



## ARGAN, INC. REPORTS FIRST QUARTER RESULTS

**June 9, 2010 – ROCKVILLE, MD – Argan, Inc. (NYSE AMEX: AGX)** today announced financial results for the first quarter of fiscal 2011 ended April 30, 2010.

For the quarter ended April 30, 2010, net revenues were \$55.9 million compared to \$63.1 million in the quarter ended April 30, 2009. Gemma Power Systems (Gemma) contributed \$51.4 million or 91.9% of net revenues in the first quarter of fiscal 2011, compared to \$58.0 million, or 92.0% of net revenues in the first quarter of fiscal 2010. Combined net revenues from Argan's other wholly-owned subsidiaries were \$4.5 million, or 8.1% of net revenues for the quarter ended April 30, 2010, compared to \$5.1 million, or 8.0% of net revenues for the same quarter last year.

The Company reported consolidated EBITDA (Earnings before interest, taxes, depreciation and amortization) of \$3.5 million for the quarter ended April 30, 2010 compared to \$5.1 million for the same prior year period. Gemma, for its segment, recorded \$5.4 million in EBITDA for the first quarter of fiscal 2011 compared to \$6.3 million in the first quarter of fiscal 2010.

Net income for the quarter ended April 30, 2010 was \$2 million, or \$0.15 per diluted share based on 13,790,000 diluted shares outstanding, compared to net income of \$3 million, or \$0.22 per diluted share based on 13,714,000 diluted shares outstanding for the quarter ended April 30, 2009.

In the first quarter of fiscal 2011, the Company reported operating income of \$3.2 million compared to operating income of \$4.2 million in the first quarter of 2010. The decrease in operating income was due primarily to lower operating performances at each of the Company's business segments.

Argan had consolidated cash of \$63.2 million and escrowed cash of \$5 million as of April 30, 2010. During the current quarter, the Company used cash to reduce long-term debt by \$500,000 to \$1.3 million as of April 30, 2010. Consolidated working capital increased during the current quarter to approximately \$65.8 million as of April 30, 2010 from approximately \$63.4 million as of January 31, 2010.

Gemma's backlog as of April 30, 2010 was \$260 million, a decrease from \$300 million as of January 31, 2010, primarily due to the completion of a substantial portion of the contract to construct a power generation facility in California. A project to construct an eight peaking plant energy facility in southern California, which is included in our backlog with the value of \$210 million at April 30, 2010, is expected to begin late in our current fiscal year.

Commenting on Argan's results, Rainer Bosselmann, Chairman and Chief Executive Officer stated, "Our Gemma revenues declined 11%, primarily due to the substantial completion of a major power plant project in California. Gemma was able to achieve improved gross margins in spite of the revenue decline, due primarily to the types of costs incurred at the end of this gas-fired construction project.

"We are optimistic that the clean energy initiatives that have been adopted by many states, combined with the goal of utilities to meet the demand for additional power prior to the completion of more sizeable or controversial projects, will stimulate renewed interest in gas-fired plants. Because they can be brought online quickly, gas-fired facilities have the potential to complement wind, solar and other alternative generation facilities by smoothing the natural variability of these alternative energy sources. Likewise, we would expect power producers to increase spending on

gas-fired plants to take advantage of the currently low natural gas prices that are anticipated to remain low as the U.S. undertakes natural gas field development projects. Gemma has solid experience in the design and construction of gas-fired plants, which we expect to leverage in the pursuit of new projects as demand for gas-fired facilities increases. Both our ongoing project in Colusa, California and the peaking plant project we signed following the close of the first quarter are gas-fired plants.

“We have an active bid pipeline, and have been able to replenish some of our backlog with the gas-fired peaking power plant project which we signed subsequent to the close of the quarter. We remain focused on the effective and efficient execution of our construction work, and the rational pursuit of new construction projects. While we would like to see our backlog levels increase, we are also intent on maintaining our pricing integrity to ensure that each project we undertake is completed competently and on time.”

### **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. and Vitarich Laboratories, 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.*

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

	<b>Three Months Ended April 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net revenues</b>		
Power industry services	\$ 51,396,000	\$ 58,035,000
Nutritional products	2,697,000	2,817,000
Telecommunications infrastructure services	1,838,000	2,258,000
Net revenues	<u>55,931,000</u>	<u>63,110,000</u>
<b>Cost of revenues</b>		
Power industry services	44,667,000	51,375,000
Nutritional products	2,683,000	2,558,000
Telecommunications infrastructure services	1,793,000	1,749,000
Cost of revenues	<u>49,143,000</u>	<u>55,682,000</u>
<b>Gross profit</b>	6,788,000	7,428,000
Selling, general and administrative expenses	<u>3,574,000</u>	<u>3,214,000</u>
<b>Income from operations</b>	3,214,000	4,214,000
Investment income	12,000	51,000
Interest expense	(14,000)	(62,000)
Equity in the earnings of unconsolidated subsidiary	--	610,000
Income from operations before income taxes	<u>3,212,000</u>	<u>4,813,000</u>
Income tax expense	<u>1,189,000</u>	<u>1,846,000</u>
<b>Net income</b>	<u>\$ 2,023,000</u>	<u>\$ 2,967,000</u>
<b>Earnings per share:</b>		
Basic income per share	<u>\$ 0.15</u>	<u>\$ 0.22</u>
Diluted income per share	<u>\$ 0.15</u>	<u>\$ 0.22</u>
<b>Weighted average number of shares outstanding:</b>		
Basic	<u>13,584,000</u>	<u>13,445,000</u>
Diluted	<u>13,790,000</u>	<u>13,714,000</u>

## ARGAN, INC. AND SUBSIDIARIES

### Reconciliations to Consolidated EBITDA (Unaudited)

	Three Months Ended April 30,	
	2010	2009
Net income, as reported	\$ 2,023,000	\$ 2,967,000
Interest expense	14,000	62,000
Income tax expense	1,189,000	1,846,000
Amortization of purchased intangible assets	87,000	89,000
Depreciation and other amortization	168,000	147,000
<b>EBITDA</b>	<b>\$ 3,481,000</b>	<b>\$ 5,111,000</b>

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

	Three Months Ended April 30,	
	2010	2009
Income before income taxes, as reported	\$ 5,279,000	\$ 6,092,000
Interest expense	14,000	56,000
Amortization of purchased intangible assets	87,000	88,000
Depreciation and other amortization	67,000	47,000
<b>EBITDA</b>	<b>\$ 5,447,000</b>	<b>\$ 6,283,000</b>

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 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>April 30, 2010</b>	<b>January 31, 2010</b>
	<b>(Unaudited)</b>	<b>(Note 1)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 63,249,000	\$ 66,009,000
Escrowed cash	5,002,000	5,002,000
Accounts receivable, net of allowance for doubtful accounts	13,016,000	4,979,000
Costs and estimated earnings in excess of billings	12,164,000	12,931,000
Inventories, net of obsolescence reserve	1,770,000	2,010,000
Deferred income tax assets	1,195,000	1,603,000
Prepaid expenses and other current assets	2,025,000	2,697,000
<b>TOTAL CURRENT ASSETS</b>	<b>98,421,000</b>	<b>95,231,000</b>
Property and equipment, net of accumulated depreciation	1,558,000	1,540,000
Goodwill	18,476,000	18,476,000
Intangible assets, net of accumulated amortization	3,171,000	3,258,000
Deferred income tax assets	1,652,000	1,628,000
Other assets	117,000	140,000
<b>TOTAL ASSETS</b>	<b>\$ 123,395,000</b>	<b>\$ 120,273,000</b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 20,577,000	\$ 17,906,000
Accrued expenses	6,269,000	10,254,000
Billings in excess of costs and estimated earnings	4,430,000	1,874,000
Current portion of long-term debt	1,333,000	1,833,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>32,609,000</b>	<b>31,867,000</b>
Other liabilities	37,000	38,000
<b>TOTAL LIABILITIES</b>	<b>32,646,000</b>	<b>31,905,000</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; 13,590,727 and 13,585,727 shares issued at 4/30/10 and 1/31/10, and 13,587,494 and 13,582,494 shares outstanding at 4/30/10 and 1/31/10, respectively	2,039,000	2,038,000
Warrants outstanding	601,000	613,000
Additional paid-in capital	87,417,000	87,048,000
Retained earnings (deficit)	725,000	(1,298,000)
Treasury stock, at cost; 3,233 shares at 4/30/10 and 1/31/10	(33,000)	(33,000)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>90,749,000</b>	<b>88,368,000</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 123,395,000</b>	<b>\$ 120,273,000</b>

**Note 1** - The condensed consolidated balance sheet as of January 31, 2010 has been derived from audited financial statements.