

## Arabian American Development Announces Fiscal 2007 Third Quarter Financial Results

DALLAS, Nov. 8 /PRNewswire-FirstCall/ -- Arabian American Development Co. (OTC Bulletin Board: ARSD) today announced financial results for the third quarter and nine-month period ended September 30, 2007.

### Third Quarter 2007 Highlights:

- Revenue of \$28.0 million, up 3% sequentially compared to \$27.1 million for the second quarter of 2007 and up 1.8%, essentially flat, compared to \$27.5 million for the third quarter of 2006.
- The Company received official notification that the Ministry of Commerce and Industry for the Kingdom of Saudi Arabia has approved the formation of the Al-Masane Al-Kobra Mining Company (ALAK).
- Company adds two additional Board members achieving the goal of 4 independent Board of Directors, bringing total Board to seven

### Financial Results

Consolidated revenue for the third quarter of fiscal 2007 was \$28.0 million, an increase of 1.8% compared to revenue of \$27.5 million in the third quarter last year and a 3.0% sequential increase compared to revenue of \$27.1 million in the second quarter of 2007. Refined product sales (predominantly C5 and C6 Hydrocarbons and related products) represented \$26.6 million, or 94.9% of total revenue for the third quarter and \$26.3 million, or 95.3% of total revenue for the third quarter last year. The Company generated \$1.4 million in toll processing fees during the third quarter compared with \$1.3 million for the prior year's third quarter.

Gross profit on product sales and processing for the third quarter was \$2.4 million, or 9.5% gross profit margin, compared with gross profit of \$2.8 million, or 11.2% gross profit margin for the third 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 September 30, 2007 and 2006 includes an unrealized (loss)/gain of approximately (\$2,860,000) and \$222,000 respectively, on the derivative agreements.

General and administrative expenses increased 6.0% to \$1.6 million from \$1.5 million for the third quarter last year primarily due to generally higher labor costs and increased business activity. The Company expects to incur increased expense for the remainder of 2007 and early 2008 due to increased training of additional personnel and in certain process interruptions which may occur as the new process train is integrated with existing equipment. These events are in anticipation of the expanded production activities in early 2008 and will be managed to avoid major disruptions to our customers or our financial performance.

The Company reported \$559,000 in operating income compared to \$1,025,000 in operating income for the third quarter last year. The Company reported net income of \$382,000, or \$0.017 per basic and \$0.016 per fully diluted share (based on 22.9 and 23.3 million shares, respectively) compared to net income of \$515,000, or \$.023 per basic and \$0.022 fully diluted share last year (based on 22.9 million shares) for the third quarter last year.

"The expansion initiative is well underway as we have acquired all of the major process equipment necessary to complete the project," commented Nick Carter, the Secretary Treasurer of ARSD and also the President of the petrochemical segment. "We are currently accomplishing as much preliminary field work as possible while waiting for the final permit approval. We have spent about \$4.0 million to date and will make the first draw on the credit line this month."

For the first nine months the Company generated consolidated revenue of \$78.8 million, an increase of 3.8% compared to revenue of \$75.9 million for the first nine months of 2006. Gross profit on product sales and processing was \$16.9 million, or 27.2% gross profit margin, compared with gross profit of \$14.8 million, or 24.2% gross profit margin, for the first nine months last year. General and administrative expenses increased 28.5% to \$5.5 million from \$4.3 million last year. The Company reported \$10.6 million in operating income compared to \$9.9 million in operating income last year. The Company reported net income of \$7.2 million, or \$0.31 per basic and diluted share (based on 22.9 and 23.3 million shares, respectively) compared to net income of \$5.9 million, or \$.26 per basic and diluted share last year (based on 22.8 and 23.0 million shares, respectively) last year.

Mr. Carter continued, "Our efforts in Saudi Arabia to form a joint stock corporation which will be owned 50% by ARSD are coming to fruition. The formation of ALAK will allow us to make real progress toward our goal of producing the zinc, copper, gold and silver deposits which we had discovered many years ago. The next step in the process will be for the joint stock company to hold an organizational meeting to form its Board of Directors. The Board of Directors of Arabian American has approved Hatem El-Khalidi, Ghazi Sultan, Dr. Ibrahim Al-Moneef and Mohammed Al-Omair to represent its interests on the Board of ALAK. After the organizational meeting, the Ministry will issue the license allowing ALAK to conduct business in the Kingdom, and we can then apply to the Ministry of Minerals and Petroleum to transfer the lease into the name of ALAK. Simultaneously, ALAK will prepare to sign a contract with the primary contractor for the project, so that work can commence without delay."

"The Company is also working on our stated goal of qualifying for listing on a major U.S. stock exchange. To move toward this goal, the Board of Directors identified and recruited two additional, well qualified, board members, Mohammed Al-Omair and Charles W. Goehringer, Jr. This brings the board to a total of seven, the majority of whom are independent. We welcome them and their expertise to the Board and, importantly, this brings the Company into compliance to facilitate a listing change. Our target timeframe for this initiative remains the end of 2007," concluded Mr. Carter.

The Company completed the quarter with \$1.9 million in cash compared to \$2.9 million as of December 31, 2006. Increased feedstock costs and the capital outlay on the expansion equipment resulted in lower cash. The Company's trade receivables increased \$3.3 million to \$12.2 million 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. The Company had \$10.1 million in working capital as of September 30, 2007 and ended the quarter with a current ratio of 2.2 to 1. Both working capital and current ratio were calculated excluding the 1984 dated \$11 million non interest-bearing/non-recourse current note payable to the Saudi Government. The Company will explore the options for handling of this note after ALAK is fully established and operational. Shareholder's Equity increased 16.3 percent during the quarter to \$52.0 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, November 8, 2007. Anyone interested in participating should call 866-328-4270 if calling within the United States or 480-293-1744 if calling internationally. There will be a playback available until November 15, 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 3804070 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 December 8, 2007. To access the web cast, you will need to have the Windows Media Player on your desktop.

#### 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 will produce economic quantities of zinc, copper, gold, and silver when it is put into production.

#### 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.

-Tables to Follow-

	2007 (unaudited)	2006
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$1,909,213	\$2,939,022
Trade Receivables, Net of allowance for doubtful accounts of \$35,000 and \$35,000, respectively	12,239,558	8,893,182
Current portion of notes receivable, net of discount and deferred gross profit of \$139,341 and \$200,492, respectively	572,055	605,955
Financial contracts	423,639	--
Financial contract deposits	--	1,500,000
Prepaid expenses and other assets	538,750	576,751
Inventories	2,922,845	3,576,317
Income tax receivable	--	619,598
Total Current Assets	18,606,060	18,710,825
Plant, Pipeline and Equipment	29,399,276	21,643,903
Less: Accumulated Depreciation	(12,148,577)	(11,017,503)
Net Plant, Pipeline and Equipment	17,250,699	10,626,400
Al Masane Project	37,416,719	37,137,022
Other Assets in Saudi Arabia	2,431,248	2,431,248
Mineral Properties in the United States	1,085,209	1,084,711
Notes Receivable, net of discount of \$65,551 and \$172,041, respectively, net of current portion	1,118,655	1,545,714
Other Assets	22,875	54,246
<b>TOTAL ASSETS</b>	<b>\$77,931,465</b>	<b>\$71,590,166</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$4,313,935	\$2,989,203
Accrued interest	60,242	59,857
Financial contracts	--	765,672
Accrued liabilities	2,124,305	1,210,054
Accrued liabilities in Saudi Arabia	1,378,923	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	621,806	584,349
Total Current Liabilities	19,539,383	18,755,720
Long-Term Debt, net of current portion	3,087,399	5,108,309
Other Liabilities, net of current portion	1,660,686	1,621,105
Deferred Income Taxes	798,604	540,000
Minority Interest in Consolidated Subsidiaries	803,529	817,558
<b>STOCKHOLDERS' EQUITY</b>		
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	12,598,459	5,403,069
Total Stockholders' Equity	52,041,864	44,747,474
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$77,931,465</b>	<b>\$71,590,166</b>

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2007	2006	2007	2006
<b>REVENUES</b>				
Petrochemical Product				
Sales	\$26,600,738	\$26,253,133	\$74,706,740	\$72,635,032
Processing Fees	1,437,684	1,288,351	4,135,064	3,305,099
	28,038,422	27,541,484	78,841,804	75,940,131

OPERATING COSTS AND EXPENSES				
Cost of Petrochemical Product				
Sales and Processing	25,597,105	24,763,985	61,969,234	61,158,976
GROSS PROFIT	2,441,317	2,777,499	16,872,570	14,781,155
GENERAL AND ADMINISTRATIVE EXPENSES				
General and Administrative	1,613,612	1,522,286	5,509,742	4,289,185
Depreciation	268,180	230,391	772,096	637,589
	1,881,792	1,752,677	6,281,838	4,926,774
OPERATING INCOME	559,525	1,024,822	10,590,732	9,854,381
OTHER INCOME (EXPENSE)				
Interest Income	70,253	72,592	219,296	171,918
Interest Expense	(10,037)	(92,973)	(115,742)	(632,804)
Minority Interest	3,680	3,184	14,029	6,791
Miscellaneous Income (Expense)	(22,621)	(192,174)	(3,356)	(104,404)
	41,275	(209,371)	114,227	(558,499)
INCOME BEFORE INCOME TAXES	600,800	815,451	10,704,959	9,295,882
INCOME TAXES	219,200	300,849	3,509,569	3,432,267
NET INCOME	\$381,600	\$514,602	\$7,195,390	\$5,863,615
Basic Earnings per Common Share				
Net Income	\$0.017	\$0.023	\$0.314	\$0.257
Basic Weighted Average Number of Common Shares Outstanding				
	22,901,994	22,808,954	22,893,194	22,782,092
Diluted Earnings per Common Share				
Net Income	\$0.016	\$0.022	\$0.309	\$0.255
Diluted Weighted Average Number of Common Shares Outstanding				
	23,299,289	23,073,902	23,274,093	22,967,626

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