

quarterly results

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.

Q4 2006

(announced 8 February 2007)



Highlights

Full year 2006

- Comparable* Group sales 6% ahead of 2005
- Comparable* Group trading profit 5% ahead of 2005
- Continuing Group adjusted profit before tax £407m, 8% ahead of 2005
- Adjusted tax rate 17%; also ICI's best estimate for the next 3 years
- Adjusted earnings per share 31.6p, up 17%
- Full year declared dividend up 16% to 8.9p (2005: 7.7p)
- Positive Group cash flow before acquisitions and divestments of £26m (2005 £170m)
- Year end net debt £329m, down £434m from £763m at start of year
- Group pension net deficit on an IAS 19 basis £1.3bn, down £0.4bn

Fourth Quarter 2006

- Comparable Group sales 6% ahead of fourth quarter 2005
- Comparable Group trading profit 2% ahead of fourth quarter 2005
- Continuing Group adjusted profit before tax £90m, 1% ahead of fourth quarter 2005
- Group adjusted net profit £96m (2005: £77m)

Quest

- £1.2bn sale agreed; completion targeted for March 2007 subject to regulatory approval

John McAdam, Chief Executive, said:

"During 2006, we made significant progress in focusing ICI's portfolio on its coatings, adhesives and starch businesses through the agreed sales of Unigema and Quest. Against a backdrop of mixed market conditions, the Group delivered solid sales growth, maintained margins despite strong inflation and delivered an 8% increase in adjusted profit before tax. ICI also strengthened its balance sheet; Group net debt fell from £763m to £329m and our net pension deficits reduced significantly from £1.7bn to £1.3bn. Taken together with the £1.2bn proceeds from the sale of Quest, expected in early 2007, the stronger balance sheet means we can now invest in strengthening the competitive positions of our core businesses. The outlook for ICI remains positive. Although there are few signs of improvement in the North American market for decorative paint, our businesses in developing markets look set to deliver another solid performance. Combined with the incremental benefits of our transformation programme, ICI expects to make further progress in 2007."

Headline financials (top line only)

	Q4		YTD	
	06	05	06	05
Sales (£m)**	1,159	1,164	4,845	4,601
Trading Profit (£m)**	109	113	502	479
Trading Margin**	9.4%	9.6%	10.4%	10.4%
Income from associates (£m)	-	1	2	3
- Post-retirement benefit finance (£m)	(5)	(6)	(18)	(30)
- Net interest cost (£m)	(14)	(18)	(79)	(75)
Total net finance expense (£m)	(19)	(24)	(97)	(105)
Adjusted profit before tax (£m)	90	90	407	377
Taxation (before special items) (£m)	(4)	(13)	(70)	(77)
Profit from discontinued operations (£m) (before special items, after tax)	14	11	62	52
Net profit after special items (£m)	71	117	329	420
Adjusted net profit (£m)	96	77	375	321
Adjusted EPS (undiluted)	8.1p	6.4p	31.6p	27.1p
Dividend per ordinary share			8.9p	7.7p
Net debt (£m)			(329)	(763)
Interest cover (times)	8.2	6.9	7.1	7.0
Effective tax rate			17%	22%

Paints % of Sales** : 50%
% of Trading Profit** : 48%
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)

	Q406	Q405	FY06	FY05
Sales (£m)	558	555	2414	2306
Comparable* %	6%		5%	
Trading profit (£m)	46	55	257	253
Comparable* %	(14)%		2%	

Fourth Quarter 2006

- **Decorative UK & Republic of Ireland:** Sales grew 7% with good volumes in retail. Despite lower gross margin percentages, including higher raw material costs, trading profit was ahead.
- **Decorative Continental Europe:** Sales up 18% with all territories benefiting from milder weather. France and Poland grew well, reflecting promotional activity. Trading profit well ahead compared to weak Q405.
- **Decorative North America:** Sales 4% lower due to ongoing weakness in the US housing market impacting volumes particularly in Retail. With higher raw material costs and weaker product mix, trading profit was sharply down.
- **Decorative Asia:** Sales up 19% with strong volume growth, in China due to expansion into tier 2 and 3 cities, and India, with investment in brand awareness and sales-channel development. Despite higher promotional costs, trading profit was strongly ahead.
- **Decorative Latin America:** Sales up 13% with strong volume demand in all countries and higher selling prices in Argentina and Uruguay. Trading profit slightly lower due to high level of promotional spend.
- **Packaging Coatings:** Sales ahead 9% as a result of both volume and selling price increases. Higher raw material costs led to lower margins, but trading profit was ahead.

National Starch % of Sales** : 42%
% of Trading Profit** : 45%
One of the global leaders in high performance adhesives for consumer goods, packaging, electronics and construction materials. In addition, a leading manufacturer of modified and specialty food starches, industrial starches and specialty polymers.

Quarterly Sales (as reported)

Quarterly Trading Profit (as reported)

Quarterly Trading Margin (as reported)

	Q406	Q405	FY06	FY05
Sales (£m)	497	488	2023	1885
Comparable* %	8%		8%	
Trading profit (£m)	61	59	242	214
Comparable* %	10%		13%	

Fourth Quarter 2006

- **Adhesives:** Sales up 6% with all regions ahead. Double digit sales growth achieved in Latin America, and in North America sales were ahead despite the impact in construction related products. With higher raw material costs, and weakening margins for engineering materials, trading profit was lower.
- **Specialty Starches:** Sales ahead 8% with good growth in all regions, notably in Latin America and Asia. Food starch sales were strong in Europe and Latin America, benefiting from product innovation. Industrial starches achieved double digit growth driven by North America and Asia. Trading profit markedly higher.
- **Specialty Polymers:** Sales ahead 16% led by double digit growth in Asia and Europe and good growth in North America. Strong growth in China for Elotex. Personal Care sales strongly ahead whilst Alco grew modestly. Improved gross margins contributed to trading profit significantly ahead.
- **Electronic Materials:** Sales up 8% led by demand for Ablestik's semiconductor products and Emerson & Cuming's conductive adhesives. Trading profit lower due to higher raw material costs and additional R&D expenditure and other investments to support growth.

Regional & Industrial % of Sales** : 9%
% of Trading Profit** : 7%
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.

Quarterly Sales (as reported)

Quarterly Trading Profit (as reported)

Quarterly Trading Margin (as reported)

	Q406	Q405	FY06	FY05
Sales (£m)	107	123	431	433
Comparable* %	(1)%		5%	
Trading profit (£m)	8	13	37	51
Comparable* %	(34)%		(26)%	

Fourth Quarter 2006

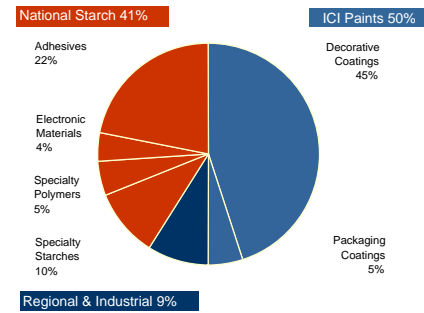
- Comparable sales broadly in line with last year with sales growth for ICI Pakistan partially offset mainly by lower sales for Pakistan PTA.
- Gross margin percentages were markedly lower, reflecting higher paraxylene costs which were not fully recovered in selling prices
- Trading profit lower than 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 divestment
** Continuing reporting segments only (ie excluding Unigema and Quest)



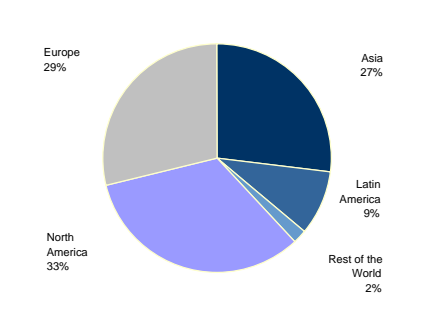
2006 FY Sales by business

Continuing Reporting Segments



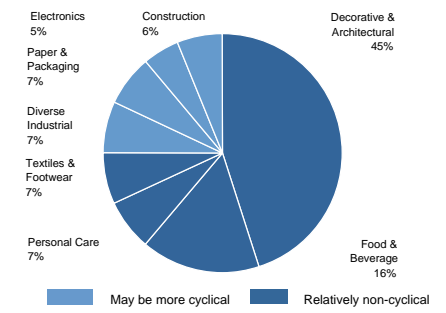
2006 FY Sales by region

Continuing Reporting Segments



2006 Sales by end market

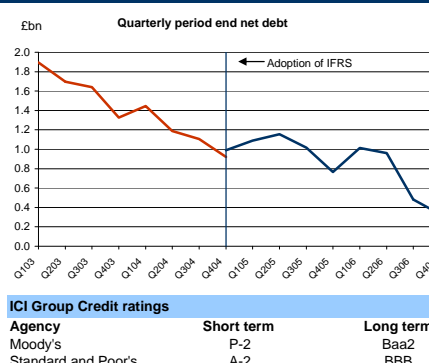
Continuing Reporting Segments



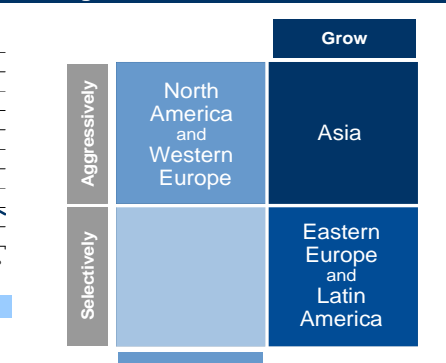
Key dates and newsflow

- September 2006:**
- 1 September: ICI completes sale of Uniqema to Croda PLC for gross consideration of £410m
- October 2006:**
- Investment in new ICI China Technology Centre near Shanghai announced
 - 6 October: 2006 Interim dividend payment
- November 2006:**
- ICI announces sale of Quest to Givaudan for £1.2bn
- December 2006:**
- Construction of \$20m second emulsion polymerisation facility in China commenced
- January 2007:**
- 25 January: Extraordinary General Meeting approved Quest divestment
- Forthcoming events:**
- 3 May 2007: First quarter 2007 results
 - 23 May 2007: Annual General Meeting

Net debt



Strategic Matrix



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: build 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: selective approach to investing 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, 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:** packaging, nappies/diapers, furniture etc
- Specialty Synthetic Polymers:** personal care products including hair fixatives; water treatment and construction polymers.
- Specialty Starches:** specialty food starches & industrial starches (e.g. paper making)

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 D G 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 Listing
 New York Stock Exchange
 Specialist: Spear Leeds & Kellogg
 Bloomberg: ICI US

2006 Share price perf.
 Avg share price 372p
 52 week high 452p
 52 week low 330p
 Price return 36%
 FTSE 100 return 11%
 Market Cap. 31/12/06 £5.4bn

2005 Share price perf.
 Avg share price 278p
 52 week high 336p
 52 week low 231p
 Price return 38.0%
 FTSE 100 return 17.0%
 Market Cap. 31/12/05 £3.9bn

