

ARGAN, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

	Quarter ended April 30,	
	(unaudited)	
	2008	2007
Net sales		
Power industry services	\$ 44,008,000	\$ 43,354,000
Nutritional products	2,399,000	4,949,000
Telecommunication infrastructure services	1,999,000	2,129,000
	48,406,000	50,432,000
Cost of sales		
Power industry services	38,576,000	43,245,000
Nutritional products	2,323,000	4,166,000
Telecommunication infrastructure services	1,774,000	1,843,000
	42,673,000	49,254,000
Gross profit	5,733,000	1,178,000
Selling, general and administrative expenses	4,011,000	4,561,000
Income (loss) from operations	1,722,000	(3,383,000)
Interest expense	(120,000)	(204,000)
Interest income	504,000	633,000
	2,106,000	(2,954,000)
Income tax (expense) benefit	(551,000)	939,000
Net income (loss)	\$ 1,555,000	\$ (2,015,000)
Basic and diluted income (loss) per share	\$ 0.14	\$ (0.18)
Weighted average number of shares outstanding:		
Basic	11,118,000	11,094,000
Diluted	11,429,000	11,094,000

Reconciliation to EBITDA

	Quarter ended April 30,	
	(unaudited)	
	2008	2007
Net income (loss), as reported	\$ 1,555,000	\$ (2,015,000)
Interest expense	120,000	204,000
Income tax expense (benefit)	551,000	(939,000)
Amortization of purchased intangible assets	772,000	2,064,000
Depreciation and other amortization	339,000	324,000
Stock option compensation expense	397,000	14,000
	3,734,000	(348,000)
EBITDA	\$ 3,734,000	\$ (348,000)

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 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

	<u>April 30,</u> <u>2008</u>	<u>January 31,</u> <u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 66,645,000	\$ 66,827,000
Escrowed cash	10,315,000	14,398,000
Accounts receivable, net of allowance for doubtful accounts	31,053,000	30,239,000
Estimated earnings in excess of billings	329,000	242,000
Inventories, net of reserve for obsolescence	2,921,000	2,808,000
Current deferred tax assets	913,000	406,000
Prepaid expenses and other current assets	<u>1,419,000</u>	<u>1,330,000</u>
TOTAL CURRENT ASSETS	<u>113,595,000</u>	<u>116,250,000</u>
Property and equipment, net of accumulated depreciation	2,706,000	2,892,000
Goodwill	20,337,000	20,337,000
Other purchased intangible assets, net of accumulated amortization	4,524,000	5,296,000
Deferred tax assets	1,372,000	828,000
Other assets	<u>230,000</u>	<u>260,000</u>
TOTAL ASSETS	<u>\$ 142,764,000</u>	<u>\$ 145,863,000</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 34,687,000	\$ 35,483,000
Accrued expenses	6,782,000	9,370,000
Billings in excess of cost and earnings	51,217,000	52,313,000
Current portion of long-term debt	<u>2,566,000</u>	<u>2,581,000</u>
TOTAL CURRENT LIABILITIES	<u>95,252,000</u>	<u>99,747,000</u>
Long-term debt	3,503,000	4,134,000
Other liabilities	<u>93,000</u>	<u>116,000</u>
TOTAL LIABILITIES	<u>98,848,000</u>	<u>103,997,000</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; 11,123,259 and 11,113,534 shares issued at 4/30/08 and 1/31/08, and 11,120,026 and 11,110,301 shares outstanding at 4/30/08 and 1/31/08, respectively	1,668,000	1,667,000
Warrants outstanding	834,000	834,000
Additional paid-in capital	58,331,000	57,861,000
Accumulated other comprehensive loss	(83,000)	(107,000)
Accumulated deficit	(16,801,000)	(18,356,000)
Treasury stock, at cost; 3,233 shares at 4/30/08 and 1/31/08	<u>(33,000)</u>	<u>(33,000)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>43,916,000</u>	<u>41,866,000</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 142,764,000</u>	<u>\$ 145,863,000</u>