

ARGAN, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

| | Three months ended July 31, | | Six months ended July 31, | |
|---|-----------------------------|---------------------|---------------------------|---------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net sales | | | | |
| Power industry services | \$ 45,599,000 | \$ - | \$88,953,000 | \$ - |
| Nutraceutical products | 5,036,000 | 5,211,000 | 9,985,000 | 11,040,000 |
| Telecom infrastructure services | 2,502,000 | 3,349,000 | 4,631,000 | 6,482,000 |
| Net Sales | <u>53,137,000</u> | <u>8,560,000</u> | <u>103,569,000</u> | <u>17,522,000</u> |
| Cost of sales | | | | |
| Power industry services | 40,590,000 | - | 83,835,000 | - |
| Nutraceutical products | 4,122,000 | 3,940,000 | 8,288,000 | 8,326,000 |
| Telecom infrastructure services | 1,858,000 | 2,678,000 | 3,701,000 | 5,001,000 |
| Gross profit | <u>6,567,000</u> | <u>1,942,000</u> | <u>7,745,000</u> | <u>4,195,000</u> |
| Selling, general and administrative expenses | 4,773,000 | 1,944,000 | 9,334,000 | 3,920,000 |
| Income (loss) from operations | <u>1,794,000</u> | <u>(2,000)</u> | <u>(1,589,000)</u> | <u>275,000</u> |
| Interest expense and amortization of subordinated debt issuance costs | 181,000 | 216,000 | 385,000 | 477,000 |
| Interest Income | (653,000) | (1,000) | (1,286,000) | (3,000) |
| Income (loss) from operations before income taxes | <u>2,266,000</u> | <u>(217,000)</u> | <u>(688,000)</u> | <u>(199,000)</u> |
| Income tax (expense) benefit | (932,000) | 62,000 | 7,000 | 26,000 |
| Net income (loss) | <u>\$ 1,334,000</u> | <u>\$ (155,000)</u> | <u>\$ (681,000)</u> | <u>\$ (173,000)</u> |
| Earnings per share: | | | | |
| Basic earnings per share | \$ 0.12 | \$ (0.03) | \$ (0.06) | \$ (0.04) |
| Diluted earnings per share | <u>\$ 0.12</u> | <u>\$ (0.03)</u> | <u>\$ (0.06)</u> | <u>\$ (0.04)</u> |
| Weighted average number of shares: | | | | |
| Basic | 11,094,000 | 4,549,000 | 11,094,000 | 4,179,000 |
| Diluted | <u>11,196,000</u> | <u>4,549,000</u> | <u>11,094,000</u> | <u>4,179,000</u> |

Reconciliation to EBITDA

| | Three months ended July 31, | | Six months ended July 31, | |
|---|-----------------------------|----------------|---------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net income (loss) | \$1,334,000 | \$(155,000) | \$(681,000) | \$(173,000) |
| Interest expense and amortization of subordinated debt issuance costs | 181,000 | 216,000 | 385,000 | 477,000 |
| Tax expense (benefit) | 932,000 | (62,000) | (7,000) | (26,000) |
| Depreciation and amortization | 320,000 | 399,000 | 644,000 | 518,000 |
| Amortization of intangible assets | <u>2,025,000</u> | <u>329,000</u> | <u>4,089,000</u> | <u>660,000</u> |

EBITDA

\$4,792,000

\$727,000

\$4,430,000

\$1,456,000

0

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 also 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.
Condensed Consolidated Balance Sheets
(Unaudited)

| | July 31, 2007 | January 31, 2007 |
|---|------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$49,140,000 | \$25,393,000 |
| Accounts receivable, net of allowance for doubtful accounts of \$88,000 at 7/31/07 and \$137,000 at 1/31/2007 | 30,397,000 | 23,030,000 |
| Receivable from affiliated entity | - | 155,000 |
| Investments available for sale | - | 2,283,000 |
| Escrowed cash | 15,034,000 | 15,031,000 |
| Estimated earnings in excess of billings | 3,919,000 | 12,003,000 |
| Current deferred tax asset | 435,000 | - |
| Inventories, net of reserves of \$143,000 at 07/31/2007 and \$104,000 at 01/31/2007 | 2,442,000 | 2,387,000 |
| Prepaid expenses and other current assets | 1,512,000 | 643,000 |
| TOTAL CURRENT ASSETS | 102,879,000 | 80,925,000 |
| Property and equipment, net of accumulated depreciation of \$2,922,000 at 7/31/2007 and \$2,379,000 at 1/31/2007 | 2,887,000 | 3,250,000 |
| Other assets | 235,000 | 313,000 |
| Goodwill | 23,981,000 | 23,981,000 |
| Other intangible assets, net | 8,572,000 | 12,661,000 |
| TOTAL ASSETS | \$138,554,000 | \$121,130,000 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$33,020,000 | \$44,248,000 |
| Due to affiliates | - | 7,000 |
| Accrued expenses | 6,794,000 | 5,873,000 |
| Estimated loss on uncompleted contracts | 74,000 | - |
| Billings in excess of cost and earnings | 46,223,000 | 15,705,000 |
| Current portion of long-term debt | 2,584,000 | 2,586,000 |
| TOTAL CURRENT LIABILITIES | 88,695,000 | 68,419,000 |
| Deferred income tax liability | 495,000 | 1,471,000 |
| Other liabilities | 21,000 | 14,000 |
| Long-term debt | 5,423,000 | 6,715,000 |
| TOTAL LIABILITIES | 94,634,000 | 76,619,000 |
| 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; 11,097,245 shares issued and 11,094,012 shares outstanding at 7/31/2007 and 1/31/2007 | 1,664,000 | 1,664,000 |
| Warrants outstanding | 849,000 | 849,000 |
| Additional paid-in capital | 57,285,000 | 57,190,000 |
| Accumulated other comprehensive loss | (13,000) | (8,000) |
| Accumulated deficit | (15,832,000) | (15,151,000) |
| Treasury stock at cost; 3,233 shares at 7/31/2007 and 1/31/2007 | (33,000) | (33,000) |

TOTAL STOCKHOLDERS' EQUITY
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

| | |
|----------------------|-----------------------|
| <u>43,920,000</u> | <u>44,511,000</u> |
| <u>\$138,554,000</u> | <u>\$ 121,130,000</u> |