

ARGAN, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net revenues				
Power industry services	\$ 36,387,000	\$ 42,017,000	\$ 151,034,000	\$ 130,970,000
Nutritional products	2,662,000	4,617,000	7,287,000	14,602,000
Telecommunication infrastructure services	2,338,000	2,629,000	6,570,000	7,260,000
Net revenues	<u>41,387,000</u>	<u>49,263,000</u>	<u>164,891,000</u>	<u>152,832,000</u>
Cost of revenues				
Power industry services	29,742,000	35,548,000	131,425,000	119,383,000
Nutritional products	2,983,000	4,193,000	7,701,000	12,481,000
Telecommunication infrastructure services	1,824,000	2,076,000	5,474,000	5,776,000
Cost of revenues	<u>34,549,000</u>	<u>41,817,000</u>	<u>144,600,000</u>	<u>137,640,000</u>
Gross profit	6,838,000	7,446,000	20,291,000	15,192,000
Selling, general and administrative expenses	3,090,000	4,381,000	11,118,000	13,715,000
Impairment losses of VLI	--	4,666,000	1,946,000	4,666,000
Income (loss) from operations	3,748,000	(1,601,000)	7,227,000	(3,189,000)
Other income, net	306,000	903,000	850,000	1,802,000
Income (loss) from operations before income taxes	4,054,000	(698,000)	8,077,000	(1,387,000)
Income tax expense	(1,430,000)	(1,259,000)	(3,092,000)	(1,253,000)
Net income (loss)	<u>\$ 2,624,000</u>	<u>\$ (1,957,000)</u>	<u>\$ 4,985,000</u>	<u>\$ (2,640,000)</u>
Income (loss) per share				
Basic	\$ 0.20	\$ (0.18)	\$ 0.41	\$ (0.24)
Diluted	\$ 0.19	\$ (0.18)	\$ 0.40	\$ (0.24)
Weighted average number of shares outstanding:				
Basic	<u>13,414,000</u>	<u>11,096,000</u>	<u>12,138,000</u>	<u>11,095,000</u>
Diluted	<u>13,730,000</u>	<u>11,096,000</u>	<u>12,480,000</u>	<u>11,095,000</u>

Reconciliations to EBITDA

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income (loss), as reported	\$ 2,624,000	\$ (1,957,000)	\$ 4,985,000	\$ (2,640,000)
Income tax expense	1,430,000	1,259,000	3,092,000	1,253,000
Depreciation and other amortization	159,000	324,000	842,000	968,000
Amortization of purchased intangible assets	115,000	1,201,000	1,289,000	5,290,000
Interest expense	108,000	171,000	336,000	550,000
Stock option compensation expense	60,000	182,000	848,000	282,000
Impairment losses of VLI	--	4,666,000	1,946,000	4,666,000
EBITDA	<u>\$ 4,496,000</u>	<u>\$ 5,846,000</u>	<u>\$ 13,338,000</u>	<u>\$ 10,369,000</u>

Management uses EBITDA, a non-GAAP financial measure, for planning purposes, including the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management believes that EBITDA provides additional insight for analysts and investors in evaluating the Company's financial and operational performance and in assisting investors in comparing the Company's financial performance to those of other companies in the Company's industry. However, EBITDA is not intended to be an alternative to financial measures prepared in accordance with GAAP and should not be considered in isolation from our GAAP results of operations. Pursuant to the requirements of SEC Regulation G, reconciliations between the Company's GAAP and non-GAAP financial results are provided above and investors are advised to carefully review and consider this information as well as the GAAP financial results that are disclosed in the Company's SEC filings.

ARGAN, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

ASSETS	October 31,	January 31,
	2008	2008
	(unaudited)	(unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 93,143,000	\$ 66,827,000
Escrowed cash	10,324,000	14,398,000
Accounts receivable, net of allowance for doubtful accounts	3,420,000	30,481,000
Inventories, net of reserve for obsolescence	2,533,000	2,808,000
Current deferred tax assets	882,000	406,000
Prepaid expenses and other current assets	1,383,000	1,330,000
TOTAL CURRENT ASSETS	111,685,000	116,250,000
Property and equipment, net of accumulated depreciation	1,331,000	2,892,000
Goodwill	19,416,000	20,337,000
Other purchased intangible assets, net of accumulated amortization	3,921,000	5,296,000
Investment in unconsolidated subsidiary	1,241,000	--
Deferred tax assets	2,321,000	828,000
Other assets	153,000	260,000
TOTAL ASSETS	\$ 140,068,000	\$ 145,863,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 29,853,000	\$ 35,483,000
Accrued expenses	9,142,000	9,370,000
Billings in excess of cost and earnings	22,557,000	52,313,000
Current portion of long-term debt	2,526,000	2,581,000
TOTAL CURRENT LIABILITIES	64,078,000	99,747,000
Long-term debt	2,250,000	4,134,000
Other liabilities	77,000	116,000
TOTAL LIABILITIES	66,405,000	103,997,000
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.10 per share; 500,000 shares authorized; no shares issued and outstanding	--	--
Common stock, par value \$0.15 per share; 30,000,000 shares authorized; 13,433,684 and 11,113,534 shares issued at 10/31/08 and 1/31/08, and 13,430,451 and 11,110,301 shares outstanding at 10/31/08 and 1/31/08, respectively	2,014,000	1,667,000
Warrants outstanding	753,000	834,000
Additional paid-in capital	84,359,000	57,861,000
Accumulated other comprehensive loss	(59,000)	(107,000)
Accumulated deficit	(13,371,000)	(18,356,000)
Treasury stock, at cost; 3,233 shares at 10/31/08 and 1/31/08	(33,000)	(33,000)
TOTAL STOCKHOLDERS' EQUITY	73,663,000	41,866,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 140,068,000	\$ 145,863,000