

NEWS RELEASE

For further information contact:

Kerry J. Chauvin
Chief Executive Officer
(985) 872-2100

Joseph "Duke" Gallagher
Chief Financial Officer
(985) 872-2100

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

Houma, LA – Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of \$2.7 million (\$.22 diluted EPS) on revenue of \$41.4 million for its fourth quarter ended December 31, 2005, compared to net income of \$2.9 million (\$.23 diluted EPS) on revenue of \$45.9 million for the fourth quarter ended December 31, 2004. Net income for the twelve months ended December 31, 2005 was \$13.0 million (\$1.05 diluted EPS) on revenue of \$188.5 million, compared to net income of \$12.0 million (\$.99 diluted EPS) on revenue of \$173.9 million for the twelve months ended December 31, 2004.

The company had a revenue backlog of \$114.6 million and a labor backlog of approximately 1.4 million man-hours remaining to work, which consist of work remaining at December 31, 2005 and commitments received since December 31, 2005. This backlog excludes contracts assumed in the Gulf Marine Fabricators asset purchase. The Company anticipates that approximately 93% of this backlog will be completed during the year 2006.

SELECTED BALANCE SHEET INFORMATION

(in thousands)

	December 31, 2005	December 31, 2004
Cash, cash equivalents and short-term investments	\$ 35,901	\$ 40,397
Total current assets	103,595	91,290
Property, plant and equipment, at cost, net	59,561	60,346
Total assets	163,806	152,285
Total current liabilities	16,271	16,076
Debt	0	0
Shareholders' equity	138,265	126,584
Total liabilities and shareholders' equity	163,806	152,285

The management of Gulf Island Fabrication, Inc. will hold a conference call on Wednesday, February 1, 2006, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended December 31, 2005. The call is accessible by webcast (www.gulfisland.com) through CCBN and by dialing **1.800.946.0741**. **A digital rebroadcast of the call is available two hours after the call and ending February 10, 2006 by dialing 1.888.203.1112, replay passcode: 2962496.**

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 December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Revenue	\$ 41,426	\$ 45,888	\$ 188,545	\$ 173,878
Cost of revenue	36,973	40,740	164,548	151,205
Gross profit	4,453	5,148	23,997	22,673
General and administrative expenses	1,303	1,055	5,681	4,818
Operating income	3,150	4,093	18,316	17,855
Other income (expense):				
Interest expense	(10)	(111)	(55)	(147)
Interest income	440	270	1,395	625
Other	(455)	(72)	(460)	(21)
	<u>(25)</u>	<u>87</u>	<u>880</u>	<u>457</u>
Income before income taxes	3,125	4,180	19,196	18,312
Income taxes	423	1,324	6,209	6,270
Net income	<u>\$ 2,702</u>	<u>\$ 2,856</u>	<u>\$ 12,987</u>	<u>\$ 12,042</u>
Per share data:				
Basic earnings (loss) per share	<u>\$ 0.22</u>	<u>\$ 0.24</u>	<u>\$ 1.06</u>	<u>\$ 1.00</u>
Diluted earnings (loss) per share	<u>\$ 0.22</u>	<u>\$ 0.23</u>	<u>\$ 1.05</u>	<u>\$ 0.99</u>
Weighted-average shares	12,275	12,150	12,242	12,054
Effect of dilutive securities: employee stock options	172	126	134	134
Adjusted weighted-average shares ⁽¹⁾	<u>12,447</u>	<u>12,276</u>	<u>12,376</u>	<u>12,188</u>
Depreciation and amortization included in expense above	<u>\$ 1,574</u>	<u>\$ 1,545</u>	<u>\$ 6,279</u>	<u>\$ 6,041</u>
Cash dividend declared per common share	<u>\$ 0.075</u>	<u>\$ 0.050</u>	<u>\$ 0.300</u>	<u>\$ 0.200</u>

(1) The calculation of diluted earnings per share assumes that all stock options are exercised and that the assumed proceeds are used to purchase shares at the average market price for the period.