March 1, 2007

Gulf Island Fabrication, Inc. Reports Fourth Quarter Earnings

HOUMA, La.--(BUSINESS WIRE)--

Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of $3.7 million ($.26 diluted EPS) on revenue of $76.0 million for its fourth quarter ended December 31, 2006, compared to net income of $2.7 million ($.22 diluted EPS) on revenue of $41.4 million for the fourth quarter ended December 31, 2005. Net income for the twelve months ended December 31, 2006 was $21.3 million ($1.53 diluted EPS) on revenue of $312.2 million, compared to net income of $13.0 million ($1.05 diluted EPS) on revenue of $188.5 million for the twelve months ended December 31, 2005. Included in the Consolidated Statements of Income for the year ended December 31, 2006, under the "Other Income (Expense)" section, 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 $429.1 million and a labor backlog of approximately 4.0 million man-hours remaining to work, which consist of work remaining at December 31, 2006 and commitments received through February 13, 2007, the original earnings release date.

During the year-end close process, the Company discovered an error regarding the estimated revenue on the Tahiti contract, which the Company assumed when it acquired Gulf Marine Fabricators, effective January 31, 2006. The Company determined that the amount of revenue it had recognized on this contract during the first three quarters of 2006 was overstated. The table below indicates the previously reported and restated quarterly financial results that will be included in the quarterly results footnote in its Form 10-K for the year ended December 31, 2006. The Company expects to file its Form 10-K on or before its March 16, 2007 due date and will not amend its previous filings.

	For the Quarters Ended					
	March 31, 2006		June 30, 2006		September 30, 2006	
	Reported	Restated	Reported	Restated	Reported	Restated
	(in thousands, except per share data)					
Revenue	$57,369	$56,978	$89,955	$89,508	$90,494	$89,733
Gross profit	4,395	4,014	10,950	10,514	17,635	16,890
Net Income	2,154	1,879	5,953	5,678	10,476	10,040
Basic EPS	$0.16	$0.14	$0.43	$0.41	$0.75	$0.72
Diluted EPS	$0.16	$0.14	$0.43	$0.41	$0.75	$0.72

SELECTED BALANCE SHEET INFORMATION

(in thousands)

	December 31, 2006	December 31, 2005
Cash, cash equivalents and short-term investments	$10,302	$35,901
Total current assets	94,765	103,412
Property, plant and equipment, at cost,net	155,440	59,744
Total assets	251,448	163,806
Total current liabilities	40,214	16,271
Debt	0	0
Shareholders' equity	200,756	138,265
Total liabilities and shareholders' equity	251,448	163,806

The management of Gulf Island Fabrication, Inc. will hold a conference call on Friday, March 2, 2007, at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) to discuss the Company's financial results for the quarter ended and year ended December 31, 2006. The call is accessible by webcast (www.gulfisland.com) through CCBN and by dialing 1.800.478.6251. A digital rebroadcast of the call is available two hours after the call and ending March 16, 2007 by dialing 1.888.203.1112, replay passcode: 3493118.

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, 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 of jack-up drilling rigs, semi-submersible drilling rigs, TLP's , SPARs, or other similar cargo, onshore and offshore scaffolding, 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 December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Revenue	$75,962	$41,426	$312,181	$188,545
Cost of revenue	68,967	36,973	273,768	164,548
Gross profit	6,995	4,453	38,413	23,997
General and administrative expenses	2,350	1,303	9,137	5,681
Operating income	4,645	3,150	29,276	18,316
Other income (expense):				
Interest expense	(11)	(10)	(473)	(55)
Interest income	88	440	359	1,395

Other	199	(455)	1,261	(460)
	276	(25)	1,147	880
Income before income taxes	4,921	3,125	30,423	19,196
Income taxes	1,193	423	9,098	6,209
Net income	$3,728	$2,702	$21,325	$12,987
Per share data:				
Basic earnings (loss) per share	$0.27	$0.22	$1.54	$1.06
Diluted earnings (loss) per share	$0.26	$0.22	$1.53	$1.05
Weighted-average shares	14,019	12,275	13,812	12,242
Effect of dilutive securities: employee stock options	159	172	122	134
Adjusted weighted-average shares (1)	14,178	12,447	13,934	12,376
Depreciation and amortization included in expense above	$3,242	$1,574	$12,509	$6,279
Cash dividend declared per common share	$0.075	$0.075	$0.300	$0.300

(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.

Source: Gulf Island Fabrication, Inc.