

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

	<u>Three months ended October 31,</u>		<u>Nine months ended October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net sales				
Power industry services	\$ 42,017,000	\$ -	\$ 130,970,000	\$ -
Nutraceutical products	4,617,000	5,248,000	14,602,000	16,288,000
Telecom infrastructure services	2,629,000	4,361,000	7,260,000	10,843,000
Net Sales	<u>49,263,000</u>	<u>9,609,000</u>	<u>152,832,000</u>	<u>27,131,000</u>
Cost of sales				
Power industry services	35,548,000	-	119,383,000	-
Nutraceutical products	4,193,000	4,235,000	12,481,000	12,561,000
Telecom infrastructure services	2,076,000	3,506,000	5,776,000	8,507,000
Gross profit	<u>7,446,000</u>	<u>1,868,000</u>	<u>15,192,000</u>	<u>6,063,000</u>
Selling, general and administrative expenses	4,381,000	2,214,000	13,715,000	6,134,000
Impairment of goodwill and other intangible assets	4,666,000	-	4,666,000	-
Loss from operations	<u>(1,601,000)</u>	<u>(346,000)</u>	<u>(3,189,000)</u>	<u>(71,000)</u>
Interest expense and amortization of subordinated debt issuance costs	(171,000)	(87,000)	(550,000)	(564,000)
Interest income	<u>1,074,000</u>	<u>2,000</u>	<u>2,352,000</u>	<u>5,000</u>
Loss from operations before income taxes	(698,000)	(431,000)	(1,387,000)	(630,000)
Income tax (expense) benefit	<u>(1,259,000)</u>	<u>176,000</u>	<u>(1,253,000)</u>	<u>202,000</u>
Net loss	<u>\$ (1,957,000)</u>	<u>\$ (255,000)</u>	<u>\$ (2,640,000)</u>	<u>\$ (428,000)</u>
Earnings per share:				
Basic and diluted loss per share	<u>\$ (0.18)</u>	<u>\$ (0.06)</u>	<u>\$ (0.24)</u>	<u>\$ (0.10)</u>
Weighted average number of shares outstanding:				
Basic and diluted	<u>11,096,000</u>	<u>4,574,000</u>	<u>11,095,000</u>	<u>4,312,000</u>

Reconciliation to EBITDA

	<u>Three months ended October 31,</u>		<u>Nine months ended October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net loss, as reported	\$ (1,957,000)	\$ (255,000)	\$ (2,640,000)	\$ (428,000)
Interest expense and amortization of subordinated debt issuance costs	171,000	87,000	550,000	564,000
Income tax expense (benefit)	1,259,000	(176,000)	1,253,000	(202,000)
Depreciation and amortization	324,000	279,000	968,000	797,000
Amortization of intangible assets	1,201,000	331,000	5,290,000	991,000
Stock option compensation expense	182,000	105,000	282,000	185,000
Impairment of goodwill and other intangible assets	<u>4,666,000</u>	<u>-</u>	<u>4,666,000</u>	<u>-</u>
EBITDA	<u>\$ 5,846,000</u>	<u>\$ 371,000</u>	<u>\$ 10,369,000</u>	<u>\$ 1,907,000</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 in EBITDA non-cash impairment losses related to goodwill and other purchased intangible assets. 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.
Condensed Consolidated Balance Sheets
(unaudited)

ASSETS	October 31,	January 31,
	2007	2007
CURRENT ASSETS:		
Cash and cash equivalents	\$ 75,268,000	\$ 25,393,000
Accounts receivable, net of allowance for doubtful accounts of \$80,000 at 10/31/2007 and \$137,000 at 1/31/2007	23,974,000	23,030,000
Investments available for sale	5,000,000	2,283,000
Escrowed cash	14,406,000	15,031,000
Estimated earnings in excess of billings	630,000	12,003,000
Current deferred tax asset	539,000	-
Inventories, net of reserves of \$400,000 at 10/31/2007 and \$104,000 at 01/31/2007	1,711,000	2,387,000
Prepaid expenses and other current assets	<u>2,194,000</u>	<u>798,000</u>
TOTAL CURRENT ASSETS	123,722,000	80,925,000
Property and equipment, net of accumulated depreciation of \$3,037,000 at 10/31/2007 and \$2,379,000 at 1/31/2007	2,807,000	3,250,000
Other assets	197,000	313,000
Deferred tax asset	385,000	-
Goodwill	20,155,000	23,981,000
Other intangible assets, net	<u>6,531,000</u>	<u>12,661,000</u>
TOTAL ASSETS	\$ 153,797,000	\$ 121,130,000
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 27,966,000	\$ 44,255,000
Accrued expenses	9,734,000	5,873,000
Estimated loss on uncompleted contracts	68,000	-
Billings in excess of cost and earnings	66,479,000	15,705,000
Current portion of long-term debt	<u>2,668,000</u>	<u>2,586,000</u>
TOTAL CURRENT LIABILITIES	106,915,000	68,419,000
Deferred income tax liability	-	1,471,000
Other liabilities	46,000	14,000
Long-term debt	<u>4,693,000</u>	<u>6,715,000</u>
TOTAL LIABILITIES	111,654,000	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; 11,107,245 and 11,097,245 shares issued and 11,104,012 and 11,094,012 shares outstanding at 10/31/2007 and 1/31/2007, respectively	1,665,000	1,664,000
Warrants outstanding	849,000	849,000
Additional paid-in capital	57,492,000	57,190,000
Accumulated other comprehensive loss	(39,000)	(8,000)
Accumulated deficit	(17,791,000)	(15,151,000)
Treasury stock at cost; 3,233 shares at 10/31/2007 and 1/31/2007	<u>(33,000)</u>	<u>(33,000)</u>
TOTAL STOCKHOLDERS' EQUITY	42,143,000	44,511,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 153,797,000	\$ 121,130,000