



## ARGAN, INC. REPORTS STRONG THIRD QUARTER EARNINGS

**December 5, 2013 – ROCKVILLE, MD – Argan, Inc. (NYSE: AGX)** today announced financial results for the three and nine months ended October 31, 2013.

For the quarter ended October 31, 2013, net revenues were \$63.5 million compared to \$74.5 million for the quarter ended October 31, 2012. Gemma Power Systems LLC and affiliates (Gemma) contributed \$61.1 million, or 96% of net revenues in the third quarter of fiscal 2014, compared to \$70.5 million, or 95% of net revenues in the third quarter of fiscal 2013.

For the nine months ended October 31, 2013, net revenues were \$168.0 million compared to \$220.8 million during the nine months ended October 31, 2012. Gemma contributed \$160.4 million, or 96% of net revenues in the first nine months of fiscal 2014, compared to \$206.4 million, or 93% of net revenues in the first nine months of fiscal 2013.

Argan reported consolidated EBITDA (Earnings before interest, taxes, depreciation and amortization) from continuing operations of \$20.8 million for the quarter ended October 31, 2013 compared to \$9.6 million for the same prior year period. Gemma recorded \$21.7 million in EBITDA for the third quarter of fiscal 2014 compared to \$10.5 million for the third quarter of fiscal 2013. Argan reported EBITDA from continuing operations of \$53.4 million for the nine months ended October 31, 2013 compared to \$26.6 million for the same prior year period. Gemma, for its segment, recorded \$53.8 million in EBITDA for the first nine months of fiscal 2014 compared to \$27.9 million for the first nine months of fiscal 2013.

In the third quarter of fiscal 2014, the Company reported income from continuing operations before income taxes of \$20.6 million compared to income from continuing operations before income taxes of \$9.3 million in the third quarter of fiscal 2013.

For the first nine months of fiscal 2014, the Company reported income from continuing operations before income taxes of \$52.8 million compared to income from continuing operations before income taxes of \$26.0 million for the first nine months of fiscal 2013.

Net income attributable to the stockholders of Argan for the quarter ended October 31, 2013, was \$11.9 million, or \$0.83 per diluted share based on 14,365,000 diluted shares outstanding, compared to net income attributable to the stockholders of Argan of \$6.1 million, or \$0.43 per diluted share based on 14,106,000 diluted shares outstanding for the quarter ended October 31, 2012.

Net income attributable to the stockholders of Argan for the nine months ended October 31, 2013 was \$31.0 million, or \$2.16 per diluted share based on 14,302,000 diluted shares outstanding, compared to net income attributable to the stockholders of Argan of \$16.7 million, or \$1.19 per diluted share based on 14,075,000 diluted shares outstanding for the nine months ended October 31, 2012.

Argan had consolidated cash of \$206.3 million as of October 31, 2013 and was debt free. Consolidated working capital increased during the current fiscal year to date to approximately \$121.3 million as of October 31, 2013 and consolidated tangible net worth increased to \$124.6 million in the same period.

Gemma's backlog as of October 31, 2013 was \$832 million compared to \$236 million as of October 31, 2012. The October 31, 2013 backlog includes the combined cycle gas fired power plants for Panda Liberty and Moxie Patriot. We anticipate the financial close for Moxie Patriot in our fiscal fourth quarter.

During the third quarter of fiscal 2014, Argan announced that a third party investor, an affiliate of Panda Power Funds, completed the purchase and permanent financing of Moxie Liberty. In connection with the closing, Gemma Power, Inc., a wholly owned subsidiary of Argan, received cash from Moxie Liberty in the amount of \$14.2 million related to development success fees and \$5.1 million for the repayment of notes receivable and accrued interest. Also, Gemma received a full notice to proceed with the engineering, equipment procurement and construction efforts pursuant to the Liberty EPC contract.

Commenting on Argan's financial results, Rainer Bosselmann, Chairman and Chief Executive Officer stated, "We are pleased with the third quarter financial performance of Gemma which is transitioning from the successful completion of the Sentinel project to commencing construction of the Panda Liberty and Moxie Patriot power plants. Recognition of the development success fees have given a strong boost to our operations in our third quarter."

**About Argan, Inc.**

Argan's primary business is designing and building energy plants through its Gemma Power Systems subsidiary. These energy plants include traditional gas as well as alternative energy including biodiesel, ethanol, and renewable energy sources such as wind power. Argan also owns Southern Maryland Cable, Inc.

*Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws and are subject to risks and uncertainties including, but not limited to: (1) the Company's ability to achieve its business strategy while effectively managing costs and expenses; (2) the Company's ability to successfully and profitably integrate acquisitions; and (3) the continued strong performance of the energy sector. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors detailed from time to time in Argan's filings with the Securities and Exchange Commission. In addition, reference is hereby made to cautionary statements with respect to risk factors set forth in the Company's most recent reports on Form 10-K and 10-Q, and other SEC filings.*

**Company Contact:**

Rainer Bosselmann  
301.315.0027

**Investor Relations Contact:**

Arthur Trudel  
301.315.9467

**ARGAN, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Net revenues</b>				
Power industry services	\$ 61,103,000	\$ 70,527,000	\$ 160,392,000	\$ 206,364,000
Telecommunications infrastructure services	2,349,000	3,959,000	7,572,000	14,430,000
Net revenues	<u>63,452,000</u>	<u>74,486,000</u>	<u>167,964,000</u>	<u>220,794,000</u>
<b>Cost of revenues</b>				
Power industry services	38,012,000	58,173,000	104,062,000	173,339,000
Telecommunications infrastructure services	1,564,000	3,177,000	5,741,000	11,339,000
Cost of revenues	<u>39,576,000</u>	<u>61,350,000</u>	<u>109,803,000</u>	<u>184,678,000</u>
<b>Gross profit</b>	23,876,000	13,136,000	58,161,000	36,116,000
Selling, general and administrative expenses	<u>3,545,000</u>	<u>3,780,000</u>	<u>8,589,000</u>	<u>10,105,000</u>
<b>Income from operations</b>	20,331,000	9,356,000	49,572,000	26,011,000
Gains on the deconsolidation of variable interest entities	--	--	2,444,000	--
Other income (expense), net	<u>261,000</u>	<u>(11,000)</u>	<u>827,000</u>	<u>(29,000)</u>
<b>Income from continuing operations before income taxes</b>	20,592,000	9,345,000	52,843,000	25,982,000
Income tax expense	<u>8,143,000</u>	<u>3,632,000</u>	<u>19,531,000</u>	<u>9,741,000</u>
<b>Income from continuing operations</b>	<u>12,449,000</u>	<u>5,713,000</u>	<u>33,312,000</u>	<u>16,241,000</u>
<b>Discontinued operations</b>				
Loss on discontinued operations before income taxes	--	--	--	(405,000)
Income tax benefit	<u>--</u>	<u>--</u>	<u>--</u>	<u>120,000</u>
<b>Loss on discontinued operations</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(285,000)</u>
<b>Net income</b>	12,449,000	5,713,000	33,312,000	15,956,000
<b>Income (loss) attributable to noncontrolling interests</b>	<u>521,000</u>	<u>(352,000)</u>	<u>2,351,000</u>	<u>(748,000)</u>
<b>Net income attributable to the stockholders of Argan</b>	<u>\$ 11,928,000</u>	<u>\$ 6,065,000</u>	<u>\$ 30,961,000</u>	<u>\$ 16,704,000</u>
<b>Earnings (loss) per share attributable to the stockholders of Argan:</b>				
<b>Continuing operations</b>				
Basic	\$ 0.85	\$ 0.44	\$ 2.21	\$ 1.24
Diluted	<u>\$ 0.83</u>	<u>\$ 0.43</u>	<u>\$ 2.16</u>	<u>\$ 1.21</u>
<b>Discontinued operations</b>				
Basic	\$ --	\$ --	\$ --	\$ (0.02)
Diluted	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (0.02)</u>
<b>Net income</b>				
Basic	\$ 0.85	\$ 0.44	\$ 2.21	\$ 1.22
Diluted	<u>\$ 0.83</u>	<u>\$ 0.43</u>	<u>\$ 2.16</u>	<u>\$ 1.19</u>
<b>Weighted average number of shares outstanding</b>				
Basic	<u>14,093,000</u>	<u>13,822,000</u>	<u>14,022,000</u>	<u>13,728,000</u>
Diluted	<u>14,365,000</u>	<u>14,106,000</u>	<u>14,302,000</u>	<u>14,075,000</u>
<b>Cash dividend declared per common share</b>	<u>\$ 0.75</u>	<u>\$ 0.60</u>	<u>\$ 0.75</u>	<u>\$ 0.60</u>

**ARGAN, INC. AND SUBSIDIARIES**  
**Reconciliations to EBITDA**  
**Continuing Operations (Unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2013</b>	<b>2012</b>
Income from continuing operations	\$ 12,449,000	\$ 5,713,000
Interest expense	--	17,000
Income tax expense	8,143,000	3,632,000
Amortization of purchased intangible assets	61,000	61,000
Depreciation	142,000	136,000
EBITDA	\$ 20,795,000	\$ 9,559,000

**Reconciliations to EBITDA**  
**Power Industry Services (Unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2013</b>	<b>2012</b>
Income before income taxes	\$ 21,537,000	\$ 10,300,000
Interest expense	--	17,000
Amortization of purchased intangible assets	61,000	61,000
Depreciation	96,000	77,000
EBITDA	\$ 21,694,000	\$ 10,455,000

**Reconciliations to EBITDA**  
**Continuing Operations (Unaudited)**

	<b>Nine Months Ended October 31,</b>	
	<b>2013</b>	<b>2012</b>
Income from continuing operations	\$ 33,312,000	\$ 16,241,000
Interest expense	10,000	44,000
Income tax expense	19,531,000	9,741,000
Amortization of purchased intangible assets	182,000	182,000
Depreciation	407,000	385,000
EBITDA	\$ 53,442,000	\$ 26,593,000

**Reconciliations to EBITDA**  
**Power Industry Services (Unaudited)**

	<b>Nine Months Ended October 31,</b>	
	<b>2013</b>	<b>2012</b>
Income before income taxes	\$ 53,345,000	\$ 27,461,000
Interest expense	10,000	44,000
Amortization of purchased intangible assets	182,000	182,000
Depreciation	268,000	205,000
EBITDA	\$ 53,805,000	\$ 27,892,000

Management uses EBITDA, a non-GAAP financial measure, for planning purposes, including the preparation of operating budgets and the determination of 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 the Company's 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 presented in the Company's SEC filings.

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>October 31, 2013</b>	<b>January 31, 2013</b>
	<b>(Unaudited)</b>	<b>(Note 1)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$206,350,000	\$175,142,000
Accounts receivable, net of allowance for doubtful accounts	20,609,000	24,879,000
Notes receivable and accrued interest	5,435,000	--
Costs and estimated earnings in excess of billings	276,000	1,178,000
Deferred income tax assets	311,000	1,303,000
Prepaid expenses and other current assets	2,718,000	1,606,000
<b>TOTAL CURRENT ASSETS</b>	<b>235,699,000</b>	<b>204,108,000</b>
Property, plant and equipment, net (\$5,309,000 related to variable interest entities as of January 31, 2013)	4,124,000	9,468,000
Goodwill	18,476,000	18,476,000
Intangible assets, net of accumulated amortization	2,149,000	2,331,000
Deferred income tax and other assets	--	341,000
<b>TOTAL ASSETS</b>	<b>\$260,448,000</b>	<b>\$234,724,000</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 18,978,000	\$ 32,699,000
Dividends payable	10,640,000	--
Accrued expenses	9,592,000	9,488,000
Billings in excess of costs and estimated earnings	75,215,000	73,359,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>114,425,000</b>	<b>115,546,000</b>
Deferred tax and other liabilities	208,000	10,000
<b>TOTAL LIABILITIES</b>	<b>114,633,000</b>	<b>115,556,000</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<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; 14,200,284 and 13,977,560 shares issued at October 31 and January 31, 2013, respectively; 14,197,051 and 13,974,327 shares outstanding at October 31 and January 31, 2013, respectively	2,130,000	2,096,000
Additional paid-in capital	98,946,000	95,004,000
Retained earnings	44,171,000	23,850,000
Treasury stock, at cost – 3,233 shares at October 31 and January 31, 2013	(33,000)	(33,000)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>145,214,000</b>	<b>120,917,000</b>
Noncontrolling interests	601,000	(1,749,000)
<b>TOTAL EQUITY</b>	<b>145,815,000</b>	<b>119,168,000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$260,448,000</b>	<b>\$234,724,000</b>

**Note 1** – The condensed consolidated balance sheet as of January 31, 2013 has been derived from audited consolidated financial statements.