

**ARGAN, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**

	<u>Quarter ended January 31,</u>		<u>Year ended January 31,</u>	
	<u>(unaudited)</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net revenues				
Power industry services	\$ 51,264,000	\$ 49,445,000	\$ 202,298,000	\$ 180,414,000
Nutritional products	2,788,000	2,067,000	10,075,000	16,669,000
Telecommunications infrastructure services	1,983,000	2,433,000	8,553,000	9,693,000
Net revenues	<u>56,035,000</u>	<u>53,945,000</u>	<u>220,926,000</u>	<u>206,776,000</u>
Cost of revenues				
Power industry services	37,621,000	43,036,000	169,046,000	162,418,000
Nutritional products	4,166,000	2,233,000	11,868,000	14,714,000
Telecommunications infrastructure services	1,654,000	2,283,000	7,127,000	8,059,000
Cost of revenues	<u>43,441,000</u>	<u>47,552,000</u>	<u>188,041,000</u>	<u>185,191,000</u>
Gross profit	<u>12,594,000</u>	<u>6,393,000</u>	<u>32,885,000</u>	<u>21,585,000</u>
Selling, general and administrative expenses	3,741,000	5,268,000	14,858,000	18,983,000
Impairment losses	1,188,000	2,160,000	3,134,000	6,826,000
Income (loss) from operations	<u>7,665,000</u>	<u>(1,035,000)</u>	<u>14,893,000</u>	<u>(4,224,000)</u>
Investment income	210,000	959,000	1,755,000	3,311,000
Interest expense	(74,000)	(149,000)	(410,000)	(699,000)
Equity in the earnings of unconsolidated subsidiary	867,000	--	507,000	--
Income (loss) from operations before income taxes	8,668,000	(225,000)	16,745,000	(1,612,000)
Income tax expense	<u>(3,634,000)</u>	<u>(340,000)</u>	<u>(6,726,000)</u>	<u>(1,593,000)</u>
Net income (loss)	<u>\$ 5,034,000</u>	<u>\$ (565,000)</u>	<u>\$ 10,019,000</u>	<u>\$ (3,205,000)</u>
Basic income (loss) per share	<u>\$ 0.37</u>	<u>\$ (0.05)</u>	<u>\$ 0.80</u>	<u>\$ (0.29)</u>
Diluted income (loss) per share	<u>\$ 0.37</u>	<u>\$ (0.05)</u>	<u>\$ 0.78</u>	<u>\$ (0.29)</u>
Weighted average number of shares outstanding				
Basic	<u>13,434,000</u>	<u>11,105,000</u>	<u>12,465,000</u>	<u>11,097,000</u>
Diluted	<u>13,626,000</u>	<u>11,105,000</u>	<u>12,779,000</u>	<u>11,097,000</u>

## ARGAN, INC. AND SUBSIDIARIES

### Reconciliations to Consolidated EBITDA

	<u>Quarter ended January 31,</u>		<u>Year ended January 31,</u>	
	(unaudited)		(unaudited)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (loss), as reported	\$ 5,034,000	\$ (565,000)	\$ 10,019,000	\$ (3,205,000)
Interest expense	74,000	149,000	410,000	699,000
Income tax expense	3,634,000	340,000	6,726,000	1,593,000
Amortization of purchased intangible assets	115,000	894,000	1,404,000	6,184,000
Depreciation and other amortization	150,000	309,000	992,000	1,277,000
 EBITDA	 <u>\$ 9,007,000</u>	 <u>\$ 1,127,000</u>	 <u>\$ 19,551,000</u>	 <u>\$ 6,548,000</u>

### Reconciliations to EBITDA Power Industry Services

	<u>Quarter ended January 31,</u>		<u>Year ended January 31,</u>	
	(unaudited)		(unaudited)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Income before income taxes, as reported	\$ 13,400,000	\$ 4,358,000	\$ 29,387,000	\$ 10,829,000
Interest expense	65,000	127,000	348,000	588,000
Amortization of purchased intangible assets	88,000	793,000	1,254,000	5,168,000
Depreciation and other amortization	47,000	42,000	199,000	181,000
 EBITDA	 <u>\$ 13,600,000</u>	 <u>\$ 5,320,000</u>	 <u>\$ 31,188,000</u>	 <u>\$ 16,766,000</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, a reconciliation between the Company's GAAP and non-GAAP financial results is 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**  
**January 31,**

<b>ASSETS</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 74,666,000	\$ 66,827,000
Accounts receivable, net of allowance for doubtful accounts	12,986,000	30,239,000
Escrowed cash	10,000,000	14,398,000
Costs and estimated earnings in excess of billings	6,325,000	242,000
Inventories, net of obsolescence reserve	1,347,000	2,808,000
Prepaid expenses and other current assets	768,000	1,330,000
Deferred income tax assets	<u>1,660,000</u>	<u>406,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>107,752,000</u>	<u>116,250,000</u>
Property and equipment, net of accumulated depreciation	1,214,000	2,892,000
Goodwill	18,476,000	20,337,000
Intangible assets, net of accumulated amortization and impairment losses	3,655,000	5,296,000
Investment in unconsolidated subsidiary	2,107,000	--
Deferred income tax assets	1,743,000	828,000
Other assets	<u>217,000</u>	<u>260,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 135,164,000</u></u>	<u><u>\$ 145,863,000</u></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 31,808,000	\$ 35,483,000
Accrued expenses	14,929,000	9,370,000
Billings in excess of cost and estimated earnings	5,102,000	52,313,000
Current portion of long-term debt	<u>2,301,000</u>	<u>2,581,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>54,140,000</u>	<u>99,747,000</u>
Long-term debt	1,833,000	4,134,000
Other liabilities	<u>85,000</u>	<u>116,000</u>
<b>TOTAL LIABILITIES</b>	<u><u>56,058,000</u></u>	<u><u>103,997,000</u></u>
<b>STOCKHOLDERS' EQUITY</b>		
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; 13,437,684 and 11,113,534 shares issued at 1/31/09 and 1/31/08, and 13,434,451 and 11,110,301 shares outstanding at 1/31/09 and 1/31/08, respectively	2,015,000	1,667,000
Warrants outstanding	738,000	834,000
Additional paid-in capital	84,786,000	57,861,000
Accumulated other comprehensive loss	(63,000)	(107,000)
Accumulated deficit	(8,337,000)	(18,356,000)
Treasury stock, at cost; 3,233 shares at 1/31/09 and 1/31/08	<u>(33,000)</u>	<u>(33,000)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>79,106,000</u>	<u>41,866,000</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 135,164,000</u></u>	<u><u>\$ 145,863,000</u></u>