

March 13, 2008



# Arabian American Development Co. Announces Fiscal 2007 Fourth Quarter Financial Results

DALLAS, March 13 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced financial results for the quarter and year ended December 31, 2007.

## Recent Highlights:

- Al-Masane Al-Kobra Mining Company (ALAK) joint venture received the commercial license from the Saudi Arabia Ministry of Commerce, which enabled the joint venture to contract with construction companies, prepare for the transfer of mining assets and appoint independent auditors.
- The Company's application for listing its common stock on The NASDAQ Stock Market was approved and began trading under its current stock symbol, "ARSD", on January 29, 2008. The Company presided over the closing bell on February 1, 2008 to celebrate its listing on NASDAQ.
- Received permit from the Texas Commission on Environmental Quality for Company's South Hampton Resources, Inc. facilities expansion. Projected start-up date is late May or early June.
- Formal application to transfer the mining lease to ALAK was filed with the Saudi Arabia Ministry of Petroleum and Mineral Resources on February 23, 2008.

## Financial Results

Consolidated revenue for the fourth quarter of fiscal 2007 was \$29.8 million, an increase of 32.1% compared to revenue of \$22.6 million in the fourth quarter last year and a 6.2% sequential increase compared to revenue of \$28.0 million in the third quarter of 2007. Refined product sales (predominantly C5 and C6 hydrocarbons and related products) represented \$28.5 million, or 95.6%, of total revenue for the fourth quarter 2007 and \$21.2 million, or 94.1% of total revenue for the fourth quarter last year. The Company generated \$1.3 million in toll processing fees during the fourth quarter 2007 consistent with \$1.3 million for the prior year's fourth quarter.

Gross profit on product sales and processing for the fourth quarter was \$2.9 million, or 9.7% gross profit margin, compared with gross profit of \$3.8 million, or 17.0% gross profit margin for the fourth quarter last year. The decrease in both whole dollars and as a percent of sales is primarily due to a change in the fair value of derivatives for feedstock and fuel gas. The cost of petrochemical product sales and processing and gross profit margin for the three months ended December 31, 2007 and 2006 includes an unrealized gain/(loss) of approximately \$(181,000) and \$1.6 million respectively, on the derivative agreements.

General and administrative expenses increased 35.8% to \$2.1 million from \$1.6 million from the fourth quarter last year primarily due to higher labor costs and increased business

activity and training of additional personnel associated with the expansion of the South Hampton Resources facility.

The Company reported \$492,000 in operating income compared to \$2.4 million for the fourth quarter of 2006. The Company reported net income of \$576,000, or \$0.03 per basic and fully diluted share (based on 22.9 and 23.3 million shares, respectively) compared to net income of \$2.0 million, or \$0.09 per basic and fully diluted share last year (based on 22.9 and 23.2 million shares, respectively) for the fourth quarter 2006.

Nick Carter, Executive Vice President and Chief Operating Officer, of Arabian American, commented, "We achieved a number of major milestones during fiscal year 2007 and subsequent to the year end. Our common stock moved to the NASDAQ Global Select Market and began trading there on January 29, 2008. This gives our common stock greater visibility and liquidity, both of which benefit our shareholders. We then had the honor of presiding at the closing bell of NASDAQ at the end of that first week of trading. In addition, we recently announced that we received the permit from the Texas Commission on Environmental Quality for our facilities' expansion. The permitting process took longer than what we initially anticipated, moving the projected start-up date to late May or early June rather than early second quarter. The new facility is in a "non-attainment" area for air quality; therefore, the permit process took approximately two months longer than expected. The new facility will greatly expand our capacity, which is expected to double revenue and EBITDA opportunities, as well as, open up opportunities globally."

For the year ended December 31, 2007, the Company generated consolidated revenue of \$108.7 million, an increase of 10.3% compared to revenue of \$98.5 million for the prior period. Gross profit on product sales and processing year to date was \$19.8 million, or 18.2% gross profit margin, compared with gross profit of \$18.6 million, or 18.9% gross profit margin, for the year-ago period. General and administrative expenses increased 30.4% to \$7.6 million from \$5.8 million last year. The Company reported \$11.1 million in operating income compared to \$11.9 million in operating income last year. The Company reported net income of \$7.8 million, or \$0.34 per basic and \$0.33 per diluted share (based on 22.9 and 23.3 million shares, respectively) compared to net income of \$7.9 million, or \$0.35 per basic and \$0.34 per diluted share last year (based on 22.9 and 23.0 million shares, respectively) last year.

Mr. Carter continued, "Several significant events also occurred in our ongoing efforts to finalize a joint stock corporation in Saudi Arabia for the Al-Masane Al-Kobra Mining Company (ALAK) joint venture. The joint venture received the commercial license from the Saudi Arabia Ministry of Commerce, which enabled it to contract with construction companies, prepare for transfer mining assets and appoint independent auditors. In addition, the formal application for the transfer of the mining lease to ALAK was filed with the Saudi Arabian Ministry of Petroleum and Mineral Resources on February 23, 2008. The Company believes that the Ministry will approve the transfer promptly since ALAK has agreed to fulfill all the provisions of the mining lease and has demonstrated its financial and technical competence to do so."

The Company completed the quarter with \$4.8 million in cash as of December 31, 2007, compared to \$2.9 million as of December 31, 2006. Trade receivables increased by \$3.4 million to \$12.3 million, primarily due to increased sales. 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 2006. The Company had \$13.9 million in working capital as of December 31, 2007 and ended the quarter with a current ratio of 2.6 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. Shareholders' Equity increased 17.6% during the quarter to \$52.6 million compared to \$44.7 million as of December 31, 2006.

#### Teleconference

Management will conduct a conference call and live webcast at 4:30 p.m. Eastern Time, on Thursday, March 13, 2008. Anyone interested in participating should call 800-762-8795 if calling within the United States or 480-629-1990 if calling internationally. There will be playback available until March 20, 2008. 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 3854561 for the replay. This call is being webcast by ViaVid Broadcasting and can be accessed at ViaVid's website at <http://www.viavid.net>. The webcast can be accessed until April 13, 2008. To access the webcast, you will need to have the Windows Media Player on your desktop.

#### About Arabian American Development Company (ARSD):

Arabian American owns and operates a petrochemical facility located in southeast Texas just north of Beaumont, specializing in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and is now a 50% owner of a joint venture in a mining project in the Al-Masane area of Saudi Arabia which is under construction and is scheduled to be in production in late 2010. The mine will produce economic quantities of zinc, copper, gold, and silver.

#### 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 Forms 10-Q.

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Tables follow

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,789,924	\$ 2,939,022
Trade Receivables, Net of allowance for doubtful accounts of \$35,000 and \$35,000, respectively	12,310,561	8,893,182
Current portion of notes receivable, net of discount and deferred gross profit of \$101,620 and \$200,492, respectively	609,777	605,955
Financial contracts	206,832	--
Financial contract deposits	--	1,500,000
Prepaid expenses and other assets	648,313	404,228
Inventories	2,887,636	3,576,317
Taxes receivable	1,070,407	619,598
Total current assets	22,523,450	18,538,302
PLANT, PIPELINE, AND EQUIPMENT - AT COST	32,229,709	21,643,903
LESS ACCUMULATED DEPRECIATION	(12,463,214)	(11,017,503)
PLANT, PIPELINE, AND EQUIPMENT, NET	19,766,495	10,626,400
AL MASANE PROJECT	37,468,080	37,137,022
OTHER INTERESTS IN SAUDI ARABIA	2,431,248	2,431,248
MINERAL PROPERTIES IN THE UNITED STATES	1,084,617	1,084,711
NOTES RECEIVABLE, net of discount of \$70,421 and \$172,041, respectively, net of current portion	935,937	1,545,714
OTHER ASSETS	10,938	226,769
TOTAL ASSETS	\$84,220,765	\$71,590,166

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

	December 31,	
	2007	2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$4,524,042	\$2,989,203
Accrued interest	85,552	59,857
Financial contracts	--	765,672
Accrued liabilities	1,931,822	1,210,054
Accrued liabilities in Saudi Arabia	1,406,801	1,645,257
Notes payable	11,012,000	11,012,500
Current portion of long-term debt	30,573	488,828
Current portion of other liabilities	630,731	584,349

Total current liabilities	19,621,521	18,755,720
LONG-TERM DEBT, net of current portion	9,077,737	5,108,309
POST RETIREMENT BENEFIT	441,500	--
OTHER LIABILITIES, net of current portion	990,375	1,621,105
DEFERRED INCOME TAXES	677,131	540,000
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	794,646	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	13,174,450	5,403,069
Total stockholders' equity	52,617,855	44,747,474
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$84,220,765	\$71,590,166

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31,

	2007	2006
Revenues		
Petrochemical product sales	\$103,204,565	\$93,854,726
Processing fees	5,433,550	4,647,431
	108,638,115	98,502,157
Operating costs and expenses		
Cost of petrochemical product sales and processing	88,861,365	79,888,772
Gross Profit	19,776,750	18,613,385
General and administrative expenses		
General and administrative	7,619,280	5,842,564
Depreciation	1,074,762	859,059
	8,694,042	6,701,623
Operating income	11,082,708	11,911,762
Other income (expense)		
Interest income	297,494	276,184
Interest expense	(142,696)	(704,282)
Minority interest	22,912	17,535
Miscellaneous income (expense)	(62,794)	383,545
	114,916	(27,018)
Income before income taxes	11,197,624	11,884,744
Income tax expense	3,426,243	4,009,416
Net income	\$7,771,381	\$7,875,328
Basic weighted average net income per common share	\$0.34	\$0.35
Basic weighted average number		

of common shares outstanding	22,895,394	22,804,567
Diluted weighted average net income per common share	\$0.33	\$0.34
Diluted weighted average number of common shares outstanding	23,291,669	23,030,573

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the quarters ended December 31,

	2007	2006
Revenues		
Petrochemical product sales	\$28,497,825	\$21,219,694
Processing fees	1,298,486	1,342,332
	29,796,311	22,562,026
Operating costs and expenses		
Cost of petrochemical product sales and processing	26,892,131	18,729,796
Gross Profit	2,904,180	3,832,230
General and administrative expenses		
General and administrative	2,109,538	1,553,379
Depreciation	302,666	(82,453)
	2,412,204	1,470,926
Operating income	491,976	2,361,304
Other income (expense)		
Interest income	78,198	104,266
Interest expense	(26,954)	(71,478)
Minority interest	8,883	10,744
Miscellaneous income (expense)	(59,438)	184,026
	689	227,558
Income before income taxes	492,665	2,588,862
Income tax expense	(83,326)	577,149
Net income	\$575,991	\$2,011,713
Basic weighted average net income per common share	\$0.03	\$0.09
Basic weighted average number of common shares outstanding	22,901,994	22,871,994
Diluted weighted average net income per common share	\$0.03	\$0.09
Diluted weighted average number of common shares outstanding	23,323,532	23,190,750

SOURCE Arabian American Development Co.