

August 9, 2007



Arabian American Development Announces Fiscal 2007 Second Quarter Financial Results

DALLAS, Aug. 9 /PRNewswire-FirstCall/ -- Arabian American Development Co. (OTC Bulletin Board: ARSD) today announced financial results for the second quarter and six-month period ended June 30, 2007.

Second Quarter 2007 Highlights:

- Revenue of \$27.1 million, up 14.7% compared to Q1 2007 revenue of \$23.7 million and up 12.7% compared to Q2 2006 revenue of \$24.1 million
- Gross profit margin of 19.0% versus 25.3% for Q2 of 2006 due primarily to the change in fair value of derivatives for feedstock purchases
- Operating income decreased 27.3% for the quarter to \$3.2 million compared to \$4.4 million last year
- Second quarter earnings per share of \$0.09 versus \$0.12 in the year-ago period
- Preparation continues in Saudi Arabia; Management anticipates government approval for joint stock company
- Expansion of petrochemical facilities on-track; Equipment acquisition underway and management reiterating a first quarter 2008 completion date

Financial Results

Consolidated revenue for the second quarter of fiscal 2007 was \$27.1 million, an increase of 12.7% compared to revenue of \$24.1 million in the second quarter last year and a 14.7% sequential increase compared to revenue of \$23.7 million in the first quarter of 2007. Refined product sales (predominantly C5 and C6 Hydrocarbons and related products) represented \$25.8 million, or 94.9% of total revenue for the second quarter and \$22.8 million, or 94.7% of total revenue for the second quarter last year. The Company generated \$1.4 million in toll processing fees during the second quarter compared with \$1.3 million for the prior year's second quarter.

Gross profit on product sales and processing for the second quarter was \$5.2 million, or 19.0% gross profit margin, compared with gross profit of \$6.1 million, or 25.3% gross profit margin for the second quarter last year. The decrease in both whole dollars and as a percent of sales is due to a change in the fair value of derivatives for feedstock purchases. The cost of petrochemical product sales and processing and gross profit margin for the three months ended June 30, 2007 and 2006 includes an estimated unrealized loss of \$618,000 and an estimated unrealized gain of \$145,000, respectively. General and administrative expenses increased 23.0% to \$1.7 million from \$1.4 million for the second quarter last year. G&A

expenses decreased 19.4% sequentially compared to the \$2.1 million in G&A expenses reported for the first quarter of 2007 due to the absence of expenses related to a one-time accrual of post retirement obligations for senior executives.

The Company reported \$3.2 million in operating income compared to \$4.4 million in operating income for the second quarter last year. The Company reported net income of \$2.2 million, or \$.09 per basic and fully diluted share (based on 23.3 million shares) compared to net income of \$2.6 million, or \$.12 per basic and fully diluted share last year (based on 22.9 million shares) for the second quarter last year.

"The expansion initiative, which is well underway, has been validated by continued strong demand for our specialty petrochemical products and services," commented Nick Carter, the Petrochemical Segment's President. "We have acquired the majority of the equipment related to our expansion and we anticipate hiring 25-30 new employees to facilitate the expansion. In connection with the expanded workforce and the ongoing expansion initiative, we expect labor and administrative costs to increase during the second half of the year due to stepped up training and ancillary costs in preparation for producing, handling and marketing the increased volumes of product. We remain very confident that we will complete this expansion during the first quarter of next year and believe we will utilize at least 20% of the added capacity immediately. Once we reach maximum capacity, a goal we expect to take three to five years, we believe we can double our specialty petrochemical-related revenue and EBITDA from current levels."

Year to date the Company generated consolidated revenue of \$50.8 million, an increase of 5% compared to revenue of \$48.4 million for the first six months last year. Gross profit on product sales and processing year to date was \$14.4 million, or 28.4% gross profit margin, compared with gross profit of \$12.0 million, or 24.8% gross profit margin, for the first half last year. General and administrative expenses increased 30.5% to \$4.3 million from \$3.3 million last year. The Company reported \$10.1 million in operating income compared to \$8.7 million in operating income last year. The Company reported net income of \$6.8 million, or \$.29 per diluted share (based on 23.3 million shares) compared to net income of \$5.3 million, or \$.23 per diluted share last year (based on 22.9 million shares) last year.

Mr. Carter continued, "Our efforts to form a joint stock corporation in Saudi Arabia continue, and we have finished all of the necessary paperwork to complete this initiative. Our Saudi partners have added three new members to their group in order to strengthen their support for the project and ensure adequate financial resources are readily available. We are awaiting government approval, and believe we will receive this authorization at any time. In addition, the Board of Directors continues to move expeditiously to identify and recruit additional independent board members to bring the Company into compliance and facilitate a listing on a major U.S. stock exchange. Our target timeframe for this initiative is the end of 2007."

The Company completed the quarter with \$2.0 million in cash compared to \$2.9 million as of December 31, 2006. Increased feedstock costs resulted in lower cash, but the Company's trade receivables increased from \$8.9 million to \$11.5 million. The changes in the Balance Sheet accounts are part of the normal ebb and flow of the business and are not considered unusual. Collections on Accounts Receivable remain timely and the higher balance reflects a return to normal sales levels from the dip at the end of December. The Company had \$14.6 million in working capital as of June 30, 2007 and ended the quarter with a current ratio of

3.2 to 1. Both working capital and current ratio were calculated excluding the \$11 million non interest-bearing/ non-recourse current note payable to the Saudi Government. The Company expects this note to be transferred to the joint stock company with the mining lease during the third quarter of 2007. Shareholder's Equity increased 15.4 percent during the quarter to \$51.6 million compared to \$44.7 million as of December 31, 2006.

Teleconference

Management will conduct a conference call and live web cast at 4:30 p.m. Eastern Time, on Thursday, August 9, 2007. Anyone interested in participating should call 866-328-4270 if calling within the United States or 480-629-9561 if calling internationally. There will be a playback available until August 16, 2007. To listen to the playback, please call 800-406-7325 if calling within the United States or 303-590-3030 if calling internationally. Please use pin number 3767018 for the replay. This call is being web cast by ViaVid Broadcasting and can be accessed at ViaVid's website at <http://www.viavid.net>. The web cast can be accessed until September 9, 2007.

About Arabian American Development Co.

Arabian American owns and operates a petrochemical facility employing about 110 people located in southeast Texas just north of Beaumont, Texas, specializing in high purity petrochemical solvents and other solvent type manufacturing. Arabian American also has a mining project in Saudi Arabia which is under development and is expected to produce economic quantities of zinc, copper, gold, and silver when it is put into production. There are about 20 employees at the mine site.

Safe Harbor

Statements in this release that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon management's belief as well as assumptions made by and information currently available to management. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Arabian American's filings with the Securities and Exchange Commission, including Arabian American's annual Report on Form 10-K for the year ended December 31, 2006 and the Company's subsequent Quarterly Report Form 10-Q.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2007 (unaudited)	DECEMBER 31, 2006
ASSETS		
Current Assets		
Cash and cash equivalents	\$1,951,544	\$2,939,022
Trade Receivables, Net of allowance for doubtful accounts of \$35,000 and \$35,000, respectively	11,463,346	8,893,182
Current portion of notes receivable,		

net of discount and deferred gross profit of \$148,353 and \$200,492, respectively	563,044	605,955
Financial contracts	3,166,111	--
Financial contract deposits	--	1,500,000
Prepaid expenses and other assets	421,340	404,228
Inventories	3,139,093	3,576,317
Income tax receivable	619,598	619,598
Total Current Assets	21,324,076	18,538,302
Plant, Pipeline and Equipment	24,711,814	21,643,903
Less: Accumulated Depreciation	(11,754,519)	(11,017,503)
Net Plant, Pipeline and Equipment	12,957,295	10,626,400
Al Masane Project	37,363,373	37,137,022
Other Assets in Saudi Arabia	2,431,248	2,431,248
Mineral Properties in the United States	1,058,105	1,084,711
Notes Receivable, net of discount of \$92,254 and \$172,041, respectively, net of current portion	1,269,803	1,545,714
Other Assets	48,574	226,769
TOTAL ASSETS	\$76,452,474	\$71,590,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$2,130,885	\$2,989,203
Accrued interest	60,508	59,857
Financial contracts	--	765,672
Accrued liabilities	2,536,965	1,210,054
Accrued liabilities in Saudi Arabia	1,374,785	1,645,257
Notes payable	11,012,000	11,012,500
Current portion of long-term debt	28,172	488,828
Current portion of other liabilities	588,856	584,349
Total Current Liabilities	17,732,171	18,755,720
Long-Term Debt, net of current portion	3,094,513	5,108,309
Other Liabilities, net of current portion	1,396,638	1,621,105
Deferred Income Taxes	1,788,329	540,000
Minority Interest in Consolidated Subsidiaries	780,559	817,558
STOCKHOLDERS' EQUITY		
Common Stock-authorized 40,000,000 shares of \$.10 par value; issued and outstanding, 22,601,994 and 22,571,994 shares in 2007 and 2006, respectively	2,260,199	2,257,199
Additional Paid-in Capital	37,183,206	37,087,206
Retained Earnings	12,216,859	5,403,069
Total Stockholders' Equity	51,660,264	44,747,474
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$76,452,474	\$71,590,166

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2007	2006	2007	2006
REVENUES				

Petrochemical				
Product Sales	25,751,146	22,795,530	48,106,002	46,381,899
Processing Fees	1,389,546	1,286,744	2,697,380	2,016,748
	27,140,692	24,082,274	50,803,382	48,398,647
OPERATING COSTS AND EXPENSES				
Cost of Petrochemical				
Product Sales and				
Processing	21,972,573	17,995,788	36,372,129	36,394,991
GROSS PROFIT	5,168,119	6,086,486	14,431,253	12,003,656
GENERAL AND ADMINISTRATIVE EXPENSES				
General and				
Administrative	1,715,405	1,395,044	3,842,790	2,766,899
Depreciation	254,233	287,832	503,916	562,491
	1,969,638	1,682,876	4,346,706	3,329,390
OPERATING INCOME	3,198,481	4,403,610	10,084,547	8,674,266
OTHER INCOME (EXPENSE)				
Interest Income	86,448	49,638	149,043	99,326
Interest Expense	(68,173)	(393,979)	(159,045)	(539,831)
Minority Interest	8,276	1,818	10,349	3,607
Miscellaneous Income	29,817	139,994	19,265	243,063
	56,368	(202,529)	19,612	(193,835)
INCOME BEFORE INCOME TAXES				
	3,254,849	4,201,081	10,104,159	8,480,431
INCOME TAXES	1,082,522	1,553,349	3,290,369	3,131,418
NET INCOME	2,172,327	2,647,732	6,813,790	5,349,013
Basic Earnings per Common Share				
Net Income	\$0.095	\$0.116	\$0.298	\$0.235
Basic Weighted Average Number of Common Shares Outstanding				
	22,901,994	22,771,994	22,888,794	22,768,661
Diluted Earnings per Common Share				
Net Income	\$0.093	\$0.116	\$0.293	\$0.234
Diluted Weighted Average Number of Common Shares Outstanding				
	23,301,961	22,898,209	23,259,361	22,907,734
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