

## NEWS RELEASE

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**FOR IMMEDIATE RELEASE**  
**WEDNESDAY, JULY 26, 2006**

### **GULF ISLAND FABRICATION, INC.** **REPORTS SECOND QUARTER EARNINGS**

Houma, LA – Gulf Island Fabrication, Inc. (NASDAQ: GIF1) today reported net income of \$6.0 million (\$.43 diluted EPS) on revenue of \$90.0 million for its second quarter ended June 30, 2006, compared to net income of \$4.6 million (\$.37 diluted EPS) on revenue of \$55.4 million for the second quarter ended June 30, 2005. Net income for the first six months of 2006 was \$8.1 million (\$.59 diluted EPS) on revenue of \$147.3 million, compared to net income of \$8.1 million (\$.65 diluted EPS) on revenue of \$109.6 million for the first six months of 2005. Included in the Consolidated Statements of Income for the six months ended June 30, 2006, under the other income (expense), is the \$983,000 gain resulting from the sale of the Company's interest in MinDOC, L.L.C., effective January 23, 2006.

The company had a revenue backlog of \$171.8 million and a labor backlog of approximately 2.1 million man-hours remaining to work, which consist of work remaining at June 30, 2006 and commitments received since June 30, 2006.

#### **SELECTED BALANCE SHEET INFORMATION**

(in thousands)

	June 30, 2006	December 31, 2005
Cash and short-term investments	\$ 13,328	\$ 35,901
Total current assets	104,714	103,412
Property, plant and equipment, at cost, net	139,820	59,744
Total assets	246,244	163,806
Total current liabilities	34,526	16,271
Debt	17,200	0
Shareholders' equity	185,630	138,265
Total liabilities and shareholders' equity	246,244	163,806

The management of Gulf Island Fabrication, Inc. will hold a conference call today July 26, 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 June 30, 2006. The call is accessible by webcast ([www.gulfisland.com](http://www.gulfisland.com)) through CCBN and by dialing **1.800.406.5345**. **A digital rebroadcast of the call is available two hours after the call and ending August 4, 2006 by dialing 1.888.203.1112, replay passcode: 2416235.**

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms, hull and/or deck sections of floating production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. These structures include jackets and deck sections of fixed production platforms; hull and/or deck sections of floating production platforms (such as tension leg platforms ("TLPs")), "SPARs and FPSOs", piles, wellhead protectors, subsea templates and various production, compressor and utility modules, offshore living quarters, tanks and barges. The Company also provides offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, heavy lifts such as ship integration and TLP module integration, loading and offloading jack-up drilling rigs, semi-submersible drilling rigs, TLP's , SPARs or other similar cargo onshore and offshore scaffolding and piping insulation services 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,	
	2006	2005	2006	2005
Revenue	\$ 89,955	\$ 55,412	\$ 147,324	\$ 109,644
Cost of revenue	<u>79,005</u>	<u>46,978</u>	<u>132,011</u>	<u>94,703</u>
Gross profit	10,950	8,434	15,313	14,941
General and administrative expenses	<u>2,050</u>	<u>1,514</u>	<u>4,187</u>	<u>2,886</u>
Operating income	8,900	6,920	11,126	12,055
Other income (expense):				
Interest expense	(155)	(9)	(289)	(36)
Interest income	92	310	173	597
Other	2	1	985	(2)
	<u>(61)</u>	<u>302</u>	<u>869</u>	<u>559</u>
Income before income taxes	8,839	7,222	11,995	12,614
Income taxes	<u>2,886</u>	<u>2,652</u>	<u>3,889</u>	<u>4,541</u>
Net income	<u>\$ 5,953</u>	<u>\$ 4,570</u>	<u>\$ 8,106</u>	<u>\$ 8,073</u>
Per share data:				
Basic earnings per share:	<u>\$ 0.43</u>	<u>\$ 0.37</u>	<u>\$ 0.59</u>	<u>\$ 0.66</u>
Diluted income per share:	<u>\$ 0.43</u>	<u>\$ 0.37</u>	<u>\$ 0.59</u>	<u>\$ 0.65</u>
Weighted-average shares	13,916	12,241	13,641	12,219
Effect of dilutive securities: employee stock options	<u>85</u>	<u>103</u>	<u>119</u>	<u>118</u>
Adjusted weighted-average shares	<u>14,001</u>	<u>12,344</u>	<u>13,760</u>	<u>12,337</u>
Depreciation and amortization included in expense above	<u>\$ 3,067</u>	<u>\$ 1,565</u>	<u>\$ 5,936</u>	<u>\$ 3,118</u>
Cash dividend declared per common share	<u>\$ 0.075</u>	<u>\$ 0.075</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>