

March 9, 2011



Arabian American Announces Fourth Quarter and Full-Year 2010 Financial Results

Quarterly Revenues Increase by 8.3% to \$33.5 Million Year-over-Year

Fourth Quarter Earnings up 195.6% to \$610,000 Year-over-Year

DALLAS, March 9, 2011 /PRNewswire/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced financial results for the fourth quarter and full year period ended December 31, 2010.

Financial Highlights

- Revenue for the fourth quarter increased 8.3% to \$33.5 million from \$31.0 million in the same period last year.
- Gross profit for the fourth quarter of 2010 increased 96.5% to \$4.4 million from \$2.2 million in the comparable period in 2009.
- EBITDA, a non-GAAP financial measure, for the fourth quarter of 2010 was \$2.2 million as compared to \$165,000 for the same period in 2009.
- Net income attributable to Arabian American Development Company for the fourth quarter increased 195.6% to \$610,000, or \$0.02 per basic and diluted share, compared to a net loss of \$(638,000), or \$(0.03) per basic and diluted share, for the fourth quarter last year.

Fourth Quarter 2010 Operational Highlights

- Completed the expansion of South Hampton Resources' Hexane treater unit that adds an additional 800 barrels per day for treating C6 product. This unit completes the plant expansion started in 2008 which doubled capacity.
- Finished the addition of a new Isomerization unit for increased C5 flexibility. This allows South Hampton to convert up to 600,000 gallons per month of Normal Pentane to Isopentane.
- Signed an agreement to merge the assets of Silsbee Trading and Transportation Company (STTC), a company owned by Nicholas Carter, President and Chief Executive Officer of Arabian American Development Co., into its operating unit, South Hampton Resources, Inc.

Subsequent to 2010 Year End

- Signed two new contracts including a five-year contract with a North America-based company and a three-year contract with an international-based organization for a total value of more than \$29

- million over the length of the contracts. These continue the diversification and global expansion of the Company's customer base.
- AMAK, the Saudi Joint Stock company owned 41% by ARSD, applied for four additional mining leases which surround the Al Masane area (Najran province) in southwestern Saudi Arabia. Conditional approval has been granted. The business and operational plan has been submitted for final approval. These prospects were part of the previous exploration of the region which was undertaken in the late 1980's when approximately \$3.0 million was spent by ARSD in research and core drilling.
 - AMAK received the first US\$38 million (SR141 million) payment related to a permanent loan from the Saudi Industrial Development Fund (SIDF). This opening draw enabled AMAK to repay the initial bridge loan from a Saudi French Bank and allowed AMAK to arrange a further bridge loan from the Saudi French Bank in the amount of approximately US\$44 million (SR165 million) which was needed for the completion of the mine's construction and working capital. This bridge loan will be repaid via the second draw on the SIDF loan later in the year.
 - AMAK has hired a Chief Financial Officer and an Environmental Manager. The AMAK Board is now interviewing laboratory personnel and geologists in order to complete supervisory staffing requirements in preparation for operations.
 - The AMAK Board named one of its members, Mohammed Aballala, as the Managing Director in an effort to expedite the decision making process at the mine. Mr. Aballala has a long history of managing construction projects and is capable of guiding the staff to keep the project on schedule. The mine is well positioned for subsequent operations as the mill is now approximately 95% complete.
 - Recently in conjunction with the 5th Global Competitiveness Forum in Riyadh, ARSD was listed as #54 on the list of top 100 foreign investors in Saudi Arabia. AMAK signed on as a sponsor in the Najran Investment Forum to be held on March 13-15.

Fourth Quarter 2010 Financial Results

Consolidated revenue for the quarter ended December 31, 2010 increased 8.3% to \$33.5 million compared to revenue of \$31.0 million in the fourth quarter of 2009. Petrochemical product sales (predominantly C5 and C6 hydrocarbons and related products) represented \$32.4 million, or 96.6%, of total revenue for the fourth quarter of 2010 and \$29.9 million, or 96.6%, of total revenue, for the fourth quarter last year. The Company generated \$1.13 million in toll processing fees, up 6.6% during the fourth quarter of 2010 compared with \$1.06 million for the prior year's fourth quarter. Processing revenues increased in the fourth quarter of 2010 compared to 2009 due to one of the tolling customers running above minimum capacity during the quarter. The Company remains dedicated to maintaining a certain level of toll processing business in the facility and has several opportunities in various stages of evaluation.

During the fourth quarter of 2010, the cost of petrochemical sales and processing (including depreciation) increased approximately \$429,000, or 1.5%, to \$29.2 million as compared to \$28.7 million in the same period in 2009. Total gross profit on revenue for the fourth quarter of 2010 increased approximately \$2.1 million, or 96.5%, to \$4.4 million as compared to \$2.2 million the same period in 2009. The cost of petrochemical product sales and processing and gross profit for the three months ended December 31, 2010 includes a net gain of \$179,000 from derivative transactions. For the same period of 2009, there was a net loss of \$11,000.

net gain.

Nick Carter, President and Chief Executive Officer, commented, "Our quarterly revenue results show modest gains from the year-ago period. Gross profit, however, increased by over 96% as we moved over 50% of our larger customers to formula pricing, a mechanism which is gaining traction and is beneficial to both parties as it allows product prices to move in conjunction with feed prices without the necessity of announced price changes. We also continued to successfully use derivative contracts to offset any fluctuating feedstock prices. These actions, along with careful cost control and the ISOM expansion (which allows Normal Pentane to be converted into Isopentane and provides flexibility in managing products) is also providing greater stability to gross margins."

Mr. Carter continued, "We capitalized on our updated and expanded pentane and hexane units to target new opportunities both domestically and globally which was not possible a year ago. As a result of our expanded capability, we announced several new sales contracts in fourth quarter 2010 and subsequent to the year-end that will help drive revenues going forward."

General and Administrative costs for the fourth quarter of 2010 were up\$138,000, or 5.4%, at \$2.7 million from \$2.6 million in the same period last year primarily due to higher administrative payroll costs, consulting fees, insurance premiums, directors' fees, post retirement expense and legal fees.

The Company reported net income attributable to Arabian American Development Company in the fourth quarter of 2010 of approximately \$610,000 or \$0.02 per basic and diluted share (based on 23.8 million basic and 23.9 million diluted weighted average shares outstanding, respectively). This compares to a net loss attributable to Arabian American Development Company of \$638,000, or \$0.03 per basic and diluted share for the fourth quarter of 2009 (based on 23.7 million basic and diluted weighted average shares outstanding).

The Company reported EBITDA for the fourth quarter of 2010 of approximately\$2.2 million compared to \$165,000 for the same period in 2009.

Full Year 2010 Financial Results

Consolidated revenue for the year endedDecember 31, 2010 increased 18.3% to\$139.1 million compared to revenue of\$117.6 million in the same period in 2009. Excluding transloading revenues of \$854,000 generated in the year endedDecember 31, 2010, revenues were \$138.3 million, a 22.4% increase from\$113.0 million in the year-ago period, excluding transloading revenues of \$4.6 million. Year-to-date 2010 transloading sales reflected spot opportunities that were fulfilled. Petrochemical product sales represented \$133.6 million or 96.0% of total revenue year-to-date in 2010 compared to\$109.2 million or 92.8% of total revenue for the same period last year. The Company generated \$4.7 million in toll processing fees up 23.6%, during the full year 2010 compared with \$3.8 million for the same period last year. Again, processing revenues increased primarily due to one of the tolling customers running above minimum capacity during the full year 2010. Total sales volume decreased approximately 6.4% due to expiration of the transloading contract; however, petrochemical product sales volume remained steady.

During the year endedDecember 31, 2010, the cost of petrochemical sales and processing

(including depreciation) increased approximately \$26.2 million, or 27.4%, as compared to the same period in 2009. Consequently, total gross profit on revenue for the full year of 2010 decreased approximately \$4.7 million or 21.4%, to \$17.2 million as compared to \$21.9 million for the same period in 2009. The cost of petrochemical product sales and processing and gross profit for the year ended December 31, 2010, includes a net gain of \$205,000 from derivative transactions. For the same period of 2009, the net gain was \$1.1 million.

General and Administrative costs for the full year of 2010 increased approximately \$1.8 million or 19.5%, to \$10.9 million from \$9.1 million in the same period in 2009 primarily due to increases in accrued liabilities for Pioche environmental issues, administrative payroll costs, insurance premiums, consulting fees, property taxes, directors' fees, post retirement benefits, and legal fees.

For the full year of 2010, net income attributable to Arabian American Development was \$2.7 million or \$0.11 per basic and diluted share (based on 23.8 million weighted average shares outstanding) compared to net income of \$6.6 million or \$0.28 per basic and diluted share (based on 23.7 million and 23.8 million weighted average shares outstanding, respectively) for the year-ago period.

EBITDA for the year ended December 31, 2010, was \$8.2 million as compared to \$15.0 million for the same period in 2009.

The Company completed the quarter with \$7.6 million in cash and cash equivalents compared to \$2.5 million as of December 31, 2009. Trade receivables decreased by \$1.1 million to \$11.2 million from \$12.3 million due to decreased sales volume in the fourth quarter. The average collection period remains normal for the business. Inventory increased approximately \$852,000 due to a slight increase in volume and price.

The Company had \$19.0 million in working capital as of December 31, 2010 and ended the quarter with a current ratio of 3.5 to 1. Shareholders' equity increased to \$56.6 million as of December 31, 2010 from \$52.2 million as of December 31, 2009.

Mr. Carter concluded, "Our balance sheet remains strong with cash and cash equivalents that increased over 210% from the year-ago period. In addition, we generated cash from operations of \$11.3 million which is up 62% sequentially from \$7.0 million at the end of our third quarter 2010 and up 73.9% from \$6.5 million in the fourth quarter of 2009."

About Arabian American Development Company (ARSD)

ARSD owns and operates a petrochemical facility located in southeast Texas just north of Beaumont which specializes in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and now a 41% investor in a Saudi Arabian joint stock company involving a mining project which is currently under construction in the Najran Province area of southwest Saudi Arabia. The mine is scheduled to be in production in 2011 and 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, 2009, and the Company's subsequent Quarterly Reports on Form 10-Q.

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- Tables follow -

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,609,943	\$ 2,451,614
Financial contracts	177,446	-
Trade Receivables, net of allowance for doubtful accounts		
of \$155,000 and \$126,500, respectively	11,212,290	12,302,955
Current portion of notes receivable, net of discount		

of \$684 and \$16,109,

respectively	34,427	372,387
Prepaid expenses and other assets	669,367	739,989
Contractual based intangible assets	250,422	-
Inventories	5,917,283	5,065,169
Deferred income taxes	487,513	640,057
Taxes receivable	216,461	4,726,708
Total current assets	26,575,152	26,298,879
PLANT, PIPELINE, AND EQUIPMENT - AT COST	54,703,710	50,082,441
LESS ACCUMULATED DEPRECIATION	(20,839,442)	(17,674,938)
PLANT, PIPELINE, AND EQUIPMENT, NET	33,864,268	32,407,503
INVESTMENT IN AMAK	30,883,657	31,146,157
MINERAL PROPERTIES IN THE UNITED STATES	588,311	588,311
NOTES RECEIVABLE, net of discount of \$0 and \$684, respectively, net		
of current portion	-	35,001
CONTRACTUAL BASED INTANGIBLE ASSETS, net of current portion	605,185	-
OTHER ASSETS	10,938	10,938
TOTAL ASSETS	\$ 92,527,511	\$ 90,486,789

CONSOLIDATED BALANCE SHEETS (continued)

	December 31,	
	2010	2009
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 2,778,161	\$ 3,617,043
Accrued interest	120,533	148,538
Current portion of derivative instruments	396,527	436,203
Accrued liabilities	1,777,642	1,336,219
Accrued liabilities in Saudi Arabia	184,593	471,280
Notes payable	12,000	12,000
Current portion of post retirement benefit	246,605	31,500
Current portion of long-term debt	1,864,770	1,400,000
Current portion of other liabilities	199,939	579,500
Total current liabilities	7,580,770	8,032,283
LONG-TERM DEBT, net of current portion	20,836,098	23,439,488
POST RETIREMENT BENEFIT, net of current portion	680,196	815,378
DERIVATIVE INSTRUMENTS, net of current portion	719,693	838,489
OTHER LIABILITIES, net of current portion	390,232	562,011
DEFERRED INCOME TAXES	5,480,683	4,332,911
Total liabilities	35,687,672	38,020,560
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common Stock authorized 40,000,000 shares of \$.10 par value;		
issued and outstanding, 23,682,915 and 23,433,995 shares		

in 2010 and 2009, respectively	2,368,291	2,343,399
Additional Paid-in Capital	43,162,641	41,604,168
Accumulated Other Comprehensive Loss	(736,706)	(841,297)
Retained Earnings	11,756,390	9,070,736
Total Arabian American Development Company Stockholders'		
Equity	56,550,616	52,177,006
Noncontrolling interest	289,223	289,223
Total equity	56,839,839	52,466,229
 TOTAL LIABILITIES AND EQUITY	 \$ 92,527,511	 \$ 90,486,789

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS
OF INCOME

	THREE MONTHS ENDED		12 MONTHS ENDED	
	31-Dec		31-Dec	
	2010	2009	2010	2009
REVENUES				
Petrochemical Product Sales	\$ 32,394,750	\$ 29,897,604	\$ 133,579,088	\$ 109,178,541
Transloading Sales	-	-	853,636	4,624,681
Processing Fees	1,128,440	1,058,656	4,677,470	3,783,457
	33,523,190	30,956,260	139,110,194	117,586,679
OPERATING COSTS AND EXPENSES				
Cost of Petrochemical Product				
Sales and Processing	29,169,093	28,740,179	121,894,912	95,688,819

GROSS PROFIT	4,354,097	2,216,081	17,215,282	21,897,860
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GENERAL AND
ADMINISTRATIVE EXPENSES

General and Administrative	2,701,525	2,563,067	10,930,141	9,144,710
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Depreciation	104,974	114,799	433,372	443,538
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	2,806,499	2,677,866	11,363,513	9,588,248
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OPERATING INCOME (LOSS)	1,547,598	(461,785)	5,851,769	12,309,612
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OTHER INCOME (EXPENSE)

Interest Income	962	9,693	16,184	63,669
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Interest Expense	(275,577)	(356,673)	(1,132,968)	(1,327,530)
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Equity in Loss from AMAK -	-	-	(262,500)	-
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Miscellaneous Income (expense)	(58,374)	(71,332)	(84,015)	(74,332)
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	(332,989)	(418,312)	(1,463,299)	(1,338,193)
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INCOME (LOSS) BEFORE INCOME TAXES	1,214,609	(880,097)	4,388,470	10,971,419
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INCOME TAXES	604,809	(242,575)	1,702,816	4,343,968
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NET INCOME (LOSS)	609,800	(637,522)	2,685,654	6,627,451
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NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST -	-	-	-	-
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NET INCOME (LOSS) ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT CO.	\$ 609,800	\$ (637,522)	\$ 2,685,654	\$ 6,627,451
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Basic Earnings (Loss)

per Common Share

Net Income (Loss)	\$0.02	(\$0.03)	\$0.11	\$0.28
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Basic Weighted Average
Number

of Common Shares Outstanding	23,828,976	23,736,745	23,769,047	23,733,955
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Diluted Earnings (Loss)

per Common Share

Net Income	\$0.02	(\$0.03)	\$0.11	\$0.28
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Diluted Weighted Average
Number

of Common Shares Outstanding	23,874,000	23,736,745	23,780,303	23,800,499
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ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS
OF CASH FLOWS

For the years ended December 31,

2010	2009
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Operating activities

Net income (loss) attributable to Arabian

American Development Co.	\$ 2,685,654	\$ 6,627,451
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Adjustments to reconcile net income (loss)

to Arabian American Development Co. to Net
cash provided by

operating activities:

Depreciation	2,613,164	2,689,847
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Accretion of notes receivable discounts	(16,109)	(53,628)
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Unrealized (gain) loss on derivative instruments	(177,448)	(6,976,232)
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Share-based compensation	807,917	280,161
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Provision for doubtful accounts	28,500	111,154
Deferred income taxes	684,582	8,977,317
Postretirement obligation	-	23,378
Impairment loss	-	-
Loss attributable to noncontrolling interest	-	-
Equity in loss from AMAK	262,500	-
Changes in operating assets and liabilities:		
(Increase) decrease in trade receivables	1,062,165	(510,083)
Decrease in notes receivable	389,070	582,177
(Increase) decrease in income tax receivable	4,510,247	(4,297,082)
Increase in inventories	(852,114)	(2,618,969)
Decrease in prepaid expenses and other assets	70,622	59,353
Decrease in derivative instruments deposits	-	3,950,000
Increase in other liabilities	-	773,000
Decrease in accounts payable and accrued liabilities	(504,088)	(2,146,279)
Increase (decrease) in accrued interest	(28,005)	1,077
Decrease in accrued liabilities in Saudi Arabia	(206,764)	(957,876)
Net cash provided by operating activities	11,329,893	6,514,766
Investing activities		
Additions to property, pipeline and equipment	(2,898,752)	(3,184,140)
Purchase of transportation company	(250,000)	-
Net cash used in investing activities	(3,148,752)	(3,184,140)
Financing Activities		
Additions to long-term debt	1,396,751	2,530,761
Repayment of long-term debt	(4,419,563)	(6,169,009)
Net cash provided (used) in financing activities	(3,022,812)	(3,638,248)

Net increase (decrease) in cash	5,158,329	(307,622)
Cash and cash equivalents at beginning of year	2,451,614	2,759,236
Cash and cash equivalents at end of year	\$ 7,609,943	\$ 2,451,614

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES RECONCILIATION OF
SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)

	THREE MONTHS ENDED		12 MONTHS ENDED	
	31-Dec		31-Dec	
	2010	2009	2010	2009
	(in thousands)			
NET INCOME (LOSS)	\$ 610	\$ (638)	\$ 2,686	\$ 6,627
Add back:				
Interest	276	357	1,133	1,328
Taxes	605	(243)	1,703	4,344
Depreciation	105	115	432	444
Depreciation in Cost of sales	568	574	2,271	2,246
EBITDA	\$ 2,164	\$ 165	\$ 8,225	\$ 14,989

(in thousands except ratio)

Current assets	\$ 26,575
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Current liabilities	\$ 7,581
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Working capital	\$ 18,994
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(current assets less current liabilities)

Current ratio	3.5
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(current assets divided by current liabilities)

(1) This press release includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

SOURCE Arabian American Development Co.