



Company Address:
1811 Bering Dr.
Suite 200
Houston, TX 77057
www.icopolymers.com

ICO, Inc. Announces Financial Results for Second Quarter Ended March 31, 2008

HOUSTON, TEXAS, May 7, 2008 – ICO, Inc. (NASDAQ: ICOC), global producer of custom polymer powders and plastic film concentrates, today announced its results for the quarter ended March 31, 2008.

Second Quarter Highlights

- Revenues of \$112.1 million, an increase of \$17.4 million or 18% from the prior year
- Volume growth of 2% compared to the second quarter of fiscal 2007
- Operating income of \$8.6 million, up 26% year-over-year
- Net income per share of \$.18 fully diluted
- Company announces relocation of New Jersey plant to Pennsylvania

Second Quarter 2008 vs. Second Quarter 2007

Revenues for the three months ended March 31, 2008 were \$112.1 million, an increase of \$17.4 million or 18% compared to the same quarter of the previous year. The translation effect of stronger foreign currencies caused \$8.5 million of the increase, while higher average selling prices and changes in product mix caused \$4.6 million of the increase. A 2% increase in volumes sold caused \$4.3 million of the growth.

As a result of the increase in revenues, gross profit increased \$1.9 million or 11% to \$19.3 million. The second quarter of fiscal year 2008 includes in impairment, restructuring and other costs (income) a net gain of \$1.6 million as a result of an estimated insurance recovery related to the July 2007 fire that occurred in the Company's New Jersey facility. Operating income increased \$1.8 million or 26% to \$8.6 million. Income tax expense increased \$1.9 million due to the increase in pre tax income as well as a reversal of a valuation allowance in the prior year quarter of \$1.4 million related to previously reserved deferred tax assets. As a result, income from continuing operations decreased \$0.5 million or 10% to \$5.0 million, or \$.18 per fully diluted share. During the second quarter of fiscal year 2007, an after tax gain of \$1.5 million was recognized in discontinued operations. Consequently, net income decreased \$2.0 million or 29% to \$5.0 million.

Second Quarter 2008 vs. First Quarter 2008

Comparing the sequential quarterly results, revenues increased \$1.3 million or 1%. Volumes sold increased 2% which led to an increase in revenues of \$6.5 million, which was partially offset by a change in product mix which reduced revenues by \$6.1 million. The translation effect of stronger foreign currencies increased revenues by \$0.9 million. Operating income increased \$2.2 million or 33% in part due to the estimated insurance recovery during the

quarter as our gross margins remained flat. Net income increased \$1.5 million or 42% as a result of the improvement in operating income.

“We just completed a quarter in which our operating income improved 26% year-over-year,” stated A. John Knapp, Jr., the Company’s President and CEO. “Our European region performed very well for the Company by improving operating income 40%. We also benefited in the quarter from the insurance recovery, of which a considerable portion related to compensation for business interruption expenses and lost profits as a result of the fire that occurred at our New Jersey facility in 2007. During the last quarter, in North America our industry encountered economic headwinds and uncertainty regarding future resin price trends. ICO is not immune to these factors. However, our product diversity and our geographic diversity, including our exposure to growing foreign markets, give us confidence in our long-term business.”

Relocation of New Jersey Facility to Pennsylvania

The Company is pleased to announce that the New Jersey facility will be relocated to Allentown, Pennsylvania, approximately 35 miles west of its current location. The Company expects to begin production in the new facility within the next 120 days and expects to have all production moved from New Jersey to Pennsylvania within the next twelve months. The new facility in Pennsylvania will be state-of-the-art for the industry and will provide an upgrade to our capacity as well as increased operating efficiencies.

Balance Sheet and Liquidity

For the first six months of fiscal year 2008, shareholders’ equity increased \$16.9 million or 19%, primarily as a result of year-to-date net earnings and the effect of stronger foreign currencies compared to the U.S. Dollar. Our available borrowing capacity at March 31, 2008 was \$57.0 million, an increase from December by \$4.7 million. In April 2008, we entered into an interest rate swap on our existing \$11.7 million term loan that matures in 2011, essentially locking in our interest rate at 4.32%, subject to changes in the Company’s leverage ratio. Additionally, in May 2008, we executed an amendment to our existing domestic credit facility extending the maturity of the credit facility by one year to October 2012, and increasing our borrowing capacity by \$5.0 million. During the second quarter, we generated cash flow from operating activities of \$1.8 million. Our capital expenditures were \$4.6 million during the quarter. Approximately \$2.7 million of the \$4.6 million of capital expenditures related to our facility relocation from New Jersey to Pennsylvania.

Conference Call on the Web

A live Internet broadcast of ICO, Inc.’s conference call regarding fiscal 2008 second quarter results can be accessed at 10:00 a.m. Central Standard Time on Thursday, May 8, 2008 at <http://www.videonewswire.com/event.asp?id=47839>, where the webcast replay will be accessible for ninety days. The webcast replay will also be accessible on the Company’s website at www.icopolymers.com for a period of twelve months. (Minimum requirements to listen to the broadcast are: The Windows Media Player software, downloadable free from <http://www.microsoft.com/windows/windowsmedia/player/download/download.aspx> and at least a 28.8Kbps connection to the Internet.)

Investors are invited to participate in the conference by dialing 847-413-3238, passcode 21304085. A replay of the conference call will be available by dialing 630-652-3044, passcode 21304085.

About ICO, Inc.

With 19 locations in 10 countries, ICO produces custom polymer powders for rotational molding and other polymer related businesses, such as the textile, metal coating and masterbatch markets. ICO remains an industry leader in size reduction, compounding and other tolling services for plastic and non-plastic materials. ICO's Bayshore Industrial subsidiary produces specialty compounds, concentrates and additives primarily for the plastic film industry. Additional information about ICO, Inc. can be found on the Company's website at www.icopolymers.com. Contact: CFO – Brad Leuschner at 713-351-4100.

This press release contains forward-looking statements, which are not statements of historical facts and involve certain risks, uncertainties and assumptions. These include, but are not limited to, restrictions imposed by the Company's outstanding indebtedness, changes in the cost and availability of resins (polymers) and other raw materials, demand for the Company's services and products, business cycles and other industry conditions, international risks, operational risks, currency translation risks, the Company's lack of asset diversification, the Company's ability to manage global inventory, develop technology and proprietary know-how, and attract and retain key personnel, as well as other factors detailed in the Company's form 10-K for the fiscal year ended September 30, 2007 and its other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated.

ICO, Inc.
Consolidated Statement of Operations
(Unaudited and in thousands, except per share data and percentages)

| | Three Months Ended | | | Six Months Ended | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| | March 31, | | December 31, | March 31, | |
| | 2008 | 2007 | 2007 | 2008 | 2007 |
| Product Sales | \$ 102,120 | \$ 84,893 | \$ 101,188 | \$ 203,308 | \$ 162,480 |
| Toll Services | 10,006 | 9,826 | 9,677 | 19,683 | 18,500 |
| Total Revenues | <u>112,126</u> | <u>94,719</u> | <u>110,865</u> | <u>222,991</u> | <u>180,980</u> |
| Cost of sales and services (exclusive of depreciation shown separately below) | <u>92,838</u> | <u>77,371</u> | <u>91,773</u> | <u>184,611</u> | <u>149,140</u> |
| Gross Profit (1) | 19,288 | 17,348 | 19,092 | 38,380 | 31,840 |
| Selling, general and administrative expense | 10,387 | 9,274 | 10,603 | 20,990 | 17,713 |
| Depreciation and amortization | 1,853 | 1,855 | 1,795 | 3,648 | 3,611 |
| Impairment, restructuring and other costs (income) | <u>(1,598)</u> | <u>(654)</u> | <u>198</u> | <u>(1,400)</u> | <u>(654)</u> |
| Operating income | 8,646 | 6,873 | 6,496 | 15,142 | 11,170 |
| Other income (expense): | | | | | |
| Interest expense, net | (1,096) | (838) | (1,023) | (2,119) | (1,502) |
| Other income (expense) | <u>(68)</u> | <u>88</u> | <u>(133)</u> | <u>(201)</u> | <u>(167)</u> |
| Income from continuing operations before income taxes | 7,482 | 6,123 | 5,340 | 12,822 | 9,501 |
| Provision for income taxes | <u>2,489</u> | <u>601</u> | <u>1,814</u> | <u>4,303</u> | <u>1,419</u> |
| Income from continuing operations | 4,993 | 5,522 | 3,526 | 8,519 | 8,082 |
| Income (loss) from discontinued operations, net of income taxes | - | 1,475 | (16) | (16) | 1,439 |
| Net income | \$ 4,993 | \$ 6,997 | \$ 3,510 | \$ 8,503 | \$ 9,521 |
| Preferred Stock dividends | - | (82) | (1) | (1) | (390) |
| Net gain on redemption of Preferred Stock | - | - | - | - | 6,023 |
| Net income applicable to Common Stock | <u>\$ 4,993</u> | <u>\$ 6,915</u> | <u>\$ 3,509</u> | <u>\$ 8,502</u> | <u>\$ 15,154</u> |
| | | | | | |
| Basic income from continuing operations per common share | <u>\$ 0.18</u> | <u>\$ 0.21</u> | <u>\$ 0.13</u> | <u>\$ 0.31</u> | <u>\$ 0.53</u> |
| Basic net income per common share | <u>\$ 0.18</u> | <u>\$ 0.27</u> | <u>\$ 0.13</u> | <u>\$ 0.31</u> | <u>\$ 0.59</u> |
| | | | | | |
| Diluted income from continuing operations per common share | <u>\$ 0.18</u> | <u>\$ 0.20</u> | <u>\$ 0.13</u> | <u>\$ 0.30</u> | <u>\$ 0.29</u> |
| Diluted net income per common share | <u>\$ 0.18</u> | <u>\$ 0.26</u> | <u>\$ 0.13</u> | <u>\$ 0.30</u> | <u>\$ 0.34</u> |
| | | | | | |
| Basic weighted average shares outstanding | <u>27,263,000</u> | <u>25,907,000</u> | <u>26,914,000</u> | <u>27,088,000</u> | <u>25,874,000</u> |
| Diluted weighted average shares outstanding | <u>27,949,000</u> | <u>27,329,000</u> | <u>27,873,000</u> | <u>27,978,000</u> | <u>27,508,000</u> |
| | | | | | |
| Gross Margin (2) | 17.2% | 18.3% | 17.2% | 17.2% | 17.6% |

(1) Calculated as Total Revenues minus Cost of Sales and Services, exclusive of Depreciation Expense.

(2) Calculated as Gross Profit divided by Total Revenues.

ICO, Inc.
Consolidated Balance Sheet
(Unaudited and in thousands, except share data and ratios)

| | March 31, 2008 | September 30, 2007 |
|--|-------------------|-----------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,403 | \$ 8,561 |
| Trade receivables | 86,982 | 95,142 |
| Inventories | 74,934 | 60,420 |
| Deferred income taxes | 1,674 | 1,778 |
| Prepaid and other current assets | 9,065 | 9,924 |
| <i>Total current assets</i> | 176,058 | 175,825 |
| Property, plant and equipment, net | 62,838 | 57,396 |
| Goodwill | 9,414 | 9,228 |
| Other assets | 3,501 | 3,768 |
| <i>Total assets</i> | \$ 251,811 | \$ 246,217 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Short-term borrowings under credit facilities | \$ 26,421 | \$ 16,133 |
| Current portion of long-term debt | 16,137 | 11,611 |
| Accounts payable | 47,057 | 66,906 |
| Accrued salaries and wages | 6,265 | 7,313 |
| Other current liabilities | 14,011 | 16,004 |
| <i>Total current liabilities</i> | 109,891 | 117,967 |
| Long-term debt, net of current portion | 25,931 | 29,605 |
| Deferred income taxes | 4,750 | 4,820 |
| Other long-term liabilities | 3,326 | 2,783 |
| <i>Total liabilities</i> | 143,898 | 155,175 |
| Commitments and contingencies | - | - |
| Stockholders' equity: | | |
| Convertible exchangeable preferred stock | - | 2 |
| Undesignated preferred stock | - | - |
| Common stock | 54,159 | 47,659 |
| Additional paid-in capital | 71,957 | 74,920 |
| Accumulated other comprehensive income | 10,249 | 5,416 |
| Accumulated deficit | (28,452) | (36,955) |
| <i>Total stockholders' equity</i> | 107,913 | 91,042 |
| <i>Total liabilities and stockholders' equity</i> | \$ 251,811 | \$ 246,217 |
| <u>OTHER BALANCE SHEET DATA</u> | | |
| Working capital | \$ 66,167 | \$ 57,858 |
| Current ratio | 1.6 | 1.5 |
| Total debt | \$ 68,489 | \$ 57,349 |
| Debt-to-capitalization | 38.8% | 38.6% |

ICO, Inc.

Supplemental Segment Information

(Unaudited and in thousands, except percentages)

Revenues

| Three Months Ended March 31: | 2008 | % of Total | 2007 | % of Total | Change | % |
|------------------------------|-------------------|-------------|------------------|-------------|------------------|------------|
| ICO Europe | \$ 54,181 | 48% | \$ 42,114 | 44% | \$ 12,067 | 29% |
| Bayshore Industrial | 20,742 | 18% | 19,901 | 21% | 841 | 4% |
| ICO Asia Pacific | 19,627 | 18% | 18,483 | 20% | 1,144 | 6% |
| ICO Polymers North America | 12,559 | 11% | 10,797 | 11% | 1,762 | 16% |
| ICO Brazil | 5,017 | 5% | 3,424 | 4% | 1,593 | 47% |
| Consolidated | <u>\$ 112,126</u> | <u>100%</u> | <u>\$ 94,719</u> | <u>100%</u> | <u>\$ 17,407</u> | <u>18%</u> |

| Six Months Ended March 31: | 2008 | % of Total | 2007 | % of Total | Change | % |
|----------------------------|-------------------|-------------|-------------------|-------------|------------------|------------|
| ICO Europe | \$ 100,494 | 45% | \$ 76,381 | 42% | \$ 24,113 | 32% |
| Bayshore Industrial | 52,519 | 24% | 43,781 | 24% | 8,738 | 20% |
| ICO Asia Pacific | 37,572 | 17% | 34,096 | 19% | 3,476 | 10% |
| ICO Polymers North America | 22,890 | 10% | 20,403 | 11% | 2,487 | 12% |
| ICO Brazil | 9,516 | 4% | 6,319 | 4% | 3,197 | 51% |
| Consolidated | <u>\$ 222,991</u> | <u>100%</u> | <u>\$ 180,980</u> | <u>100%</u> | <u>\$ 42,011</u> | <u>23%</u> |

Operating income (loss)

| Three Months Ended March 31: | 2008 | 2007 | Change |
|---------------------------------------|-----------------|-----------------|-----------------|
| ICO Europe | \$ 3,520 | \$ 2,508 | \$ 1,012 |
| Bayshore Industrial | 2,782 | 3,023 | (241) |
| ICO Asia Pacific | 761 | 1,128 | (367) |
| ICO Polymers North America | 2,937 | 1,752 | 1,185 |
| ICO Brazil | 192 | 127 | 65 |
| Total Operations | <u>10,192</u> | <u>8,538</u> | <u>1,654</u> |
| Unallocated General Corporate Expense | (1,546) | (1,665) | 119 |
| Consolidated | <u>\$ 8,646</u> | <u>\$ 6,873</u> | <u>\$ 1,773</u> |

| Six Months Ended March 31: | 2008 | 2007 | Change |
|---------------------------------------|------------------|------------------|-----------------|
| ICO Europe | \$ 6,518 | \$ 3,183 | \$ 3,335 |
| Bayshore Industrial | 6,710 | 6,313 | 397 |
| ICO Asia Pacific | 1,623 | 1,846 | (223) |
| ICO Polymers North America | 3,383 | 2,760 | 623 |
| ICO Brazil | 329 | 204 | 125 |
| Total Operations | <u>18,563</u> | <u>14,306</u> | <u>4,257</u> |
| Unallocated General Corporate Expense | (3,421) | (3,136) | (285) |
| Consolidated | <u>\$ 15,142</u> | <u>\$ 11,170</u> | <u>\$ 3,972</u> |

Operating income (loss) as a percentage of revenues

| | Three Months Ended | | | Six Months Ended | | |
|----------------------------|--------------------|-------------------|--------|------------------|-------------------|--------|
| | 2008 | March 31, 2007 | Change | 2008 | March 31, 2007 | Change |
| ICO Europe | 6% | 6% | 0% | 6% | 4% | 2% |
| Bayshore Industrial | 13% | 15% | (2%) | 13% | 14% | (1%) |
| ICO Asia Pacific | 4% | 6% | (2%) | 4% | 5% | (1%) |
| ICO Polymers North America | 23% | 16% | 7% | 15% | 14% | 1% |
| ICO Brazil | 4% | 4% | 0% | 3% | 3% | 0% |
| Consolidated | 8% | 7% | 1% | 7% | 6% | 1% |

ICO, Inc.
Supplemental Segment Information (cont'd.)
(Unaudited and in thousands, except percentages)

Revenues

| | Three Months Ended | | | | | |
|----------------------------|--------------------|-------------|-------------------|-------------|-----------------|-----------|
| | March 31, | | December 31, | | Change | % |
| | 2008 | % of Total | 2007 | % of Total | | |
| ICO Europe | \$ 54,181 | 48% | \$ 46,313 | 42% | \$ 7,868 | 17% |
| Bayshore Industrial | 20,742 | 18% | 31,777 | 29% | (11,035) | (35%) |
| ICO Asia Pacific | 19,627 | 18% | 17,945 | 16% | 1,682 | 9% |
| ICO Polymers North America | 12,559 | 11% | 10,331 | 9% | 2,228 | 22% |
| ICO Brazil | 5,017 | 5% | 4,499 | 4% | 518 | 12% |
| Consolidated | <u>\$ 112,126</u> | <u>100%</u> | <u>\$ 110,865</u> | <u>100%</u> | <u>\$ 1,261</u> | <u>1%</u> |

Operating income (loss)

| | Three Months Ended | | |
|---------------------------------------|--------------------|-----------------|-----------------|
| | March 31, | December 31, | Change |
| | 2008 | 2007 | |
| ICO Europe | \$ 3,520 | \$ 2,998 | \$ 522 |
| Bayshore Industrial | 2,782 | 3,928 | (1,146) |
| ICO Asia Pacific | 761 | 862 | (101) |
| ICO Polymers North America | 2,937 | 446 | 2,491 |
| ICO Brazil | 192 | 137 | 55 |
| Total Operations | 10,192 | 8,371 | 1,821 |
| Unallocated General Corporate Expense | (1,546) | (1,875) | 329 |
| Consolidated | <u>\$ 8,646</u> | <u>\$ 6,496</u> | <u>\$ 2,150</u> |

Operating income (loss) as a percentage of revenues

| | Three Months Ended | | |
|----------------------------|--------------------|--------------|--------|
| | March 31, | December 31, | Change |
| | 2008 | 2007 | |
| ICO Europe | 6% | 6% | 0% |
| Bayshore Industrial | 13% | 12% | 1% |
| ICO Asia Pacific | 4% | 5% | (1%) |
| ICO Polymers North America | 23% | 4% | 19% |
| ICO Brazil | 4% | 3% | 1% |
| Consolidated | 8% | 6% | 2% |