

ARGAN, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

	<u>Quarter ended January 31,</u>		<u>Year ended January 31,</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net sales				
Power industry services	\$ 49,445,000	\$ 33,698,000	\$ 180,414,000	\$ 33,698,000
Nutritional products	2,067,000	4,554,000	16,669,000	20,842,000
Telecommunication infrastructure services	2,433,000	3,484,000	9,693,000	14,327,000
Net sales	<u>53,945,000</u>	<u>41,736,000</u>	<u>206,776,000</u>	<u>68,867,000</u>
Cost of sales				
Power industry services	43,036,000	30,589,000	162,418,000	30,589,000
Nutritional products	2,233,000	3,988,000	14,714,000	16,549,000
Telecommunication infrastructure services	2,283,000	2,972,000	8,059,000	11,479,000
Cost of sales	<u>47,552,000</u>	<u>37,549,000</u>	<u>185,191,000</u>	<u>58,617,000</u>
Gross profit	6,393,000	4,187,000	21,585,000	10,250,000
Selling, general and administrative expenses	5,268,000	3,729,000	18,983,000	9,863,000
Impairment losses of Vitarich Laboratories, Inc.	2,160,000	--	6,826,000	--
(Loss) income from operations	<u>(1,035,000)</u>	458,000	<u>(4,224,000)</u>	387,000
Interest expense and amortization of debt issuance costs	(149,000)	(144,000)	(699,000)	(708,000)
Interest income	959,000	292,000	3,311,000	297,000
(Loss) income from operations before income taxes	(225,000)	606,000	(1,612,000)	(24,000)
Income tax expense	<u>(340,000)</u>	<u>(291,000)</u>	<u>(1,593,000)</u>	<u>(89,000)</u>
Net (loss) income	<u>\$ (565,000)</u>	<u>\$ 315,000</u>	<u>\$ (3,205,000)</u>	<u>\$ (113,000)</u>
Basic and diluted (loss) income per share	<u>\$ (0.05)</u>	<u>\$ 0.04</u>	<u>\$ (0.29)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding	<u>11,105,000</u>	<u>8,414,000</u>	<u>11,097,000</u>	<u>5,338,000</u>

Reconciliation to EBITDA

	<u>Quarter ended January 31,</u>		<u>Year ended January 31,</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net (loss) income, as reported	\$ (565,000)	\$ 315,000	\$ (3,205,000)	\$ (113,000)
Interest expense and amortization of debt issuance costs	149,000	144,000	699,000	708,000
Income tax expense	340,000	291,000	1,593,000	89,000
Amortization of purchased intangible assets	894,000	1,337,000	6,184,000	2,328,000
Impairment of Vitarich Laboratories, Inc. goodwill and other intangible assets	2,160,000	--	6,826,000	--
Depreciation and other amortization	309,000	311,000	1,277,000	1,108,000
Stock option compensation expense	<u>279,000</u>	<u>52,000</u>	<u>561,000</u>	<u>237,000</u>
EBITDA	<u>\$ 3,566,000</u>	<u>\$ 2,450,000</u>	<u>\$ 13,935,000</u>	<u>\$ 4,357,000</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. Argan, Inc. includes non-cash impairment losses related to goodwill and other purchased intangible assets in EBITDA. 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 detailed 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,

ASSETS	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 66,827,000	\$ 25,393,000
Accounts receivable, net of allowance for doubtful accounts	30,239,000	23,185,000
Investments available for sale	--	2,283,000
Escrowed cash	14,398,000	15,031,000
Estimated earnings in excess of billings	242,000	12,003,000
Inventories, net of obsolescence reserve	2,808,000	2,387,000
Prepaid expenses and other current assets	1,330,000	643,000
Current deferred tax asset	406,000	409,000
TOTAL CURRENT ASSETS	<u>116,250,000</u>	<u>81,334,000</u>
Property and equipment, net of accumulated depreciation	2,892,000	3,250,000
Goodwill, net of impairment losses	20,337,000	23,981,000
Other purchased intangible assets, net of accumulated amortization and impairment losses	5,296,000	12,661,000
Deferred tax asset	828,000	--
Other assets	260,000	313,000
TOTAL ASSETS	<u>\$ 145,863,000</u>	<u>\$ 121,539,000</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 35,483,000	\$ 44,255,000
Accrued expenses	9,370,000	5,873,000
Billings in excess of cost and earnings	52,313,000	15,705,000
Current portion of long-term debt	2,581,000	2,586,000
TOTAL CURRENT LIABILITIES	<u>99,747,000</u>	<u>68,419,000</u>
Long-term debt	4,134,000	6,715,000
Deferred income tax liability	--	1,880,000
Other liabilities	116,000	14,000
TOTAL LIABILITIES	<u>103,997,000</u>	<u>77,028,000</u>
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; 11,113,534 and 11,097,245 shares issued at 1/31/08 and 1/31/07, and 11,110,301 and 11,094,012 shares outstanding at 1/31/08 and 1/31/07, respectively	1,667,000	1,664,000
Warrants outstanding	834,000	849,000
Additional paid-in capital	57,861,000	57,190,000
Accumulated other comprehensive loss	(107,000)	(8,000)
Accumulated deficit	(18,356,000)	(15,151,000)
Treasury stock, at cost; 3,233 shares at 1/31/08 and 1/31/07	(33,000)	(33,000)
TOTAL STOCKHOLDERS' EQUITY	<u>41,866,000</u>	<u>44,511,000</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 145,863,000</u>	<u>\$ 121,539,000</u>