However, the ability to deploy modern equipment and techniques, to attract and retain skilled personnel, and to demonstrate a good safety record have also been important competitive factors.

Major international competitors include Technip S.A., Heerema S.A., Acergy S.A. (formerly Stolt Offshore S.A.), Allseas Marine Contractors S.A., J. Ray McDermott S.A., and Saipem S.p.a. Some of these international competitors also bid and compete for projects in the Gulf of Mexico. In addition, internationally, there are numerous other regionalized competitors with whom we compete directly. Domestic competition for deepwater projects in the Gulf of Mexico includes J. Ray McDermott S.A., Helix Energy Solutions Group, Inc. (formerly Cal Dive International, Inc.), and Heerema S.A. Our competitors for shallow and intermediate water domestic projects include Helix Energy Solutions Group, Inc. and many smaller companies including Horizon Offshore, Inc. and Offshore Specialties Fabricators, Inc. Many shallow and intermediate water companies compete primarily based on price.

Backlog

As of January 31, 2006, our backlog of construction contracts supported by written agreements amounted to approximately $540.9 million ($38.2 million for the U.S. Gulf of Mexico and $502.7 million for international operations), compared to our backlog at January 31, 2005 of $233.7 million ($10.6 million for the U.S. Gulf of Mexico and $223.1 million for international operations). Our current backlog is scheduled to be worked off as follows: $449.1 million in 2006, $52.5 million in 2007, and $39.3 million thereafter. The amount of backlog in the U.S. Gulf of Mexico as of January 31, 2006 is not indicative of the current level of demand for our services in this region due to increasing levels of hurricane repair work contracted on a day-rate basis. We do not consider our backlog amounts to be a reliable indicator of future earnings.

Factors Affecting Demand

Our OCD segment's activity depends mainly on the capital expenditures of oil and gas companies and foreign governments for offshore marine construction services associated with exploration, development, and production projects. Numerous factors influence these expenditures, including the following:

oil and gas prices, along with expectations about future prices;

the cost of exploring for, producing, and delivering oil and gas;

the terms and conditions of offshore leases;

the discovery rates of new oil and gas reserves in offshore areas;

the ability of businesses in the oil and gas industry to raise capital; and local and international political and economic conditions.

Please read Item 1A, "Risk Factors," for further information on factors affecting demand.

Patents

We own or are the licensee of a number of patents in the United States and in other countries related to pipelaying. For example, we own United States Patent Number 6,328,502. This patent involves a novel barge system for laying deep water subsea pipelines either by means of reeled pipe or conventional pipelaying procedures and covers several features incorporated into the ***Hercules***. We are currently pursuing patent protection for this invention in a number of foreign countries. We have also obtained technology by acquiring the assets of other companies and through license agreements with other companies and through certain aspects of the ***Chickasaw's*** reel technology. While our continuing technical operations are not materially dependent on any one or more of our licenses or patent rights, they do enhance our competitive position.

Employees

Our work force varies based on our workload at any particular time. During 2005, the number of our employees ranged from a low of 2,837 to a high of 3,464, and as of January 31, 2006, we had 3,024 employees. None of our employees are covered by a collective bargaining agreement. We believe that our relationship with our employees is satisfactory.

Seasonality

Each of the geographic areas in which we operate has seasonal patterns that affect our operating patterns. The seasonal patterns are the result of weather conditions and the timing of capital expenditures by oil and gas companies.

Government Regulation and Environmental Matters

Many aspects of the offshore marine construction industry are subject to extensive governmental regulation. In the United States, we are subject to the jurisdiction of the United States Coast Guard, the National Transportation Safety Board and the Customs Service, as well as private industry organizations such as the American Bureau of Shipping. The Coast Guard and the National Transportation Safety Board set safety standards and are authorized to investigate vessel accidents and recommend improved safety standards, and the Customs Service is authorized to inspect vessels at will.

We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to our operations. The kind of permits, licenses, and certificates required in our operations depends upon a number of factors. We believe that we have obtained or can obtain all permits, licenses, and certificates necessary to conduct our business.

We depend on the demand for our services from the oil and gas industry and, therefore, laws and regulations, as well as changing taxes and policies relating to the oil and gas industry affect our business. In particular, the exploration and development of oil and gas properties located on the Outer Continental Shelf of the United States is regulated primarily by the MMS.

Our operations also are affected by numerous federal, state, and local laws and regulations relating to protection of the environment including, in the United States, the Outer Continental Shelf Lands Act, the Federal Water Pollution Control Act of 1972, and the Oil Pollution Act of 1990. The technical requirements of these laws and regulations are becoming increasingly complex and stringent, and compliance may become increasingly difficult and expensive. However, we believe that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our business or financial statements. Certain environmental laws provide for "strict liability" for remediation of spills and releases of hazardous substances and some provide liability for damages to natural resources or threats to public health and safety. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties, and criminal prosecution. Our compliance with these laws and regulations has entailed certain changes in our operating procedures and approximately $0.1 million in expenditures during 2005. It is possible that changes in the environmental laws and enforcement policies thereunder or claims for damages to persons, property, natural resources, or the environment could result in substantial costs and liabilities to us. Our insurance policies provide liability coverage for sudden and accidental occurrences of pollution and/or clean up and containment of the foregoing in amounts that we believe are comparable to policy limits carried in the marine construction industry.

Because we engage in certain activities that may constitute "coastwise trade" within the meaning of federal maritime regulations, we are also subject to regulation by the United States Maritime Administration ("MarAd"), Coast Guard, and Customs Services. Under these regulations, only vessels owned by United States citizens that are built and registered under the laws of the United States may engage in "coastwise trade." Certain provisions of our Articles of Incorporation are intended to aid in compliance with the foregoing requirements regarding ownership by persons other than United States citizens.

In 2005, we complied with the International Ship and Port Facility Security Code ("ISPS") as mandated by the Homeland Security Act of 2002. Under the ISPS, we performed worldwide security assessments, plans, risk analyses, and other requirements on our vessels and port facilities and completed the process of installing automated identification systems on our vessels.

SEC REPORTING

We electronically file certain documents with, or furnish such documents to, the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, along with any related amendments and supplements thereto. From time to time, we may also file registration and related statements pertaining to equity or debt offerings. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You may obtain information regarding the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet website at www.sec.gov that contains reports, proxy, and information statements, and other information, regarding issuers that file or furnish documents electronically with the SEC.

We provide free electronic access to our annual, quarterly, and current reports (and all amendments to these reports) on our internet website, at www.globalind.com. These reports are available on our website as soon as reasonably practicable after we electronically file or furnish such materials with or to the SEC. Information on our website does not constitute part of this Annual Report. You may also contact our investor relations department at 281-529-7979 for copies of these reports free of charge.

ITEM 1A. RISK FACTORS

An investment in our common stock involves certain risks. If any of these risks were to occur, our business, results of operations, cash flows, and financial condition could be materially adversely affected. In that case, the trading price of our common stock could decline, and you could lose part or all of your investment. Among the key risk factors that may have a direct impact on our business, results of operations, cash flows, and financial condition are the following.

Our business is substantially dependent on the level of capital expenditures in the oil and gas industry and lower capital expenditures will adversely affect our results of operations.

The demand for our services depends on the condition of the oil and gas industry and, in particular, on the capital expenditures of companies engaged in the offshore exploration, development, and production of oil and natural gas. Capital expenditures by these companies are primarily influenced by three factors:

the oil and gas industry's ability to economically justify placing discoveries of oil and gas reserves in production;

the oil and gas industry's need to clear all structures from the lease once the oil and gas reserves have been depleted; and

weather events, such as major hurricanes.

Historically, prices of oil and natural gas and offshore exploration, development and production have fluctuated substantially. A sustained period of substantially reduced capital expenditures by oil and gas companies will result in continued decreased demand for our services, low margins, and possibly net losses.

Our international operations expose us to additional risks inherent in doing business abroad.

A majority of our revenue is derived from operations outside the United States. The scope and extent of our operations outside of the U.S. Gulf of Mexico means we are exposed to the risks inherent in doing business abroad. These risks include the following:

currency exchange rate fluctuations, devaluations, and restrictions on currency repatriation;

unfavorable taxes, tax increases, and retroactive tax claims;

the disruption of operations from labor and political disturbances;

insurrection, war, or acts of terrorism that may disrupt or limit markets;

expropriation or seizure of our property;

nullification, modification, or renegotiation of existing contracts;

regional economic downturns; and

import/export quotas and other forms of public and governmental regulation.

We cannot predict the nature of foreign governmental regulations applicable to our operations that may be enacted in the future. In many cases, our direct or indirect customer will be a foreign government, which can increase our exposure to these risks. U.S. government-imposed export restrictions or trade sanctions under the Export Administration Act of 2001, the Trading with the Enemy Act of 1917 or similar legislation or regulation also may impede our ability to expand our operations and bid for and accept work in specific countries that we might otherwise have the equipment and technical ability to compete. These factors could have a material adverse effect on our financial condition and results of operation.

We are exposed to the substantial hazards and risks inherent in marine construction and our insurance coverage is limited.

Our business involves a high degree of operational risks. Hazards and risks that are inherent in marine operations include capsizing, grounding, colliding, and sustaining damage from severe weather conditions. In addition, our construction work can disrupt existing pipeline, platforms and other offshore structures. Any of these incidents could cause damage to or destruction of vessels, property or equipment, personal injury or loss of life, suspension of production operations, or environmental damage. The failure of offshore pipelines or structural components during or after our installation could also result in similar injuries or damages. Any of these events could result in interruption of our business or significant liability.

We cannot always obtain insurance for our operating risks, and it is not practical to insure against all risks in all geographic areas. Builders risk insurance is becoming increasingly expensive and coverage limits have been decreasing. Uninsured liabilities resulting from our operations may adversely affect our business and results of operations.

We depend on significant customers.

Some of our segments derive a significant amount of their revenues from a small number of customers. For example, sales to PEMEX represented approximately 36% of our consolidated revenue in 2005 and almost all of our Latin American revenue in 2005. The inability of these segments to continue to perform services for a number of their large existing customers and particularly the inability of our Latin America segment to continue to perform services for PEMEX, if not offset by contracts with new or other existing customers, could have a material adverse effect on our business and operations.

If we are unable to attract and retain skilled workers our business will be adversely affected.

Our operations depend substantially upon our ability to retain and attract project managers, project engineers, and skilled construction workers such as divers, welders, pipefitters, and equipment operators. Our ability to expand our operations is impacted by our ability to increase our labor force. The demand for skilled workers in our industry is currently high, and the supply is limited. As a result of the cyclical nature of the oil and gas industry as well as the physically demanding nature of the work, skilled workers may choose to pursue employment in other fields. A significant increase in the wages paid or benefits offered by competing employers could result in a reduction in our skilled labor force, increases in our employee costs, or both. If either of these events occur, our operations and results could be materially adversely affected.

During periods of strong demand, we may be unable to obtain critical project materials on a timely basis.

Our operations depend on our ability to procure on a timely basis certain project materials, such as pipe, to complete projects in an efficient manner. Our inability to procure critical materials during times of strong demand could have a material adverse effect on our business and operations.

We may not complete our fixed-price contracts within our original estimates of costs, which will adversely affect our results.

Because of the nature of the offshore construction industry, most of our projects are performed on a fixed-price basis. The profits we realize on one of our contracts will often vary from the estimated amounts because of changes in offshore job conditions, in labor and equipment productivity, and in third party costs. In addition, we sometimes bear the risk of delays caused by bad weather conditions. We may continue to suffer lower profits or even losses on some projects because of cost overruns resulting from these or other causes.

Our industry is highly competitive.

Offshore construction companies compete intensely for projects. Contracts for our services are generally awarded on a competitive bid basis, and price is a primary factor in determining who is awarded the job. Customers also consider availability and capability of equipment, reputation, experience, and safety record of the contender in awarding jobs. Certain competitors may be willing to accept risks or work for little or no margin on projects to gain experience or market share, to cover fixed costs of their fleets or to avoid the expense of temporarily idling vessels, resulting in reduced prices. During industry down cycles in particular, we may have to accept lower rates for our services and vessels or increased contractual liabilities. As we have increased our operations in deeper waters and internationally, we have encountered additional competitors, many of whom have greater experience than we do in these markets and greater resources. As large international companies relocate vessels to the Gulf of Mexico, levels of competition may increase, and our business could be adversely affected.

Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors or that favor or require local ownership.

Our debt instruments contain covenants that limit our operating and financial flexibility.

Under the terms of our amended loan credit facility, we must maintain minimum levels of net worth and comply with, among other things, a fixed charge coverage ratio and a leverage ratio.

Our ability to meet the financial ratios and tests under our amended credit facility is affected, in part, by events beyond our control, and we may not be able to satisfy those ratios and tests. Prior to amending our credit facility in March 2005, it was necessary for us to seek covenant waivers on several occasions. If we fail to comply with these ratios and tests and are unable to obtain a waiver, no further borrowings would be available under the revolving credit facility, and our lenders will be entitled to, among other things, accelerate the debt outstanding under the credit facility so that it is immediately due and payable and ultimately foreclose on our assets that secure the debt. Any significant inability to draw on the credit facility or acceleration of the debt outstanding under the credit facility would have a material adverse effect on our financial condition and operations. For a more detailed discussion of our credit facility, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Our ability to incur debt and issue letters of credit is limited, which could limit the number and size of contracts we can obtain and/or perform.

Our amended credit facility is currently limited to $85.0 million. At February 28, 2006, $12.6 million of credit capacity was available under our credit facility. Certain contracts require substantial amounts of working capital and/or performance letters of credit. We may be limited in the number and size of contracts we can perform by our available credit.

Critical accounting policies significantly affect our reported financial results and conditions.

Although our financial statements are prepared in accordance with U.S. generally accepted accounting principles, their preparation requires us to make estimates and judgments that affect the reported amounts. Certain critical accounting policies affect our more significant judgments and estimates, and they are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates." Actual amounts and results may differ materially from our estimates.

We utilize percentage-of-completion accounting.

Since our contract revenues are recognized on a percentage-of-completion basis, we periodically review contract revenue and cost estimates as the work progresses. Accordingly, adjustments are reflected in income in the period when any revisions are determined. To the extent that these adjustments result in a reduction of previously reported profits, we would recognize a charge against current earnings that may be significant depending on the size of the adjustment.

We have incurred losses in recent years and may incur additional losses in the future which could adversely effect our operations.

In recent years we have incurred losses from operations. We incurred operating losses in 2003 and 2002. We may have operating losses in the future if we cannot obtain sufficient work and complete projects within our cost estimates. Operating losses could have significant adverse effects on our future operations including limiting our ability to adjust to changing market conditions, reducing our ability to withstand competitive pressures and impairing our ability to obtain financing to provide for future working capital needs and capital expenditures.

Our results of operations may be adversely affected by unforeseen work stoppages or labor problems.

Some of our employees and the employees of some of our subcontractors are represented by unions. None of our employees are covered by a collective bargaining agreement; however, we are aware of recent efforts by union representatives to expand their reach in the offshore construction industry. We are not protected against work stoppages or labor problems by our employees or employees of the subcontractors we use. For example, in 2003, we experienced reduced productivity on one project due to a work stoppage by some employees of our welding subcontractor. Work stoppages or other labor matters could materially adversely affect our operations.

Our operations could suffer with the loss of one of our senior officers or other key personnel.

Our success depends heavily on continued services of our senior management and key employees. Our officers and key personnel have extensive experience in our industry, so if we were to lose any of our key employees or executive officers, our operations could suffer.

Compliance with environmental and other governmental regulations could be costly and could negatively impact our operations.

Our vessels and operations are subject to and affected by various types of governmental regulation including many international, federal, state and local environmental protection laws and regulations. These laws and regulations are becoming increasingly complex and stringent, and compliance may become increasingly difficult and expensive. We may be subject to significant fines and penalties for non-compliance, and some environmental laws impose joint and several "strict liability" for cleaning up spills and releases of oil and hazardous substances, regardless of whether we were negligent or at fault. These laws and regulations may expose us to liability for the conduct of our conditions caused by others or for our acts that complied with all applicable laws at the time we performed the acts.

Adoption of laws or regulations that have the effect of curtailing exploration for and production of oil and natural gas in our areas of operation could adversely affect our operations by reducing demand for our services. In addition, new laws or regulations, or changes to existing laws or regulations may increase our costs or otherwise adversely affect our operations.

Our principal shareholder is able to exercise substantial influence.

As of March 10, 2006, Mr. William J. Doré beneficially owns approximately 24% of our outstanding common stock. As a result, Mr. Doré is able to exercise substantial influence on the outcome of matters requiring a shareholder vote, including the election of directors. This influence may have the effect of delaying, deferring, or preventing a change in control of our company.

We limit foreign ownership of our company, which could reduce the price of our common stock.

Our articles of incorporation limit the percentage of outstanding common stock and other classes of voting securities that non-United States citizens can own. Applying the statutory requirements applicable today, our articles of incorporation provide that no more than 25% of our outstanding common stock may be owned by non-United States citizens. These restrictions may at times preclude United States citizens from transferring their common stock to non-United States citizens. These restrictions may also limit the available market for resale of shares of common stock and for the issuance of shares by us and could adversely affect the price of our common stock.

Provisions in our corporate documents and Louisiana law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders.

The existence of some provisions in our corporate documents could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders. Our articles of incorporation and by-laws contain provisions that may make acquiring control of our company difficult, including provisions relating to the nomination and removal of our directors, provisions regulating the ability of our shareholders to bring matters for action at annual meetings of our shareholders, and the authorization given to our board of directors to issue and set the terms of preferred stock. Louisiana law also effectively limits the ability of a potential acquirer to obtain a written consent of our shareholders.

We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock.

Our articles of incorporation authorize us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events, or on the happening of specified events, or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock.

We have no plans to pay dividends on our common stock.

We have no plans to pay dividends in the foreseeable future. We intend to invest our future earnings, if any, to fund our growth. In addition, our credit facility limits the payment of cash dividends. Any payment of future dividends will be at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions applying to the payment of dividends, and other considerations that our board of directors deems relevant.

Our internal controls may not be sufficient to achieve all stated goals and objectives.

Our internal controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of internal controls and procedures is based in part upon various assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operate a fleet of sixteen major construction vessels, four cargo launch barges, fourteen DSVs, and five other miscellaneous offshore support vessels. Our major construction vessels include thirteen barges, two ships, and one SWATH vessel. Fourteen of our major construction vessels are designed to perform more than one type of construction project which reduces the risk that these combination vessels will experience extended periods of idleness. A listing of our significant vessels along with a brief description of the capabilities of each is presented on page 20 of this Annual Report.

The ***Hercules*** is a 444-foot dynamically positioned pipelay/heavy-lift barge with a 2,000-ton crane capable of performing revolving lifts up to approximately 1,600 tons and is capable of both conventional and reeled pipelay. Using its portable reel, the ***Hercules*** is capable of spooling up to eighty-four miles of 6.625-inch diameter pipe, twenty-two miles of 12.75-inch diameter pipe, or ten miles of 18-inch pipe. This reel is capable of being removed and installed on the ***Hercules*** as job demands change. The ***Hercules*** is currently assigned to operate in our Asia Pacific segment.

The ***Titan 2***, a 456-foot self-propelled twin-hulled derrick ship, is capable of lifting 880 tons and has over 23,000 square feet of working deck area. We lease the ***Titan 2*** from a third party under a long-term charter agreement which expires in 2013. The ***Titan 2's*** current base of operations is Mexico's Bay of Campeche.

The ***Chickasaw***, a 275-foot dynamically positioned pipelay/derrick barge, has a pipelay reel which has a capacity ranging from forty-five miles of 4.5-inch diameter pipe, nineteen miles of 6.625-inch diameter pipe or four miles of 12.75-inch diameter pipe in one continuous length. We own four additional portable pipelay reels, which can be mounted on the deck of our barges for pipelay by the reel method or used as additional capacity on the ***Chickasaw.*** We own and operate four jetting sleds, which are capable of burying pipe up to thirty-six inches in diameter. The ***Chickasaw*** is currently stationed in the U.S. Gulf of Mexico.

The ***Pioneer*** is a dynamically positioned SWATH vessel that provides support services in water depths to 8,000 feet. The ***Pioneer's*** hull design reduces weather sensitivity, allowing the vessel to continue operating in up to 12-foot seas and remain on site in up to 20-foot seas. The vessel is equipped to install, maintain, and service subsea completions, support saturation diving, and is equipped for abandonment operations, pipeline installation support, and other services beyond the capabilities of conventional DSVs. The ***Pioneer*** is currently working in the U. S. Gulf of Mexico.

We own all of our vessels, with the exception of the ***Titan 2***, and twenty-four are subject to ship mortgages. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Long-Term Debt." In compliance with governmental regulations, our insurance policies, and certain of our financing arrangements, we are required to maintain our barges and vessels in accordance with standards of seaworthiness and safety set by government regulations or classification organizations. We maintain our fleet to the standards for seaworthiness, safety, and health set by the International Maritime Organization or the U.S. Coast Guard and are inspected by the American Bureau of Shipping, Bureau Veritas, Lloyd's Registry, or Det Norske Veritas.

We also own fourteen saturation diving systems. Our saturation systems range in capacity from four to twelve divers. Two of the saturation systems are capable of supporting dives as deep as 1,500 feet. Each saturation system consists of a diving bell for transporting the divers to the sea floor and pressurized living quarters. The systems have surface controls for measuring and mixing the specialized gases that the divers breathe and connecting hatches for entering the diving bell and providing meals and supplies to the divers.

In the normal course of our operations, we also lease or charter other vessels and equipment such as tugboats, cargo barges, utility boats, dive support vessels, saturation diving systems, and ROVs.

We own 625 acres near Carlyss, Louisiana and have constructed a deepwater support facility and pipebase. The location serves as the corporate headquarters and the headquarters of our Gulf of Mexico Offshore Construction operations. The facility is capable of accommodating our deepwater draft vessels.

The following table summarizes our significant facilities as of December 31, 2005:

Location	**Principal Use**	**Approximate Square Feet or Acreage**		**Owned/Leased (Lease Expiration)**
Carlyss, LA	Shore base/Corporate Headquarters	625	acres	Owned
Port of Iberia, LA	Research and Development Center	3,765	sq. ft.	Leased (Mar. 2015)
Houston, TX	Office	67,059	sq. ft.	Leased (Jul. 2013)
Cd. Del Carmen, Mexico	Warehouses	7,874	sq. ft.	Leased (Monthly)
Cd. Del Carmen, Mexico	Office/Workshop	41,042	sq. ft.	Owned
Bangkok, Thailand	Office	11,445	sq. ft.	Leased (Apr. 2008)
Batam Island, Indonesia	Shore base	45	acres	Leased (Mar. 2028)
Sharjah, United Arab Emirates	Office/Shore base	54,338	sq. ft.	Leased (Dec. 2006)
Mumbai, India	Project Office	4,000	sq. ft.	Leased (May. 2008)

Global Industries, Ltd.
Listing of Construction Barges and Swath Vessel

	Vessel Type	Length (Feet)	Derrick Maximum Lift (Tons)	Pipelay Maximum Pipe Diameter (Inches)	Pipelay Maximum Water Depth (Feet)	Year Acquired/ Leased	Living Quarter Capacity
Construction Barges:							
Titan 2 (1)	Derrick ship	456	880	--	--	2001	326
Hercules	Pipelay/reel/derrick	444	2,000	60.00	10,000	1995	191
Seminole	Pipelay/derrick ship	424	800	48.00	1,500	1997	220
Comanche	Pipelay/derrick	400	1,000	48.00	1,500	1996	223
Shawnee	Pipelay/derrick	400	860	48.00	1,500	1996	272
Iroquois	Pipelay/derrick	400	250	60.00	1,000	1997	259
DLB 264	Pipelay/derrick	397	1,000	60.00	1,000	1998	220
DLB 332	Pipelay/derrick	352	750	60.00	1,000	1998	208
Cheyenne	Pipelay/bury/derrick	350	800	36.00	1,500	1992	190
Cherokee	Pipelay/derrick	350	925	36.00	1,500	1990	183
Chickasaw	Pipelay/reel/derrick	275	160	12.75	6,000	1990	70
Tonkawa	Bury	250	175	--	--	1990	73
Sea Constructor	Pipelay/bury	250	200	24.00	400	1987	104
G/P 37	Pipelay/bury	188	140	16.00	300	1981	58
Pipeliner 5	Pipelay/bury	180	40	14.00	200	1996	60
SWATH Vessel:							
Pioneer	Multi-service	200	50	--	--	1996	57

(1) The ***Titan 2*** is leased from a third party under a long-term charter agreement which expires in 2013.

In 2004, the **G/P 35** and **G/P 37** were taken out of active service. Effective November 13, 2005, the construction barge, ***Navajo*** was transferred from our OCD West Africa segment to our GDMC Middle East segment and is now classified as a dive support vessel. At December 31, 2005, the **G/P 35** had no material net book value and was considered indefinitely removed from service, and the **G/P 37** was being prepared to return to work.

ITEM 3. LEGAL PROCEEDINGS

In November 1999, we notified Groupe GTM (now Vinci), that as a result of material adverse changes and other breaches by Vinci, we were no longer bound by and were terminating the Share Purchase Agreement to purchase the shares of ETPM S.A. Vinci responded stating that they believed we were in breach. The Share Purchase Agreement provided for liquidated damages of $25.0 million to be paid by a party that failed to consummate the transaction under certain circumstances. We notified Vinci that we did not believe that the liquidated damages provision was applicable to our termination of the Share Purchase Agreement. On December 23, 1999, we filed suit against Vinci in Tribunal de Commerce de Paris to recover damages. On June 21, 2000, Vinci filed an answer and counterclaim against us seeking the liquidated damages of $25.0 million and other damages, costs and expenses of approximately $3.2 million based on current exchange rates. In November 2003, the Tribunal de Commerce de Paris ruled in favor of Vinci in the matter and awarded Vinci $25.0 million plus approximately $8.5 million in interest, exchange rate differential and legal fees. As a result, although we have not yet paid the judgment, we recorded a $33.5 million (pre-tax) provision in the fourth quarter of 2003. We appealed this verdict in the Cour d'appel de Paris. On April 12, 2004 the Cour d'appel de Paris heard the case before three appellate judges. A decision was rendered in May 2005 by the Cour d'appel de Paris upholding the lower court decision. Vinci has filed an enforcement action in the United States District Court for the Eastern District of Louisiana (civil action number 05-3251). The Company intends to defend this action by Vinci, however, the Company may be required to pay the judgment in the near future. We have also filed an appeal in the French Supreme Court on additional costs associated with the exchange rate differential. Our balance sheet at December 31, 2005 includes a $34.9 million liability representing the judgment and associated legal fees, interest, and exchange rate differentials. Although the provision for the judgment had a significant impact on our reported results for 2003, we do not believe that the ultimate outcome of this matter will have a material adverse effect on our future results of operations or business.

On March 19, 2004, Marathon E.G. Production Limited filed an arbitration with the American Arbitration Association against our subsidiary, Global Offshore International, Ltd. seeking liquidated damages of approximately $12.0 million and a declaration that the pricing and schedule adjustments claimed by our subsidiary were disallowed. Our subsidiary had claimed standby and extra work and schedule extensions, which would eliminate the liquidated damages claimed. Marathon E.G. Production Limited and Global Offshore International, Ltd. entered into a settlement agreement on September 30, 2005 resulting in a payment to Global of $2.8 million and elimination of the liquidated damages claimed. As a result of this settlement, we recorded a charge to earnings of $1.2 million, in the third quarter of 2005.

On June 30, 2005, we were notified by the Mexican appeals court of an unfavorable decision in litigation related to an audit assessment of 1999 corporate income and value added taxes totaling $15.4 million. The assessment is related to the timing of contract revenue recognition for Mexican tax purposes. The assessed amount includes taxes adjusted for inflationary costs of approximately $5.4 million and penalties and interest of approximately $10.0 million. As a result of this decision, Global may file amended corporate returns for subsequent years that will result in decreased taxes for those years and offset the amount of tax assessed. Global is currently negotiating the amount of the taxes and interest with the Mexican tax authorities. A reserve of $2.5 million has been established and recorded in our Latin America segment. This reserve represents management's assessment of the most likely outcome of the dispute settlement.

Our operations are subject to the inherent risks of offshore marine activity including accidents resulting in the loss of life or property, environmental mishaps, mechanical failures, and collisions. We insure against these risks consistent with industry standards. We believe our insurance should protect us against, among other things, the accidental total or constructive total loss of the fair market value of our vessels. We also carry workers' compensation, maritime employer's liability, general liability, and other insurance customary in our business. All insurance is carried at levels of coverage and deductibles that we consider financially prudent. Recently, our industry has experienced a tightening in the builders' risk market, which has increased deductibles and reduced coverage.

Our services are provided in hazardous environments where accidents involving catastrophic damage or loss of life could result, and litigation arising from such an event may result in us being named a defendant in lawsuits asserting large claims. Although there can be no assurance that the amount of insurance carried by our company is sufficient to protect us fully in all events, management believes that our insurance protection is adequate for our business operations. A successful liability claim for which we are underinsured or uninsured could have a material adverse effect on the Company.

We are involved in various routine legal proceedings primarily involving claims for personal injury under the General Maritime Laws of the United States and Jones Act as a result of alleged negligence. We believe that the outcome of all such proceedings, even if determined adversely, would not have a material adverse effect on our business or financial statements.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM (Unnumbered). EXECUTIVE OFFICERS OF THE REGISTRANT

(Provided pursuant to General Instruction G to Form 10-K)

All executive officers named below, in accordance with the By-Laws, are elected annually and hold office until a successor has been duly elected and qualified. Our executive officers as of March 10, 2006, were as follows:

Name	Age	Position
William J. Doré	63	Chairman of the Board of Directors and Chief Executive Officer
Peter S. Atkinson	58	President and Chief Financial Officer
James J. Doré	51	Senior Vice President, Asia Pacific and India
Timothy W. Miciotto	62	Senior Vice President, Financial Advisor to the President
Russell J. Robicheaux	57	Senior Vice President, General Counsel

Mr. William J. Doré is our founder and has served as Chairman of the Board of Directors, President and Chief Executive Officer since 1973 and most recently, as of June 2000, Chairman of the Board and Chief Executive Officer. Mr. Doré has over thirty years experience in the diving and marine construction industry. He is a past President of the Association of Diving Contractors, an industry trade association, and has served on the Board of Directors executive committee of the National Ocean Industry Association.

Mr. Atkinson joined our company in September 1998 as Vice President and Chief Financial Officer. In June 2000, he was named President. In December 2005, he assumed the additional title of Chief Financial Officer. Prior to joining our company he had been Director - Financial Planning with J. Ray McDermott, S.A., having previously served in various capacities at McDermott International, Inc. and J. Ray McDermott, S.A. for twenty-three years. At McDermott, he served at the corporate level as well as in the North Sea, Middle East, West Africa, and Central and South America. He is currently serving on the Board of Directors executive committee of the National Ocean Industry Association.

Mr. James Doré has over twenty-five years of service with our company. He has held a number of management positions with responsibility for marketing, contracts and estimating, and diving operations. Mr. Doré was named Vice President, Marketing in March 1993, Vice President, Special Services in November 1994 and Vice President, Diving and Special Services in February 1996. In August 2001, he was named Senior Vice President, Diving and Special Services. In November 2002, Mr. Doré was named President of Global Divers and Marine Contractors. In June 2005, Mr. Doré was appointed Senior Vice President, Asia Pacific and India. Mr. Doré previously served as President of the Association of Diving Contractors, an industry trade association. Mr. Doré is the brother of William J. Doré.

Mr. Miciotto joined our company as Vice President and Chief Financial Officer in June 2000. In August 2001, he was named Senior Vice President, Chief Financial Officer. In December 2005, he was named Senior Vice President and Financial Advisor to the President. Mr. Miciotto has over thirty-five years of experience in both domestic and international financial management positions with McDermott International, Inc., including resident experience in Lebanon, Belgium, England and Singapore. Prior to joining our company, he had been Director - Materials and Transportation with McDermott International, Inc. for the preceding five years.

Mr. Robicheaux joined our company in August 1999 as Vice President and General Counsel. In August 2001, he was named Senior Vice President, General Counsel. Prior to joining our company, Mr. Robicheaux had been Assistant General Counsel with J. Ray McDermott, S.A. since 1995. In addition, he served in various engineering and legal capacities at McDermott International, Inc. for the preceding twenty-five years, including design and field engineering, project engineering, estimating and project management.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Trading and Dividends

Our common stock is traded on The NASDAQ National Market System under the symbol "GLBL." The following table presents for the periods indicated the high and low closing sales prices per share of our common stock.

	High	Low
2004		
First Quarter	$ 6.400	$ 4.910
Second Quarter	6.550	5.040
Third Quarter	6.480	4.490
Fourth Quarter	8.580	5.550
2005		
First Quarter	$ 10.290	$ 7.370
Second Quarter	10.950	8.160
Third Quarter	14.790	8.690
Fourth Quarter	14.900	11.170

As of March 10, 2006, there were approximately 900 holders of record of our common stock and we believe approximately 22,000 beneficial holders of our common stock.

We have never paid cash dividends on our common stock, and we do not intend to pay cash dividends in the foreseeable future. We currently intend to retain earnings, if any, for the future operation and growth of our business. Certain of our financing arrangements restrict the payment of cash dividends. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Long-Term Debt."

Neither we nor, to our knowledge, any "affiliated purchaser" (as defined in Rule 10b-18 of the Securities Exchange Act of 1934) purchased any of our equity securities during the fourth quarter of 2005.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information as of December 31, 2005 regarding our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by Shareholders:			
1992 Stock Option Plan	972,800	$ 12.966	--
1992 Restricted Stock Plan	--	$ --	--
1995 Employee Stock Purchase Plan	94,961	$ 8.322	--
1998 Equity Incentive Plan	5,332,053(1)	$ 6.112	747,592
2005 Stock Incentive Plan	--	$ --	5,500,000
Equity compensation plans not approved by Shareholders:			
None	--		--
Total	6,399,814		6,247,592

(1) Includes 1,802,003 of restricted shares.

(1) Includes 1,802,003 of restricted shares.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below for each of the past five fiscal periods should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

	Year Ended December 31,				
	2005	**2004 (1)**	**2003 (2)**	**2002(1)(3)**	**2001(3)**
	(in thousands, except per share and ratio data)				
Revenues	$ 688,615	$ 463,331	$ 459,029	$ 461,916	$ 367,566
Gross profit	116,847	64,456	3,061	53,026	52,285
Income (loss) from continuing operations, net of taxes	34,758	6,522	(71,126)	(35,977)	(3,888)
Income from discontinued operations, net of taxes (4)	--	15,910	2,797	6,614	10,044
Net income (loss) (4)	34,758	22,432	(68,329)	(29,363)	6,156
Net income (loss) per diluted share					
Income (loss) from continued operations	$ 0.30	$ 0.06	$ (0.71)	$ (0.36)	$ (0.04)
Income from discontinued operations (4)	$ 0.00	$ 0.14	$ 0.03	$ 0.06	$ 0.11
Net income (loss) (4)	$ 0.30	$ 0.20	$ (0.68)	$ (0.30)	$ 0.07
Ratio of earnings to fixed charges (5)	5.6x	2.1x	(6)	(6)	(6)
Total assets (7)	$ 857,314	$ 743,240	$ 620,831	$ 701,644	$ 748,177
Working capital (7)	232,050	186,647	37,321	75,060	64,588
Long-term debt, total (7)	77,220	81,180	123,728	126,657	234,740

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(1) Included in the net income (loss) and net income (loss) per share and the ratio calculations is the effect of the pretax non-cash charge for asset impairment of $7.2 million and $45.6 million for 2004 and 2002, respectively. See Note 10 of the Notes to Consolidated Financial Statements.

(2) Included in the net (loss) income and net (loss) income per share and the ratio calculations is the effect of the pre-tax $33.5 million provision related to the adverse ruling in the Groupe GTM (now Vinci) litigation. See Note 6 of the Notes to Consolidated Financial Statements.

(3) Pursuant to FAS 142, we discontinued the amortization of goodwill in 2002. As a result, net (loss) income and net (loss) income per share amounts for years prior to 2002 are not directly comparable.

(4) Includes the gain on the sale of our Liftboat Division in 2004 of $16.1 million net of tax.

(5) For purposes of computing the ratios of earnings to fixed charges: (1) earnings consist of income from continuing operations before income taxes plus fixed charges, excluding capitalized interest, and (2) fixed charges consist of interest expense (including capitalized interest) and the estimated interest component of rent expense (one-third of total rent expense). There were no dividends paid or accrued during the periods presented above.

(6) Earnings were inadequate to cover fixed charges by $72.3 million, $44.4 million, and $5.0 million for 2003, 2002, and 2001 respectively.

(7) As of the end of the period.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion presents management's discussion and analysis of our financial condition and results of operations and should be read in conjunction with the Consolidated Financial Statements and the related Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Results of Operations

General

Our results of operations reflect the level of offshore construction activity in the U.S. Gulf of Mexico and in the international locations in which we operate. The results also reflect our ability to win jobs through competitive bidding and manage awarded jobs to successful completion. The level of offshore construction activity is principally determined by three factors: first, the oil and gas industry's ability to economically justify placing discoveries of oil and gas reserves in production; second, the oil and gas industry's need to clear all structures from the lease once the oil and gas reserves have been depleted; and third, weather events such as major hurricanes.

The level of offshore construction activity is one of the three primary drivers of our business results in terms of revenues, gross profit, and gross profit as a percentage of revenues (margins). The other two are pricing (which is effected by contract mix) and operating efficiency or productivity on a particular construction project. Activity levels have a significant impact on our gross profit and gross profit as a percentage of revenues because our business is very capital and personnel intensive. Our vessels, operations personnel, and marine facilities used to perform our construction work "sit idle" when not working, however, in most cases much of their costs, including depreciation, remain and are essentially fixed. In general, as activity increases, a greater percentage of these fixed costs are recovered; therefore, more gross profit is recognized. This increase in activity has the effect of improving gross margins. As activity levels decrease, revenues decline but our costs do not decline proportionately thereby constricting our gross profit and margins. Activity levels can be affected by changes in demand due to economic or other conditions in the oil and gas exploration business, seasonal conditions in certain geographic areas and/or our ability to win the bidding for available jobs.

Our results of operations depend heavily on obtaining a sufficient quantity of offshore construction contracts with sufficient gross profit margins. Contract bidding is very competitive and, in the recent past, has resulted in contractors increasing their willingness to assume greater amounts of risk, for no additional or reduced pricing, in order to be awarded the contract. As a result, contract margins have eroded throughout the industry. However, recent trends indicate a decreased contractor tolerance for uncompensated risk and some recovery of contract margins.

Most of our OCD revenue is obtained through larger, more complex contracts that are longer in duration and require significant amounts of working capital. Most of our international contracts are bid on a lump-sum basis and are secured by a letter of credit or performance bond. These contracts are inherently risky and are subject to many unforeseen circumstances and events that may affect productivity. As productivity decreases, with no offsetting decrease in costs or increases in revenue, contract margins erode as compared to our bid margins. As a result, our OCD revenues and margins are subject to a high degree of variability.

Due to the nature of OCD contracts and adding to the degree of project execution difficulty, changes in the scope of the base contract sometimes occur as contract work progresses. A change order usually increases the scope of work, but may also decrease the scope and, consequently, our revenue and costs. Either the customer or we may initiate change orders. At the time of initiation, change orders may be approved or unapproved by either party, priced or unpriced, and/or defined or undefined regarding detailed scope. Even where the scope of work is defined, the associated increase or decrease in contract revenue may be governed by contract terms or negotiated later, sometimes after the work is performed. We recognize these change orders as revenue in accordance with accounting principles generally accepted in the United States. (Please read "Critical Accounting Policies and Estimates.")

Most GDMC revenues are short-term in nature, involve numerous smaller contracts, and are usually based on a day-rate charge. Financial risks associated with these types of contracts are normally limited due to their short-term and non lump-sum nature. Revenues and margins in our GDMC division tend to be more consistent than in our OCD division.

Overview

As a result of persistently high energy prices and the effects of three major hurricanes in the U.S. Gulf of Mexico, demand for the services performed by both of our divisions increased between the comparable years of 2005 and 2004. This increased level of demand, which began during the third quarter of 2004, continued throughout the year of 2005. Income from continuing operations before income taxes increased by $44.9 million to $66.0 million in 2005, primarily due to a $52.4 million increase in gross profit which was partially offset by a $13.0 million increase in selling, general and administrative expenses. The increase in gross profit was driven by an increase in the overall level of activity in OCD and increased activity and improved pricing in GDMC partially offset by productivity issues and uncompensated weather-related downtime in our OCD Latin America and OCD Asia Pacific segments. For additional information, please read Note 8 of Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

(1) Includes 1,802,003 of restricted shares.

The following table sets forth, for the periods indicated, statement of operations data expressed as a percentage of revenues.

	Year Ended December 31,		
	2005	**2004**	**2003**
Revenues	100.0%	100.0%	100.0%
Cost of operations	83.0	86.1	99.3
Gross profit	17.0	13.9	0.7
Losses on asset impairment	--	1.5	--
Provision for Vinci (Groupe GTM) litigation	--	--	7.3
Net gains on asset disposal	(0.8)	(3.9)	(1.2)
Selling, general and administrative expenses	7.5	8.1	8.2
Operating income (loss)	10.3	8.2	(13.6)
Interest expense	1.5	3.2	2.5
Other expense (income)	(0.7)	0.4	(0.4)
Income (loss) from continuing operations before income taxes	9.5	4.6	(15.7)
Income taxes (benefit)	4.5	3.2	(0.2)
Income (loss) from continuing operations net of before income taxes	5.0	1.4	(15.5)
Income from discontinued operations net of taxes			
Operations	--	--	0.6
Gain on sale	--	3.4	--
Net income (loss)	5.0%	4.8%	(14.9)%

(1) Includes 1,802,003 of restricted shares.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

	Year Ended December 31, 2005	Year Ended December 31, 2004	Percentage Change (unfavorable)
	(in millions)		
Revenues	$ 688.6	$ 463.3	49%
Cost of operations	571.8	398.8	(43)
Gross profit	116.8	64.5	81
Losses on asset impairment	--	7.2	100
Provision for Vinci (Groupe GTM) litigation	--	--	--
Net gains on asset disposal	(5.3)	(18.2)	(71)
Selling, general and administrative expenses	50.9	37.9	(34)
Operating income	71.2	37.6	89
Other expense (income):			
Interest expense	10.2	14.8	31
Other	(5.0)	1.7	394

(1) Includes 1,802,003 of restricted shares.