

quarterly results

Q2 2007

(announced August 2 2007)



Summary information only. For full statutory reporting of ICI's results please visit www.ici.com or contact ICI's Investor Relations Department (details overleaf). This fact sheet may include forward-looking statements. The risk factors section of the Annual Report describes important factors that could cause actual results to differ materially from those forward-looking statements. You can get copies of ICI's most recent Annual Report from ICI's website or from ICI's Investor Relations Department.

Highlights

Second Quarter 2007

- 4% comparable* growth in Group sales for continuing operations
- 12% comparable growth in Group trading profit for continuing operations
- 13% growth in Group adjusted profit before tax to £154m for continuing operations
- 22% growth in Group adjusted net profit to £121m (2006: £99m)

Half Year 2007

- Group adjusted profit before tax £255m, 12% ahead (2006: £228m)
- Net profit after special items attributable to ICI equity holders £1,055m (2006: £80m) including £908m profit on sale of Quest
- Adjusted earnings per share 16.8p, up 20% (2006: 14.0p)
- Interim dividend declared of 4.95p per share (2006: 4.15p)
- Net cash £271m (2006: net debt £962m) reflecting disposal proceeds partially offset by pension top-up payments
- IAS 19 Pension deficit reduced from £1,305m end 2006 to £721m end Q2 2007, including updated actuarial assumptions, primarily discount rates, and a pension liability increase of £175m for additional longevity risk in the ICI UK Pension Fund.
- Announced over £65m investment in acquisitions, focused on developing markets, in last three months

John McAdam, Chief Executive, said:

"The second quarter has continued our strong start to 2007, despite additional raw material cost increases for our adhesives business. Trading conditions remained buoyant in Asia, Latin America and Continental Europe. As expected, North America was mixed with weak construction markets, although we continued to reduce costs and improve returns in the Decorative Paint business. The efficiency benefits of our transformation programme contributed to an improvement in trading margins.

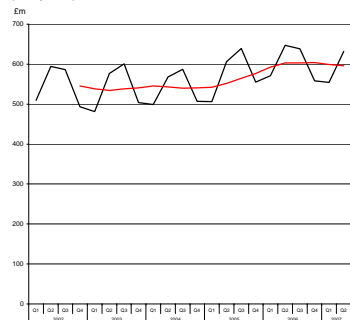
The outlook for the year as a whole remains positive; although visibility beyond the next quarter is limited, our expectations for the balance of the year remain unchanged."

Headline financials (top line only)

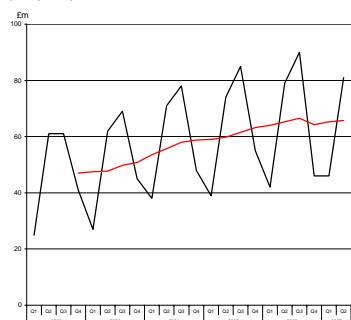
	Q2		YTD	
	07	06	07	06
Sales (£m)*	1,251	1,271	2,398	2,442
Trading Profit (£m)*	152	142	253	239
Trading Margin*	12.1%	11.2%	10.6%	9.8%
Trading Profit - Disc. operations (£m)	-	21	12	41
Income from associates (£m)	2	1	3	2
Group net finance expense (£m)	-	(27)	(13)	(54)
- Net interest cost (£m)	(1)	(23)	(13)	(44)
- Net post-retirement finance (£m)	1	(4)	-	(10)
Total Group Adjusted profit before tax (£m)	154	137	255	228
Taxation (before special items) (£m)	(26)	(30)	(43)	(48)
Net profit after special items (£m)	107	23	1,076	93
Net profit after special items (£m) (attrib. to ICI equity holders)	100	15	1,055	80
Adjusted EPS (undiluted)	10.2p	8.3p	16.8p	14.0p
Dividend per ordinary share	-	-	4.95p	4.15p
Net cash / (debt) (£m)	-	-	271	(962)
Group interest cover (times)	>100	7.1	20.8	6.2
Group adjusted tax rate	-	-	17%	21%

Paints % of Sales**: 49% % of Trading Profit**: 47% **Leading international paints business, concentrating on decorative paint (90% of sales) and packaging coatings for food and beverage cans (10% of sales). Broad geographic coverage with 17% of sales in Asia, 9% in Latin America, 38% in North America and 36% in Europe.**

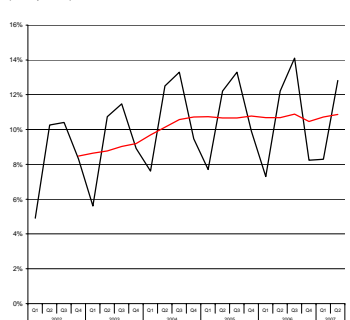
Quarterly Sales (as reported)



Quarterly Trading Profit (as reported)



Quarterly Trading Margin (as reported)



	Q207	Q206	H107	H106
Sales (£m)	632	647	1,186	1,218
Comparable* change	2%		3%	
Trading profit (£m)	81	79	127	121
Comparable* change	7%		10%	
Trading margin	12.8%	12.2%	10.7%	9.9%

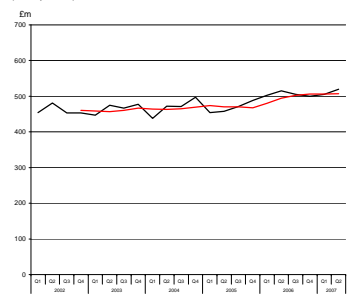
- **Decorative UK & Republic of Ireland (23%):** Sales up 3%; growth in UK Trade and Ireland. UK Retail volume slightly lower. Gross margin percentages ahead due to improved product mix in UK Trade and despite higher marketing costs trading profit was well ahead.
- **Decorative Continental Europe (11%):** Sales ahead 6% with growth in southern Europe, the Benelux region and Eastern Europe. Despite lower gross margin percentages, trading profit was up.
- **Decorative North America (34%):** Sales 8% lower; US Retail and US Trade volumes depressed by continued weakness in the US housing market. Gross margin percentages up due to improved product mix, lower costs. With good cost control, trading profit was up.
- **Decorative Asia (15%):** Sales up 19% with all countries ahead except Thailand. Growth in China -30% helped by further regional expansion. Volumes also up in India. Gross margin percentages in Asia slightly lower, however trading profit was ahead.
- **Decorative Latin America (8%):** Sales up 16%; volumes up in all countries and higher selling prices. Gross margin percentages lower due to weaker product mix, but with good cost control and volume growth, trading profit was significantly ahead.
- **Packaging Coatings (9%):** Sales up 4%; improved selling prices and volume growth in Asia, North America and Latin America. Gross margin percentages were lower due to raw material cost pressure, but with good cost control, trading profit was in line.

1 % of Q107 sales of ICI Paints

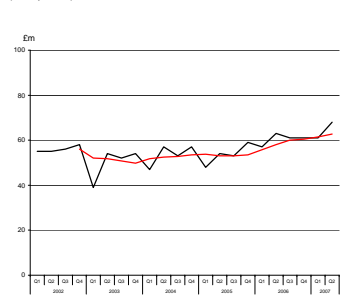
National Starch % of Sales**: 43% % of Trading Profit**: 48%

One of the global leaders in high performance adhesives for consumer goods, packaging, electronics and construction materials. In addition, a leading manufacturer of specialty food starches, industrial starches and specialty polymers.

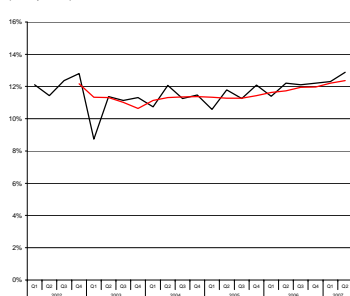
Quarterly Sales (as reported)



Quarterly Trading Profit (as reported)



Quarterly Trading Margin (as reported)



	Q207	Q206	H107	H106
Sales (£m)	520	515	1,025	1,018
Comparable* change	7%		8%	
Trading profit (£m)	68	63	129	120
Comparable* change	13%		14%	
Trading margin	12.9%	12.2%	12.6%	11.8%

National Starch
National Starch delivered 7% comparable sales growth for the quarter. Double digit growth was achieved in Asia and Latin America, with good growth across the other regions. Gross margin percentages were ahead of last year and trading profit was 13% ahead due to continued strong performances in Specialty Starches and Specialty Polymers. Trading margins were 12.9% (2006 12.2%).

For the half year, comparable sales were 8% ahead. Gross margin percentages were ahead of last year and, despite higher costs below gross margin, trading profit was 14% ahead.

Adhesives

	Q207	Q206	H107	H106
Sales (£m)	268	269	527	532
Comparable* change	5%		6%	
Trading profit (£m)	25	25	44	45
Comparable* change	-		2%	
Trading margin	9.1%	9.3%	8.3%	8.5%

Sales up 5%; good growth in all regions. Growth in Asia was strong notably in China, India & Vietnam. Good growth in Europe and Latin America in part from increased demand for non woven applications. Sales slightly ahead in North America; good progress made on new account wins partly offset by reduced demand in US construction. Gross margin percentages in line despite raw material inflation. Trading profit progress offset by one-off healthcare cost benefits in Q6.

Specialty Starches

	Q207	Q206	H107	H106
Sales (£m)	132	126	263	251
Comparable* change	10%		11%	
Trading profit (£m)	17	13	33	25
Comparable* change	36%		39%	
Trading margin	12.9%	10.4%	12.7%	10.2%

Sales up 10%; good demand in all regions for food and industrial starches. Sales of wholesome Novation® starches strong in Europe. North America food starch sales up due to improved product mix and higher prices. Gross margin percentages up, partly due to benefits of price increases. Trading profit up. Good underlying performance in the second half is likely to be partially offset by increased corn costs, particularly in Q4.

Specialty Polymers

	Q207	Q206	H107	H106
Sales (£m)	72	69	139	133
Comparable* change	12%		13%	
Trading profit (£m)	15	12	29	24
Comparable* change	38%		32%	
Trading margin	21.0%	17.0%	20.5%	17.5%

Sales up 12%; all regions ahead. Etoetox achieved exceptional sales growth for its construction materials polymers in Asia and Europe. Personal Care delivered strong sales growth due to improved demand for sunscreen and hair care polymers and Alco sales ahead with good progress on biopolymer-based sales. Gross margin percentages up due to good control of manufacturing costs and trading profit was up.

Electronic Materials

	Q207	Q206	H107	H106
Sales (£m)	48	51	96	102
Comparable* change	1%		2%	
Trading profit (£m)	11	13	23	26
Comparable* change	(11)%		(5)%	
Trading margin	22.7%	25.2%	24.1%	25.4%

Sales up 1%; reflecting slower growth in consumer electronics year to date. Ablestik and Acheson Electronic Materials sales slightly up despite softening demand for semiconductor packaging. Emerson & Cuming sales broadly unchanged; sales for digital printing and LED lighting offset by weaker demand for handheld devices. Gross margin percentages were lower due to higher silver and nickel costs and despite good cost control trading profit was lower.



Regional & Industrial % of Sales**: 8% % of Trading Profit**: 5% **Consists principally of four regional businesses local in scope, the most significant of which are located in Pakistan, India and Argentina. Main activities include manufacture of polyester fibres, soda ash, PTA, wine additives and sulphur related products.**

Comparable sales for the Regional and Industrial business for the quarter were slightly lower than last year, with good sales growth for ICI Pakistan and ICI Argentina offset by lower sales in Pakistan PTA. Gross margin percentages were slightly higher, mainly due to lower raw material costs in ICI Pakistan's Soda Ash business and a recovery from sharply lower margins for ICI Argentina in the same quarter last year. With lower costs below gross margin, particularly in the PTA business, trading profit for the quarter was 14% above last year. For the half year, comparable sales were slightly ahead of last year. Gross margin percentages were down and despite lower costs below gross margin, trading profit was markedly below last year.

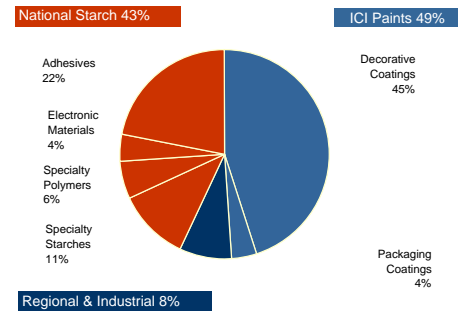
Note: red line on charts represents a rolling four quarter moving average
* Comparable performance - excluding the effects of currency translation differences and the impact of acquisitions and divestments
** Continuing reporting segments
Continuing operations only (ie excluding Unilever and Quest)

leadership in formulation science



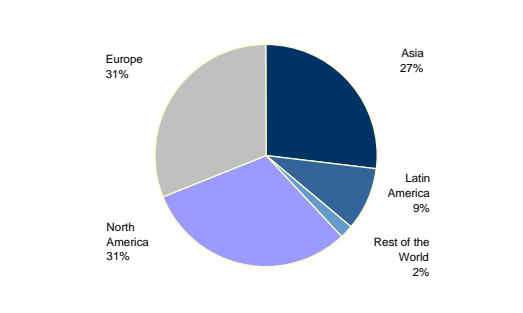
2007 YTD Sales by business

Continuing Reporting Segments



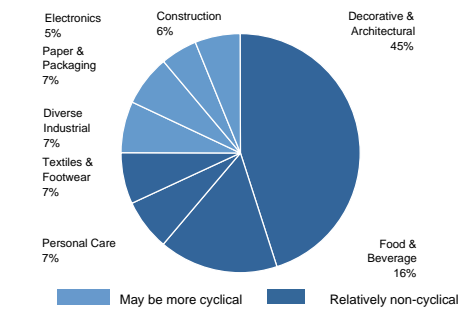
2007 YTD Sales by region

Continuing Reporting Segments



2006 Sales by end market

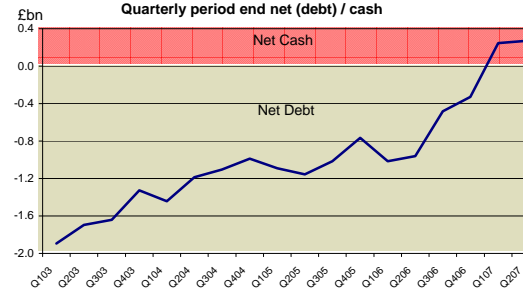
Continuing Reporting Segments



Key dates and newsflow

- April 2007:**
- Standard & Poor's revises ICI's outlook to positive from stable
 - Ablestik (Electronic Materials) earns Intel's Preferred Quality Supplier Award
- May 2007:**
- ICI to acquire minority interest in Dongsung NSC shoe adhesive business
 - 23 May: Annual General Meeting
- June 2007:**
- 18 June: ICI rejects 600p per share offer from Akzo Nobel
 - ICI delists from New York Stock Exchange
 - Investor seminar held on global growth opportunities focusing on the National Starch divisions
- July 2007:**
- ICI to buy Dulux business from AECI South Africa for £52m
 - ICI announced alliance formed with AVEBE (starches)
 - 30 July: ICI rejects 650p per share proposal from Akzo Nobel
- Forthcoming events:**
- 1 November 2007: Third quarter 2007 results

Net (debt) / cash



ICI Group Credit ratings

Agency	Short term	Long term
Moody's	P-2	Baa2
Standard & Poor's ¹	A-2	BBB

¹ Apr 2007 - Outlook revised to positive from stable

Key Performance Indicators

- Accelerate Profitable Growth**
- Strengthen target market positions
 - Deliver higher growth from developing markets (on average 3 times GDP)
 - Innovation from formulation science driving growth - at least 25% of sales
- Improved Operational Effectiveness**
- Top quartile trading margins
 - 1% on average per annum improvement in ROCE
 - £170m annualised savings from planned £340m investment by 2011
- Culture of Sustainable Improvement**
- Safe working environment
 - Environmental impact

ICI's Businesses

Paints

Overview: With some of the world's top paint and decorative product brands, ICI Paints aims to inspire consumers to transform their surroundings with performance products and colour. It makes products to prepare and care for many building materials, and also provides coatings for cans and packaging. Headquartered in the UK, with manufacturing in 24 countries.

Major product groups:

- Decorative & Architectural coatings: interior and exterior paints; wood treatment products; architectural metal coatings; decorative fillers and bonding materials.
- Packaging and coatings: can coatings (inside and outside); plastic bottle coatings

Growth opportunities:

Leverage leading technologies to improve product offering and constantly focus on cost management.

Growth in **Asia**: building on strong market presence and good Dulux brand positions in major developing economies (ICI Paints is not in Japan).

Growth in **Latin America** and **Eastern Europe**: investing selectively in developing markets. ~ 30% of global Paint sales come from products launched within the last three years.

Consumer Brands:



National Starch

Overview: National Starch markets an extensive product range to sectors as diverse as food, healthcare and construction. Four main divisions: adhesives, specialty starches, specialty synthetic polymers and electronic materials. Headquartered in the US with manufacturing and customer service centres in 39 countries.

Major product groups:

- Electronic Materials:** semi conductor packages, circuit board assemblies, electronic assemblies, coatings, and specialty lubricants.
- Adhesives:** consumer related: packaging, nappies/diapers, industrial related: furniture, construction
- Specialty Synthetic Polymers:** personal care products including hair fixatives, water treatment and construction polymers.
- Specialty Starches:** specialty food starches to enhance texture and focus on nutrition, and industrial starches to add strength and printable quality to paper.

Growth opportunities:

Focus on high growth products and sectors driven by technology and innovation in electronic materials, high performance adhesives, polymers for personal care and construction, and specialty food starches.

High growth regions include Asia and Latin America.

Latest innovation and technology:

For National as a whole, ~22% of sales are generated by products developed in the last three years.



Other useful information

Senior management
 Chairman: Peter Ellwood
 Chief Executive: John McAdam
 Chief Financial Officer: Alan Brown

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Share information

UK Listing
 London Stock Exchange
 Member of the FTSE 100 Index
 Bloomberg: ICI LN
 Reuters: ICIL

US ADR
 OTCQX Market Tier
 Bloomberg: ICIIY US
 Reuters: ICIIY.PK

6M 07 Share price perf.
 Avg share price
 6M 07 high
 6M 07 low
 Price return
 FTSE 100 return
 Market Cap. 30/06/07

2006 Share price perf.
 Avg share price
 52 week high
 52 week low
 Price return
 FTSE 100 return
 Market Cap. 31/12/06

