

NEWS RELEASE

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FOR IMMEDIATE RELEASE
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GULF ISLAND FABRICATION, INC. **REPORTS SECOND QUARTER EARNINGS**

Houma, LA – Gulf Island Fabrication, Inc. (NASDAQ: GIF1) today reported net income of \$4.6 million (\$.37 diluted EPS) on revenue of \$55.4 million for its second quarter ended June 30, 2005, compared to net income of \$3.5 million (\$.29 diluted EPS) on revenue of \$41.4 million for the second quarter ended June 30, 2004. Net income for the first six months of 2005 was \$8.1 million (\$.65 diluted EPS) on revenue of \$109.6 million, compared to net income of \$7.5 million (\$.62 diluted EPS) on revenue of \$92.2 million for the first six months of 2004.

The company had a revenue backlog of \$86.6 million and a labor backlog of approximately 1.1 million man-hours remaining to work, which consist of work remaining at June 30, 2005 and commitments received since June 30, 2005.

SELECTED BALANCE SHEET INFORMATION

(in thousands)

	June 30, <u>2005</u>	December 31, <u>2004</u>
Cash and short-term investments	\$ 45,552	\$ 40,397
Total current assets	103,800	91,290
Property, plant and equipment, at cost, net	59,856	60,346
Total assets	164,305	152,285
Total current liabilities	20,580	16,076
Debt	0	0
Shareholders' equity	134,352	126,584
Total liabilities and shareholders' equity	164,305	152,285

The management of Gulf Island Fabrication, Inc. will hold a conference call on today, July 27, 2005, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended June 30, 2005. The call is accessible by webcast (www.gulfisland.com) through CCBN and by dialing 1.800.946.0785. A digital rebroadcast of the call is available two hours after the call and ending August 5, 2005 by dialing 1.888.203.1112, replay passcode: 4872255.

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, offshore living quarters and other specialized structures used in the development and production of offshore oil and gas reserves. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, and steel warehousing and sales.

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenue	\$ 55,412	\$ 41,443	\$ 109,644	\$ 92,237
Cost of revenue	46,978	34,941	94,703	78,405
Gross profit	8,434	6,502	14,941	13,832
General and administrative expenses	1,514	1,256	2,886	2,566
Operating income	6,920	5,246	12,055	11,266
Other income (expense):				
Interest expense	(9)	(20)	(36)	(27)
Interest income	310	138	597	187
Other	1	29	(2)	47
	<u>302</u>	<u>147</u>	<u>559</u>	<u>207</u>
Income before income taxes	7,222	5,393	12,614	11,473
Income taxes	2,652	1,887	4,541	4,015
Net income	<u>\$ 4,570</u>	<u>\$ 3,506</u>	<u>\$ 8,073</u>	<u>\$ 7,458</u>
Per share data:				
Basic earnings per share:	<u>\$ 0.37</u>	<u>\$ 0.29</u>	<u>\$ 0.66</u>	<u>\$ 0.62</u>
Diluted income per share:	<u>\$ 0.37</u>	<u>\$ 0.29</u>	<u>\$ 0.65</u>	<u>\$ 0.62</u>
Weighted-average shares	12,241	12,064	12,219	11,966
Effect of dilutive securities: employee stock options	103	131	118	144
Adjusted weighted-average shares	<u>12,344</u>	<u>12,195</u>	<u>12,337</u>	<u>12,110</u>
Depreciation included in expense above	<u>\$ 1,565</u>	<u>\$ 1,501</u>	<u>\$ 3,118</u>	<u>\$ 2,971</u>
Cash dividend declared per common share	<u>\$ 0.075</u>	<u>\$ 0.05</u>	<u>\$ 0.15</u>	<u>\$ 0.10</u>