

IMPERIAL CHEMICAL INDUSTRIES PLC

GROUP RESULTS (unaudited)

FOURTH QUARTER AND FULL YEAR 2006

ICI reports full year adjusted profit before tax* up 8% Adjusted earnings per share* for 2006 up 17%

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
- Net profit after special items £329m (2005: £420m)
- Adjusted earnings per share* 31.6p, up 17%
- Earnings per share* 24.9p, down 8.0p
- 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 Uniqema 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.”

* Definitions given in Appendix VIII.

† Further information given on page 15

Further information

Results presentation

There will be a presentation for analysts and investors on 8 February at 8.45am, at UBS, One Finsbury Avenue, London. The presentation will be accessible live at 8.45am on ICI's website, www.ici.com. A recording can be accessed shortly after the presentation has concluded.

Conference call

The afternoon conference call on 8 February will be open to investors and analysts. There will be a brief synopsis of the results following which there will be an opportunity for participants to ask questions. The call will commence at 14:30hrs UK time (15:30 CET, 9:30 EST). Participants can join the call by dialling one of the numbers below, providing their name and other details, and quoting the "ICI Results Conference Call".

US dial-in: +1 334 323 6203
UK: 020 7162 0025
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SEGMENT REPORTING

ICI has changed its reporting segments. The National Starch business, previously reported as one segment, will now be reported as four segments: Adhesives, Specialty Starches, Specialty Polymers and Electronic Materials. This change reflects a move to global business units during 2006 and further enhances the understanding of individual business performance. We continue to provide information for the entirety of the National Starch business as it is an important part of our organisation. Current and prior year segment information has been updated for the change (see Appendix VI).

DISCONTINUED OPERATIONS

On 22 November 2006, ICI announced the sale of its flavours and fragrance business, Quest, to Givaudan for a gross consideration of £1,200 million, subject to closing balance sheet adjustments, including working capital and net debt. The net consideration will be paid in cash on completion. The transaction is expected to give rise to a profit after tax of around £900 million which will be accounted for as a special item in ICI's income statement when the sale has been completed. In accordance with International Financial Reporting Standards (IFRS), Quest is classified as a "held for sale" business. Quest also meets the criteria for a discontinued operation. Consequently, the income statement, cash flow statement and related performance measures have been changed to show continuing operations and discontinued operations separately and the assets and liabilities for Quest have been classified as "held for sale". The table below shows the reconciliation from trading profit to adjusted net profit for the Group including the results of Quest and Uniqema within discontinued operations.

	Fourth Quarter			Full Year		
	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group
Trading profit	109	15	124	502	77	579
Income from associates	-	-	-	2	-	2
Net finance expense	(19)	-	(19)	(97)	(2)	(99)
Adjusted profit before tax	90	15	105	407	75	482
Taxation	(4)	(1)	(5)	(70)	(13)	(83)
Minority interests	(3)	(1)	(4)	(22)	(2)	(24)
Adjusted net profit	83	13	96	315	60	375

Measures of performance on a "comparable" basis relating to the Group are defined on the basis of continuing operations and thus exclude the results of Quest and Uniqema (sale completed in Q3 2006)."Comparable" and "continuing" are defined in appendix VIII.

GROUP FINANCIAL REVIEW

	Fourth Quarter		Full Year	
	2006	2005	2006	2005
	£m	£m	£m	£m
Sales**				
Continuing operations	1,159	1,164	4,845	4,601
Trading profit*				
Continuing operations	109	113	502	479
Income from associates (net of interest and tax)	-	1	2	3
Net finance expense for the continuing operations (before special items)	(19)	(24)	(97)	(105)
- <i>Net interest cost</i>	(14)	(18)	(79)	(75)
- <i>Net post-retirement benefit finance cost</i>	(5)	(6)	(18)	(30)
Adjusted profit before tax*	90	90	407	377
Taxation (before special items)	(4)	(13)	(70)	(77)
Profit for the period from discontinued operations (before special items and after taxation)	14	11	62	52
Special items after tax	(29)	29	(70)	68
Net profit after special items	71	117	329	420
Attributable to minorities	(4)	(10)	(34)	(30)
Net profit after special items (attributable to equity holders of the parent)	67	107	295	390
Adjusted net profit* (attributable to equity holders of the parent)	96	77	375	321
Adjusted Earnings per £1 Ordinary Share* (undiluted basis)	8.1p	6.4p	31.6p	27.1p
Earnings per £1 Ordinary Share* (undiluted basis)	5.6p	9.0p	24.9p	32.9p
Key performance measures*				
<i>Continuing operations</i>				
Comparable sales growth	6%	4%	6%	6%
Comparable trading profit growth	2%	(4)%	5%	2%
Trading margin	9.4%	9.6%	10.4%	10.4%
ROCE			18.3%	16.6%
<i>Group</i>				
Trading margin	9.5%	8.8%	9.9%	9.5%
Interest cover	8.2	6.9	7.1	7.0
Adjusted tax rate			17%	21%

* Definitions given in Appendix VIII.

** The basis of preparation and presentation are given in Appendix VII.

GROUP FINANCIAL REVIEW *(continued)*

Trading performance

“Comparable” performance percentages exclude the effect of currency translation differences and the impact of acquisitions and divestments. Reconciliation to “as reported” percentages can be found in Appendix VI.

References in this section to National Starch are the aggregate of Adhesives, Specialty Starches, Specialty Polymers and Electronic Materials

Group sales for continuing operations **for the quarter** were £1,159m, 1% lower than Q4 2005. Excluding the impact of acquisitions and divestments (-1%) and foreign exchange translation (-6%), the Group’s comparable sales were 6% ahead.

Paints delivered 6% comparable growth and National Starch, 8%. Sales for the Regional and Industrial businesses were 1% below last year. Regionally, comparable sales growth was strongest in Asia and Latin America, 9% and 11% ahead respectively with strong growth both Paints and National Starch in both regions. Paints and National Starch also both delivered good growth in Europe, with sales up 8% overall, but sales in North America were only slightly ahead as sales growth for National Starch was offset by lower sales for Paints.

Increased selling prices accounted for approximately 3% of comparable sales growth. However, higher raw material and energy costs, changes in business mix and weak trading for Paints in North America resulted in gross margin percentages lower than in the fourth quarter last year. Gross margin percentages were also lower for the Regional and Industrial businesses primarily as a result of higher raw material costs for the Pakistan PTA business.

Costs below gross margin were ahead of last year, due in part to higher marketing and advertising costs for Paints in the UK market and the growth regions of Latin America and Asia, and additional spend in support of growth in the Specialty Polymers and Electronic Materials businesses of National Starch. As a consequence, together with the poor trading conditions for Paints North America, comparable trading profit for Paints as a whole was 14% below the fourth quarter of 2005. However, National Starch was 10% ahead of last year.

Regional and Industrial trading profit was below Q4 last year. With lower costs in the Corporate and Other segment, comparable Group trading profit was 2% ahead of last year. After the impact of exchange rate movements, acquisitions and divestments, trading profit for the continuing Group for the quarter was £109m, 2% lower than Q4 last year.

Net finance expense for the quarter of £19m was £5m lower than Q4 2005 and accordingly, adjusted profit before tax for the continuing Group was £90m for the quarter, 1% ahead of last year. Adjusted profit before tax for the total Group was £105m. Adjusted earnings per share were 8.1p for the quarter.

For the year, reported sales for the continuing Group were £4,845m, 5% ahead of 2005. Excluding the impact of business divestments and acquisitions and foreign currency translation (-1%), comparable sales for the Group were 6% ahead.

Despite the impact of higher raw material and energy costs through the year, comparable trading profit was higher for both Paints (up 2%) and National Starch (up 13%). Regional and Industrial comparable trading profit for the full year was 26% below 2005, and comparable Group trading profit for the year was 5% ahead. After the impact of exchange rate movements, acquisitions and divestments, trading profit for the continuing Group as reported was £502m, 5% ahead of last year.

Net finance expense relating to continuing operations of £97m was £8m below 2005 and accordingly, adjusted profit before tax for the continuing Group was £407m, 8% ahead of last year. After tax of £70m, £7m lower than 2005, equating to an adjusted tax rate of 17% (2005 21%) and adjusted net profit from discontinued operations of £62m (2005 £52m) adjusted earnings per share for the year were 31.6p, 17% higher than 2005. The tax rate of 17% is ICI’s best estimate of the Group adjusted tax rate for the next 3 years, whilst noting that the volatility of the tax charge is likely to increase.

GROUP FINANCIAL REVIEW *(continued)*

Special Items – continuing and discontinued operations

	Fourth Quarter		Full Year	
	2006 £m	2005 £m	2006 £m	2005 £m
<i>Continuing operations</i>				
Gains (losses) on special items in continuing operating profit	(36)	5	(71)	5
Profit (loss) on sale of continuing operations	1	2	4	13
Foreign exchange gains (losses) on debt previously hedging goodwill written off to reserves	8	-	15	2
Gains (losses) on special items before tax and minority interests	(27)	7	(52)	20
Taxation	7	1	14	9
Minority interests	-	1	-	1
Gains (losses) on special items after tax and minority interests	(20)	9	(38)	30
<i>Discontinued operations</i>				
Gains (losses) on special items in discontinued operating profit	(4)	34	(72)	29
Profit on sale of discontinued operations	(11)	(6)	32	7
Gains (losses) on special items before tax and minority interests	(15)	28	(40)	36
Taxation	6	(7)	8	3
Minority interests	-	-	(10)	-
Gains (losses) on special items after tax and minority interests	(9)	21	(42)	39

Continuing operations

Special items in operating profit of £36m for the quarter related primarily to the transformation programmes announced at the beginning of the second quarter. For the full year, a charge of £80m related to these programmes. This was partially offset by a £9m gain on the sale of fixed assets.

Discontinued operations

Special items in operating profit of £4m for the quarter related to Quest's element of the transformation programme. For the full year, £72m included a provision for the fine of £62m imposed by the European Commission during the second quarter of 2006.

Profit on the sale of discontinued operations of £32m for the full year primarily reflected the gain on the sale of Uniqema.

Net profit and earnings per share

Net profit after special items for the full year was £329m, compared with £420m for 2005. Earnings per share after special items were 24.9p for the full year compared with 32.9p for 2005.

GROUP FINANCIAL REVIEW (continued)

Group cash flow analysis – management format

	2006 £m	(Restated*) 2005 £m
Operating activities		
Adjusted net profit	399	352
Net finance expense	99	111
Depreciation and amortisation	150	169
Taxation	82	92
Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”)**	730	724
Post-retirement benefit charges	46	41
Taxation on associates	1	1
Movement in working capital	(5)	60
Outflows from special items	(68)	(53)
Post retirement benefit payments [†]	(238)	(153)
Other items	2	(2)
Cash generated from operating activities	468	618
Net finance expense	(76)	(70)
Tax paid excluding tax on disposal of businesses	(84)	(83)
Dividends paid	(117)	(106)
Net cash inflow from operating activities	191	359
<i>including net cash outflows from discontinued operating activities</i>	<i>29</i>	<i>57</i>
Investing activities		
Purchase of property, plant and equipment	(150)	(159)
Sale of property, plant and equipment	26	17
Acquisitions	(31)	(23)
Net proceeds from disposal of businesses	324	108
Payments in respect of disposals prior to 2004	(41)	(47)
Tax paid in relation to disposals	(1)	(2)
Movement in current asset investments	(17)	(6)
Net cash inflow (outflow) from investing activities	110	(112)
<i>including net cash outflows from discontinued investing activities</i>	<i>243</i>	<i>(92)</i>
Cash inflow before financing activities	301	247
Cash flow before acquisitions and divestments**	26	170
Reconciliation of movement in net debt		
Opening net debt	(763)	(1,006)
Net cash inflow from operating activities	191	359
Net cash inflow (outflow) used in investing activities	110	(112)
Cash inflow before financing activities	301	247
ESOP share purchase / receipts from options exercised	(6)	-
Non-cash movement	139	(4)
Total movement in net debt	434	243
Closing net debt	(329)	(763)

* The basis of preparation are given in Appendix VII.

** Definitions given in Appendix VIII.

† Defined benefit payments only and excludes amount paid against restructuring provisions.

GROUP FINANCIAL REVIEW *(continued)*

Group cash flow and net debt

Operating activities

Net cash from operating activities for the year was an inflow of £191m compared with £359m last year. With higher adjusted net profit, EBITDA was ahead, but this was offset by higher post retirement benefit payments particularly due to the higher top up payments of £134m (2005 £62m), higher cash outflows on restructuring and higher net finance expense and dividend payments. Movement on working capital was a small cash outflow for the year but overall working capital efficiency measured as average operating working capital as a percentage of sales once again improved.

Investing activities

Net cash from investing activities was an inflow of £110m for the year compared with an outflow of £112m last year. Net proceeds of £324m were received from the divestment of Uniqema, reflecting the partial payment of pension settlements and other transaction related costs. This compared with proceeds of £108m in 2005 from the sale of the Vinamul Polymers business. Further cash flows relating to the sale of Uniqema are expected to be settled in the next few months. The net proceeds offset capital expenditure of £150m (2005 £159m), equivalent to 104% of depreciation on a balance sheet basis, and payments in respect of disposals prior to 2004 of £41m (2005 £47m).

Cash flow before acquisitions and divestments was an inflow of £26m compared with an inflow of £170m in 2005, mainly reflecting the increased restructuring costs and pension top-up payments.

Movement in net debt

The cash inflow before financing for the year was £301m, compared with £247m in 2005. Consequently, with a favourable non-cash movement of £139m, primarily due to exchange movements on the Group's US dollar debt. As such, net debt at the year end was £329m, £434m lower than at the beginning of the year.

GROUP FINANCIAL REVIEW (continued)

Strategic Progress in 2006

Overall, 2006 has been another good year with ICI making further strategic progress. Against the strategic plan targets, comparable sales growth of 6% compared well with estimated real growth in global GDP of 3.9%*. In addition, after adjusting for discontinued activities, our businesses sustained their improved efficiency despite the cost pressures, with overall trading margin unchanged at 10.4% (2005 10.4%). Taken together with improved capital management, this has helped the Group improve return on capital employed on the same basis by 1.7%, to 18.3%, and again generate positive cash flow before acquisitions and divestments of £26m in 2006 (2005 £170m) despite increased pension contributions and restructuring costs.

ICI's strategy continues to focus on actively managing its portfolio in different ways to create shareholder value. Investment, for example in new product technology, increased manufacturing capacity and enhanced sales force capabilities in "grow selectively" and "grow aggressively" businesses, aims to strengthen their competitive positions and open up new market opportunities. In contrast, investment in "maintain selectively" and "maintain aggressively" operations, for example in restructuring initiatives, should improve returns on capital, margin and cash flows whilst improving market positions where possible.

Overall, comparable sales growth for continuing businesses which ICI intends to "grow aggressively" was over 10% in 2006. Capital expenditure for these operations was again in excess of depreciation as the businesses made further investments in growth opportunities. Paints and National Starch commissioned a joint facility in Shanghai to manufacture a range of specialty resins and polymers for adhesive and coating products. In addition, ICI began construction of a strategically important new technology centre in Shanghai and ICI Paints invested in new manufacturing projects in China and Vietnam. Product innovation was once again a strong driver of new business and the Group maintained its investments in research and development, as well as applications engineering, to support growth.

Regionally, ICI made further good progress developing its "grow aggressively" activities, particularly in Asia. Overall, comparable sales growth was 10% in the region. Both ICI Paints and National Starch made good progress in the key developing economies of Asia with full year comparable growth of 16% for the Decorative paint business and 13% for National Starch. As a result, together with the impact of divestments, reported sales in Asia were 27% (2005 24%) of the Group total.

At the same time as investing in "grow" businesses ICI sustained its focus on restructuring, principally benefiting its "maintain" activities. Cumulative savings from the programme launched in 2003 reached £122m. In May the Group launched a major new programme that will take the Group through to 2011. The programme is still expected to deliver gross cost savings of some £170m from a net cash investment of around £340m.

There were several major strategic moves made during the year that will have a significant impact on ICI going forward. In September 2006, ICI completed the sale of Uniqema, its oleochemicals and derivatives business, to Croda International for £410m. In November, ICI announced the proposed sale of Quest to Givaudan, the market leader in flavours and fragrances, for £1.2bn.

* Source: Oxford Economic Forecasts - Winter 2006/2007

Developing ICI's strategy for 2007 onwards

As a result of these two major divestments, together with the improved financial performance of the remaining businesses, ICI is now well positioned to focus on transforming the performance of its core businesses rather than just securing a turnaround. As a result, ICI's future development will focus on three major areas of activity:

- Accelerating profitable growth;
- Continuing to make substantial improvements to operational effectiveness; and
- Creating a culture of sustainable improvement.

Against each of these the Group has set out a number of key performance indicators that align the delivery of change and performance within the organisation, with the strategic objectives. These are explained in more detail below.

ICI will focus on **accelerating profitable growth** through a combination of organic and acquisitive growth. The Group has been successful in leveraging its strong technologies and consumer insight to develop products needed by our customers in their end markets. Going forward, there will be greater focus on aligning R&D and product development across the Group, leveraging ICI's vision of leadership in formulation science with investment in an enhanced technology organisation. In addition, improved organic growth is expected to be supplemented by acquisitions in the Group's core coatings, adhesives and specialty polymer businesses. These will focus on strengthening ICI's competitive position, in terms of regional and market exposures, specific target customers and innovative technologies. Over time, the objective is to strengthen ICI's leadership positions in its chosen markets where it can sustain profitable growth and competitive advantage.

Related key performance indicators		
KPI	Description	Comments
Strengthen target market positions	Establish or strengthen #1 or #2 positions in attractive market niches that can sustain profitable growth	Developing strong market positions with good competitive advantage should help secure profitable growth in long-term
Capitalise on high growth developing markets	Grow ICI's business in target developing markets at on average three times the rate of growth of global GDP	Strong sales growth for ICI's "growth" businesses in target developing markets is closely aligned to establishing a competitively advantaged, more profitable business in these attractive markets
Innovation from formulation science	Sustain at least a 25% contribution to annual sales from products developed in the last 3 years	Commercialising new products which address key customer needs for innovation and value will contribute to profitable growth and improved trading margins.

At the same time, ICI will sustain its programme of restructuring to **improve operational effectiveness** across the Group. The initiatives started in 2006 bring a new focus on shared services and pan-ICI functional efficiencies. This includes transforming ICI's IT infrastructure, Finance and Human Resource activities. Together with strong commercial management this should enable ICI to sustain good margins relative to appropriate industry peers.

Related key performance indicators		
KPI	Description	Comments
Top quartile profitability	ICI's trading margins should be top quartile against a range of industry peers	Against industry benchmarks, deliver performance which positions ICI as one of the best in class. Against an average of industry peers ICI should expect to sustain upper quartile performance.
Improved return on capital employed	Improve ROCE by on average 1.0% over the next four years to 2010, adjusting for the impact of acquisitions and divestments	Since 2003 ICI has made significant improvements in ROCE (1.8% per annum on average). With an increased focus on transforming the performance of ICI through investing in the growth opportunities and capabilities of the business, ICI expects to further improve returns by on average 1.0% per annum.

Underpinning these initiatives, ICI will develop a **culture of sustainable improvement**, investing where necessary to support the accelerated profitable growth objectives and its commitment to sustainability. ICI's people and culture are reflected in a major initiative within the Group to embed a series of values and principles collectively known as the ICI Way. This process is expected to take a number of years and should help align ICI's people around our transformation strategy and create a culture of sustainable improvement. In addition, the Group's long standing five-year Challenge programmes which contain numerous targets for improvement in ICI's operations, health & safety, environmental performance, supply chain and other external relationships, underpins the Group's commitment to sustainability, which remains at the heart of ICI's approach to doing business.

Related key performance indicators		
KPI	Description	Comments
Safe working environment	Achieve the 2010 milestone total reportable case (TRC) rate of 0.56	The Group is continuing to focus on continual improvement initiatives which should sustain the progress to date and help achieve the 2010 milestone
Reduce ICI's Environmental Impact	Reduce greenhouse gas emissions per tonne of production by 5% by 2010	Greenhouse gas emissions (including CO ₂) is one of many environmental measures adopted by the Group and reflects a critical area that is expected to have a significant long-term importance to the environment. ICI has already made significant reductions over the last 15 years since the introduction of its first sustainability <i>Challenge</i> programme in 1990, and a further 5% reduction by 2010 would reflect further good progress

BUSINESS INFORMATION

	Fourth Quarter		Full Year	
	2006	2005	2006	2005
	£m	£m	£m	£m
Sales				
<i>Continuing operations</i>				
Paints**	558	555	2,414	2,306
National Starch	497	488	2,011	1,871
Regional and Industrial	107	123	431	433
Total continuing reporting segments†	1,162	1,166	4,856	4,610
Corporate and other	1	1	3	3
Inter-segment revenue	(4)	(3)	(14)	(12)
Total continuing operations	1,159	1,164	4,845	4,601
<i>Discontinued operations</i>				
Uniqema	-	154	435	626
Quest	143	139	588	560
EBITDA*				
<i>Continuing operations</i>				
Paints	57	68	304	300
National Starch	74	73	295	267
Regional and Industrial	12	19	55	71
Total continuing reporting segments†	143	160	654	638
Corporate and other	(4)	(12)	(29)	(34)
Income from associates (net of interest and tax)	-	1	2	3
Total continuing operations	139	149	627	607
<i>Discontinued operations</i>				
Uniqema	-	13	28	47
Quest	17	16	76	71
Trading Profit*				
<i>Continuing operations</i>				
Paints	46	55	257	253
National Starch	61	59	242	214
Regional and Industrial	8	13	37	51
Total continuing reporting segments†	115	127	536	518
Corporate and other	(6)	(14)	(34)	(39)
Total continuing operations	109	113	502	479
<i>Discontinued operations</i>				
Uniqema	-	5	16	22
Quest	15	11	61	52

* Definitions in Appendix VIII.

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† National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided in Appendix VI.

OPERATIONAL REVIEW - *Continuing operations*

Paints

2006 £m	Fourth Quarter		2006 £m		Full Year		2006 £m	2005 £m	Reported %	Comparable %
	2005 £m	Reported %			Comparable %	Reported %				
558	555	-	6	Sales	2,414	2,306	5	5		
46	55	(17)	(14)	Trading Profit	257	253	1	2		

“Comparable” performance percentages exclude the effect of currency translation differences and the impact of acquisitions and divestments. Unless otherwise stated the commentary below refers to performance measured on a “comparable” basis. Reconciliation to “as reported” percentages can be found in Appendix VI.

Paints comparable sales were 6% ahead for the quarter, with strong growth for the Decorative business in Asia, Europe, and Latin America and good growth for Packaging Coatings offsetting weaker trading for Decorative North America. Overall, volumes were ahead of last year. Gross margin percentages were below the fourth quarter last year primarily due to changes in regional mix and with higher costs below gross margin, trading profit was 14% lower than the fourth quarter last year.

For the **full year**, comparable sales grew by 5%. Sales growth was particularly strong for Decorative Asia. In addition, Decorative UK & Ireland, Decorative Latin America and Packaging Coatings all delivered good growth. Overall, gross margin percentages were lower, notably due to weakness in North America, but trading profit was 2% ahead of 2005 on a comparable basis. Trading margin of 10.6% was slightly lower than in 2005 (11.0%).

Sales for **Decorative UK & Republic of Ireland** were 7% ahead of the fourth quarter last year primarily due to good volume growth, particularly in the UK Retail business. Gross margin percentages were below last year due mainly to weaker product mix and higher raw material costs, but trading profit was ahead. For the **full year**, sales were 7% ahead of 2005 with trading profit also ahead.

Decorative Continental Europe sales were 18% ahead of last year, with all territories benefiting from mild weather, which extended the sales season. Growth was notable in France, Poland and Russia. Gross margin percentages and trading profit were both well ahead. For the **full year**, sales were 1% ahead of 2005 but trading profit remained lower, despite the improvement in the fourth quarter.

Sales for **Decorative North America** were 4% lower than the quarter last year led by ongoing weakness in the US housing market. Sales in both the US Retail and US Trade businesses were lower than the previous year. Higher raw material costs and weaker product mix offset the impact of higher selling prices and gross margin percentages were below last year. Consequently, trading profit was sharply down in the quarter. For the **full year** sales were 1% ahead, but with lower gross margin percentages, trading profit for the year was markedly lower than 2005.

Decorative Asia had another good quarter, with sales growth of 19% primarily due to volume growth, notably in China and India. Gross margin percentages were lower due to pressure on selling prices and weaker product mix but despite this and higher publicity costs, trading profit for the quarter was strongly ahead of last year. For the **full year**, sales growth was 16% and trading profit was well ahead of 2005.

Decorative Latin America delivered sales growth of 13% for the quarter, with higher volumes in all countries and increased selling prices in Argentina and Uruguay. Gross margin percentages were higher than last year, but with higher promotional spend in the quarter, trading profit was slightly lower. For the **full year**, sales grew by 8% and trading profit was significantly ahead of 2005.

Sales for **Packaging Coatings** for the quarter grew by 9% with growth in all regions. Gross margin percentages were lower due primarily to higher raw material costs but trading profit was ahead of the same period last year. **Full year** sales growth was 8% and trading profit was substantially ahead.

OPERATIONAL REVIEW - *Continuing operations (continued)*

National Starch

2006 £m	Fourth Quarter		2006 £m		Full Year		2006 £m	2005 £m	Reported %	Comparable %
	2005 £m	Reported %			Comparable %	Reported %				
497	488	2	8	Sales [†]	2,011	1,871	7	8		
61	59	5	10	Trading Profit [†]	242	214	13	13		

“Comparable” performance percentages exclude the effect of currency translation differences and the impact of acquisitions and divestments. Unless otherwise stated the commentary below refers to performance measured on a “comparable” basis. Reconciliation to “as reported” percentages can be found in Appendix VI.

[†] National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided in Appendix VI.

National Starch delivered 8% comparable sales growth for the quarter. Sales volumes were higher and sales for all businesses were well ahead, with Specialty Polymers delivering double digit growth. Sales grew in all regions with strong growth in Europe, Latin America and Asia. Raw material costs were higher for Adhesives and Electronic Materials and overall, gross margin percentages were slightly lower than last year. However, comparable trading profit for the quarter was 10% ahead of 2005.

For the **full year**, comparable sales were also 8% ahead, with growth in all businesses and in all regions, notably in Latin America where sales grew by 12%. Gross margin percentages for Specialty Starch were significantly stronger, offsetting lower percentages for the other businesses and overall, gross margin percentages were slightly ahead. Consequently, comparable trading profit for the year was 13% ahead. Trading margin improved to 12.0% (2005 11.4%).

Adhesives sales for the quarter were 6% ahead of last year, with double-digit growth in Latin America. North American sales were ahead despite the impact of a slow down in products related to construction, whilst sales growth in Asia was strong in China and India offset by weaker trading in Japan and for footwear adhesive products across the region. Sales in Europe increased despite weak demand in Western Europe. Gross margin percentages were impacted as higher raw material costs offset the effect of increased selling prices, and trading profit was below Q4 2005. For the **full year**, sales growth was 5%, with trading profit ahead.

Specialty Starch sales for the quarter were 8% ahead of last year with good growth for sales of food products and double digit growth for industrial products. Sales were well ahead in all regions, particularly Latin America and Asia. Gross margin percentages were ahead of last year and with costs below gross margin unchanged, trading profit was markedly higher. **Full year** sales were 8% ahead of last year, and with higher gross margin percentages, trading profit was substantially higher.

Sales for **Specialty Polymers** for the quarter were 16% ahead of last year. Elotex benefited from increased demand in China and Personal Care was also strongly ahead of last year, while Alco sales grew only modestly. Gross margin percentages benefited from stronger product mix for Elotex and manufacturing improvements in the Personal Care business and trading profit was significantly higher than last year. For the **full year**, sales were 18% ahead of 2005 and trading profit was ahead.

Sales for **Electronic Materials** were 8% above the fourth quarter last year. Ablestik again delivered double digit sales growth due to demand from the semiconductor industry and Emerson & Cuming were also well ahead. Gross margin percentages were impacted by higher raw material costs for Acheson and with costs below gross margin higher due to significant additional cost investment in support of growth, trading profit was below the same period last year. **Full year** sales were 11% ahead and trading profit was higher than in 2005.

OPERATIONAL REVIEW - *Continuing operations* (continued)

Regional and Industrial

2006 £m	Fourth Quarter		2006 £m		Full Year		2006 £m	2005 £m	Reported %	Comparable %
	2005 £m	Reported %			Comparable %	Reported %				
107	123	(13)	(1)	Sales	431	433	(1)	5		
8	13	(40)	(34)	Trading Profit	37	51	(28)	(26)		

“Comparable” performance percentages exclude the effect of currency translation differences and the impact of acquisitions and divestments. Unless otherwise stated the commentary below refers to performance measured on a “comparable” basis. Reconciliation to “as reported” percentages can be found in Appendix VI.

Comparable sales for the Regional and Industrial business for the quarter were broadly in line with last year, with sales growth for ICI Pakistan partially offset by lower sales for Pakistan PTA and ICI Argentina. Gross margin percentages were markedly lower, due primarily to cost increases for paraxylene (PX) which were not fully recovered through selling prices. Trading profit for the quarter was 34% below Q4 2005.

For the **full year**, comparable sales were 5% ahead of 2005 with all businesses ahead. However, gross margin percentages were lower, mainly due to reduced PTA margins. With higher costs below gross margin, trading profit was 26% lower than in 2005. Trading margin was 8.5% (2005 11.8%)

DISCONTINUED OPERATIONS

Quest

2006 £m	Fourth Quarter		2006 £m		Full Year		2006 £m	2005 £m	Reported %	Comparable %
	2005 £m	Reported %			Comparable %	Reported %				
143	139	4	8	Sales	588	560	5	5		
15	11	35	45	Trading Profit	61	52	18	19		

“Comparable” performance percentages exclude the effect of currency translation differences and the impact of acquisitions and divestments. Unless otherwise stated the commentary below refers to performance measured on a “comparable” basis.

Quest comparable sales for the quarter were 8% ahead of last year, with similar levels of growth for both Fragrances and Flavours. Sales grew in all regions, but notably in Latin America and Asia. Gross margin percentages were broadly in line with last year, as the benefit of some increased selling prices offset the impact of higher fragrance raw material costs and trading profit was up 45%.

For the **full year**, comparable sales were 5% ahead of 2005 with growth for both Flavours and Fragrances. Overall, gross margin percentages were higher with stronger margins for Flavours offsetting lower margins for Fragrances and trading profit was 19% ahead. Trading margin improved to 10.4% (2005: 9.3%).

Fragrance sales were 8% ahead of the fourth quarter last year with growth in all regions but particularly in North America and Latin America. Sales for Fine Fragrances were strongly ahead. Gross margin percentages were ahead of last year due primarily to improved mix and trading profit for the quarter was strongly ahead of 2005. For the **full year**, comparable sales were 3% ahead of last year, with trading profit broadly in line.

Flavour sales for the quarter were 9% ahead of last year with growth in all regions, particularly Latin America and Asia. Sales growth was notable for sweet flavours in Europe and Asia and savoury flavours in North America. Gross margin percentages were above last year and with slightly lower costs below gross margin, trading profit for the quarter was significantly higher than 2005. For the **full year**, comparable sales were 7% ahead of last year, with trading profit substantially higher.

Uniqema

The sale of Uniqema was completed in Q3 2006. Up to the point of divestment, Uniqema reported sales of £435m (2005 £626m for 12 months) and trading profit of £16m (2005 £22m for 12 months). Trading margin was 3.5% (2005 3.5%).

ADDITIONAL INFORMATION

DIVIDEND

The Company's policy is to grow annual dividends at about the same rate as the growth in net profit before special items attributable to equity holders of the parent. As a result, the Board has declared a second interim dividend of 4.75p per £1 Ordinary Share (2005: 3.95p), which the Annual General Meeting will be asked to confirm as the final dividend for 2006, payable on 13 April 2007 to members on the register on 2 March 2007. The full year dividend is therefore 8.9p (2005:7.7p).

PENSIONS AND POST-RETIREMENT HEALTHCARE

Balance Sheet Valuation (IAS19 *Employee Benefits*)

The table below shows the net deficit relating to post-retirement benefits of the Group, reported on the balance sheet as at 31 December 2006 (see Appendix II), with the comparative figures for 2005. At the end of the year the net deficit calculated in accordance with IAS19 *Employee Benefits* stood at £1.3bn (2005: £1.7bn).

Analysis of net recognised (deficits) of pension and post-retirement healthcare schemes	2006 £m	2005 £m
Funded schemes		
ICI UK Pension Fund	(697)	(817)
Other funded pension schemes	(287)	(449)
Total funded schemes	(984)	(1,266)
Unfunded schemes		
Pension schemes	(176)	(226)
Post-retirement healthcare schemes	(145)	(196)
Total unfunded schemes	(321)	(422)
Net recognised (deficit)*	(1,305)	(1,688)

* consists of deficits of £1,317m (2005: £1,699m) and surpluses of £12m (2005: £11m).

£80m of the net recognised deficit can be attributed to the Quest business being divested. This amount is included on the Group balance sheet within "liabilities classified as held for sale".

NEXT ANNOUNCEMENT

Results for the first quarter of 2007 will be announced on 3 May 2007.

Imperial Chemical Industries PLC
ICI Group Headquarters
20 Manchester Square
London W1U 3AN

8 February 2007

ATTACHMENTS

Appendix I	Group Income Statement
Appendix II	Group Balance Sheet
Appendix III	Statement of Group Cash flow
Appendix IV	Statement of Recognised Income and Expense
Appendix V	Reconciliation of Changes in Equity Reconciliation of Earnings per £1 Ordinary Share to Adjusted Earnings per £1 Ordinary Share
Appendix VI	Reconciliation Tables – “As Reported” to “Comparable” Revenue and Trading Profit
Appendix VII	Notes
Appendix VIII	Definitions

IMPERIAL CHEMICAL INDUSTRIES PLC
GROUP INCOME STATEMENT
FOURTH QUARTER

The unaudited results of the Group for the fourth quarter 2006, with comparative figures for 2005 are set out below:

	Fourth Quarter 2006			Fourth Quarter 2005 (as restated*)		
	Before special items	Special items	Total	Before special items	Special items	Total
	£m	£m	£m	£m	£m	£m
<i>Continuing operations</i>						
Revenue	1,159		1,159	1,164		1,164
Net operating costs	(1,050)	(36)	(1,086)	(1,051)	5	(1,046)
<i>(including special items of:</i>						
<i>restructuring costs</i>		(36)	(36)		3	3
<i>post-retirement benefits</i>		-	-		2	2
Profit less losses on disposal of fixed assets		-	-		-	-
Operating profit (loss)	109	(36)	73	113	5	118
Profits less (losses) on sale of operations		1	1		2	2
Share of profits less (losses) of associates	-	-	-	1	-	1
Interest expense	(28)	-	(28)	(33)	-	(33)
Interest income	14	-	14	15	-	15
Post-retirement benefit finance expense:						
- interest cost	(105)	-	(105)	(101)	-	(101)
- expected return on assets	100	-	100	95	-	95
Foreign exchange gains (losses) on debt previously hedging goodwill written off to reserves		8	8		-	-
Net finance expense	(19)	8	(11)	(24)	-	(24)
Profit (loss) before taxation	90	(27)	63	90	7	97
Income tax expense	(4)	7	3	(13)	1	(12)
Net profit (loss) for continuing operations	86	(20)	66	77	8	85
<i>Discontinued operations</i>						
Profit for the period for discontinued operations	14	(1)	13	11	35	46
<i>(including special items of:</i>						
<i>restructuring costs</i>		(1)	(1)		(2)	(2)
<i>fine</i>		-	-		-	-
<i>post-retirement benefits</i>		-	-		37	37
Profits less (losses) on disposal of discontinued operations		(8)	(8)		(14)	(14)
Net profit (loss) for discontinued operations	14	(9)	5	11	21	32
Net profit for the period	100	(29)	71	88	29	117
Attributable to minority interest	(4)	-	(4)	(11)	1	(10)
Attributable to equity holders of the parent	96	(29)	67	77	30	107
Earnings per £1 ordinary share			5.6p			9.0p
Basic						
Weighted average number of shares in issue during the period			1,189m			1,187m
of which:						
Continuing			5.3p			6.4p
Discontinued			0.3p			2.6p

* The basis of preparation is given in Appendix VII.

IMPERIAL CHEMICAL INDUSTRIES PLC

GROUP INCOME STATEMENT - FULL YEAR

The unaudited results of the Group for the full year 2006, with comparative figures for 2005 are set out below:

	Full Year 2006			Full Year 2005 (as restated*)		
	Before special items	Special items	Total	Before special items	Special items	Total
	£m	£m	£m	£m	£m	£m
<i>Continuing operations</i>						
Revenue	4,845		4,845	4,601		4,601
Net operating costs	(4,343)	(80)	(4,423)	(4,122)	(2)	(4,124)
<i>(including special items of:</i>						
<i>restructuring costs</i>		(80)	(80)		(5)	(5)
<i>post-retirement benefits</i>		-	-		3	3
Profit less losses on disposal of fixed assets		9	9		7	7
Operating profit (loss)	502	(71)	431	479	5	484
Profits less (losses) on sale of operations		4	4		13	13
Share of profits less (losses) of associates	2	-	2	3	-	3
Interest expense	(123)	-	(123)	(131)	-	(131)
Interest income	44	-	44	56	-	56
Post-retirement benefit finance expense:						
- interest cost	(422)	-	(422)	(411)	-	(411)
- expected return on assets	404	-	404	381	-	381
Foreign exchange gains (losses) on debt previously hedging goodwill written off to reserves		15	15		2	2
Net finance expense	(97)	15	(82)	(105)	2	(103)
Profit (loss) before taxation	407	(52)	355	377	20	397
Income tax expense	(70)	14	(56)	(77)	9	(68)
Net profit (loss) for continuing operations	337	(38)	299	300	29	329
<i>Discontinued operations</i>						
Profit for the period for discontinued operations	62	(69)	(7)	52	39	91
<i>(including special items of:</i>						
<i>restructuring costs</i>		(7)	(7)		2	2
<i>Fine</i>		(62)	(62)		-	-
<i>post-retirement benefits</i>		-	-		37	37
Profits less (losses) on disposal of discontinued operations		37	37		-	-
Net profit (loss) for discontinued operations	62	(32)	30	52	39	91
Net profit for the period	399	(70)	329	352	68	420
Attributable to minority interest	(24)	(10)	(34)	(31)	1	(30)
Attributable to equity holders of the parent	375	(80)	295	321	69	390
Earnings per £1 ordinary share						
Basic			24.9p			32.9p
Weighted average number of shares in issue during the period			1,189m			1,185m
of which:						
Continuing			23.3p			25.5p
Discontinued			1.6p			7.4p

* The basis of preparation is given in Appendix VII.

IMPERIAL CHEMICAL INDUSTRIES PLC

GROUP BALANCE SHEET - FULL YEAR

The unaudited position of the Group as at 31 December 2006, with comparative figures as at 31 December 2005 is set out below:

	At 31 December 2006 £m	(as restated*) At 31 December 2005 £m
Assets		
Non-current assets		
Intangible assets	523	601
Property, plant and equipment	1,069	1,612
Investments in associates	21	19
Financial assets	28	73
Deferred tax assets	229	254
Other receivables	35	42
Post-retirement benefit asset	12	11
	1,917	2,612
Current assets		
Inventories	486	658
Trade and other receivables	791	1,028
Current tax debtor	17	15
Financial assets	110	30
Cash and cash equivalents	596	522
Assets classified as held for sale	372	-
	2,372	2,253
Total assets	4,289	4,865
Liabilities		
Current liabilities		
Trade and other payables	(1,272)	(1,484)
Financial liabilities	(487)	(245)
Current tax liabilities	(217)	(360)
Provisions	(193)	(106)
Liabilities classified as held for sale	(201)	-
	(2,370)	(2,195)
Non current liabilities		
Financial liabilities	(548)	(1,103)
Other creditors	(28)	(39)
Provisions	(277)	(298)
Deferred tax liabilities	(18)	(21)
Post-retirement benefits	(1,237)	(1,699)
	(2,108)	(3,160)
Total liabilities	(4,478)	(5,355)
Net assets	(189)	(490)
Equity		
Called-up share capital	1,193	1,192
Share premium account	936	934
Retained earnings and other reserves	(2,442)	(2,742)
Attributable to equity holders of the parent	(313)	(616)
Attributable to minority interests	124	126
Total equity	(189)	(490)

* The basis of preparation is given in Appendix VII

IMPERIAL CHEMICAL INDUSTRIES PLC

GROUP CASH FLOW STATEMENT – FULL YEAR

The unaudited Group cash flow for the full year 2006, with comparative figures for full year 2005 is set out below:

	2006 £m	(as restated*) 2005 £m
Cash flows from operating activities		
Net profit	329	420
Adjusted for:		
Net finance expense	99	111
Depreciation and amortisation	150	169
Post-retirement benefit charges	46	41
Special items after taxation	70	(68)
Taxation (including taxation on associates)	83	93
Movement in working capital	(5)	60
Outflows relating to operating special items ¹	(68)	(53)
Post-retirement benefit payments ²	(238)	(153)
Interest paid	(118)	(125)
Interest received	42	55
Tax paid (excluding tax on disposal of businesses)	(84)	(83)
Dividends paid to equity holders of the parent	(96)	(91)
Dividends paid to minority interests	(21)	(15)
Other items	2	(2)
Net cash inflow from operating activities	191	359
<i>including net cash outflows from discontinued operating activities</i>	29	57
Cash flow from investing activities		
Purchase of property, plant and equipment	(150)	(159)
Proceeds from sale of property, plant and equipment	26	17
Purchase of businesses, net of cash acquired	(31)	(23)
Net proceeds from disposal of businesses	324	108
Payments in respect of disposals prior to 2004	(41)	(47)
Tax on disposal of businesses	(1)	(2)
Increase in current asset investments	(17)	(6)
Net cash (outflow) inflow from investing activities	110	(112)
<i>including net cash outflows from discontinued investing activities</i>	243	(92)
Cash outflow from financing activities		
Increase in long-term loans	4	6
Repayment of long-term loans	(146)	(137)
Net increase in short-term borrowings	7	(114)
Movement in non-operating derivatives	(70)	26
Other financing cash flows	(13)	1
Proceeds from exercise of share options	6	-
Net cash inflow from financing activities	(212)	(218)
<i>including net cash outflows from discontinued financing activities</i>		
Cash and cash equivalents at beginning of period	516	469
Net cash outflow from all activities	89	29
Movement arising on foreign currency translation	(16)	18
Cash and cash equivalents at end of period	589	516
Per the balance sheet:		
Cash and cash equivalents	596	522
Overdrafts	(7)	(6)

¹ Includes payments against restructuring provisions.

² Defined benefit payments only and excludes amounts paid against restructuring provisions

* The basis of preparation is given in Appendix VII

IMPERIAL CHEMICAL INDUSTRIES PLC

STATEMENT OF RECOGNISED INCOME AND EXPENSE - FULL YEAR

	2006 £m	2005 £m
Net profit	329	420
Exchange differences on translating foreign operations	(88)	83
Recycling of cumulative exchange differences	6	-
Changes in fair value of cash flow hedges	1	2
Actuarial gains and losses on post-retirement benefits	58	(625)
Tax on items taken directly to equity	101	38
Total recognised income and expense for the period	407	(82)
Attributable to equity holders of the parent	385	(120)
Attributable to minority interests	22	38

IMPERIAL CHEMICAL INDUSTRIES PLC

RECONCILIATION OF CHANGES IN EQUITY BY COMPONENT OF EQUITY

	Share capital £m	Share premium account £m	Translation reserves £m	Retained earnings £m	Equity holders of the parent £m	Minority interests £m	Total equity £m
As at 1 January 2005	1,191	933	(31)	(2,488)	(395)	85	(310)
IFRIC 4 adjustments				(3)	(3)	(1)	(4)
As at 1 January 2005	1,191	933	(31)	(2,491)	(398)	84	(314)
Total recognised income and expense	-	-	75	(195)	(120)	38	(82)
Dividends	-	-	-	(91)	(91)	(17)	(108)
Share-based payments	-	-	-	7	7	-	7
Movement in respect of own shares	1	1	-	5	7	-	7
Other movements	-	-	-	(21)	(21)	21	-
As at 31 December 2005	1,192	934	44	(2,786)	(616)	126	(490)

	Share capital £m	Share premium account £m	Translation reserves £m	Retained earnings £m	Equity holders of the parent £m	Minority interests £m	Total equity £m
As at 1 January 2006	1,192	934	44	(2,786)	(616)	126	(490)
Total recognised income and expense	-	-	(70)	455	385	22	407
Dividends	-	-	-	(96)	(96)	(19)	(115)
Share-based payments	-	-	-	6	6	-	6
Shares issued / movement in respect of own shares	1	2	-	6	9	-	9
Acquisition of additional minority interests	-	-	-	-	-	(6)	(6)
Other movements	-	-	-	(1)	(1)	1	-
As at 31 December 2006	1,193	936	(26)	(2,416)	(313)	124	(189)

IMPERIAL CHEMICAL INDUSTRIES PLC

RECONCILIATION OF EARNINGS PER £1 ORDINARY SHARE TO ADJUSTED EARNINGS PER £1 ORDINARY SHARE

	Fourth Quarter		Full Year	
	2006	2005	2006	2005
	£m	£m	£m	£m
<i>Continuing operations</i>				
Adjusted earnings*	83	67	315	272
Special items after tax and minorities	(20)	9	(38)	30
Earnings – continuing operations	63	76	277	302
<i>Discontinued operations</i>				
Adjusted earnings*	13	10	60	49
Special items after tax and minorities	(9)	21	(42)	39
Earnings – discontinued operations	4	31	18	88
Total adjusted earnings*	96	77	375	321
Total special items after tax and minorities	(29)	30	(80)	69
Total earnings – Group	67	107	295	390
<i>Continuing operations</i>				
Basic adjusted earnings* per £1 Ordinary Share	7.0p	5.6p	26.5p	23.0p
Special items after tax per £1 Ordinary Share	(1.7)p	0.8p	(3.2)p	2.5p
Basic earnings per £1 Ordinary Share – continuing operations	5.3p	6.4p	23.3p	25.5p
<i>Discontinued operations</i>				
Basic adjusted earnings* per £1 Ordinary Share	1.1p	0.8p	5.1p	4.1p
Special items after tax per £1 Ordinary Share	(0.8)p	1.8p	(3.5)p	3.3p
Basic earnings per £1 Ordinary Share – discontinued operations	0.3p	2.6p	1.6p	7.4p
Total basic adjusted earnings* per £1 Ordinary Share	8.1p	6.4p	31.6p	27.1p
Total special items after tax per £1 Ordinary Share	(2.5)p	2.6p	(6.7)p	5.8p
Total earnings per £1 Ordinary Share – Group	5.6p	9.0p	24.9p	32.9p
Number of £1 Ordinary Shares in issue	1,189m	1,187m	1,189m	1,185m

* Definitions given in Appendix VIII

IMPERIAL CHEMICAL INDUSTRIES PLC

RECONCILIATION TABLES – “AS REPORTED” TO “COMPARABLE”

In the following reconciliation tables, percentage changes are calculated using unrounded values. As noted, comparable performance is defined on the basis of continuing operations.

RECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” REVENUE
Fourth quarter 2006 vs fourth quarter 2005

	Revenue		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005		Adverse/ (favourable)		2006 vs 2005	
	£m	£m	£m	%	£m	£m	£m	%
<i>Continuing operations</i>								
Paints	558	555	3	-	27	4	34	6
National Starch	497	488	9	2	29	-	38	8
Regional and Industrial	107	123	(16)	(13)	13	3	-	(1)
Total continuing reporting segments [†]	1,162	1,166	(4)	-	69	7	72	6
Corporate and other	1	1	-		-	-	-	
Inter segment revenue	(4)	(3)	(1)		(1)	-	(2)	
Total	1,159	1,164	(5)	(1)	68	7	70	6

RECONCILIATION TABLE – OPERATING PROFIT AND TRADING PROFIT
Fourth quarter 2006 vs fourth quarter 2005

	Trading profit		Special operating items		Operating profit	
	2006 £m	2005 £m	2006 £m	2005 £m	2006 £m	2005 £m
<i>Continuing operations</i>						
Paints	46	55	(12)	-	34	55
National Starch	61	59	(13)	4	48	63
Regional and Industrial	8	13	(5)	-	3	13
Total continuing reporting segments [†]	115	127	(30)	4	85	131
Corporate and other	(6)	(14)	(7)	1	(13)	(13)
Total	109	113	(37)	5	72	118

[†] National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided below.

IMPERIAL CHEMICAL INDUSTRIES PLC

RECONCILIATION TABLE – OPERATING PROFIT AND TRADING PROFIT
AND “AS REPORTED” TO “COMPARABLE” TRADING PROFITRECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” TRADING PROFIT
Fourth quarter 2006 vs fourth quarter 2005

	Trading profit “As reported”		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005		Adverse/ (favourable)		2006 vs 2005	
	£m	£m	£m	%	£m	£m	£m	%
<i>Continuing operations</i>								
Paints	46	55	(9)	(17)	1	1	(7)	(14)
National Starch	61	59	2	5	5	(1)	6	10
Regional and Industrial	8	13	(5)	(40)	1	-	(4)	(34)
Total continuing reporting segments [†]	115	127	(12)	(9)	7	-	(5)	(5)
Corporate and other	(6)	(14)	8		-	-	8	
Total	109	113	(4)	(2)	7	-	3	2

[†] National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided below.

IMPERIAL CHEMICAL INDUSTRIES PLC

RECONCILIATION TABLES – “AS REPORTED” TO “COMPARABLE”

RECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” REVENUE
Full year 2006 vs full year 2005

	Revenue		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005		Adverse/ (favourable)		2006 vs 2005	
	£m	£m	£m	%	£m	£m	£m	%
<i>Continuing operations</i>								
Paints	2,414	2,306	108	5	(9)	21	120	5
National Starch	2,011	1,871	140	7	13	(2)	151	8
Regional and Industrial	431	433	(2)	(1)	11	12	21	5
Total continuing reporting segments [†]	4,856	4,610	246	5	15	31	292	6
Corporate and other	3	3	-		-	-	-	
Inter segment revenue	(14)	(12)	(2)		(1)	(1)	(4)	
Total	4,845	4,601	244	5	14	30	288	6

RECONCILIATION TABLE – OPERATING PROFIT AND TRADING PROFIT
Full year 2006 vs full year 2005

	Trading profit		Special operating items		Operating profit	
	2006 £m	2005 £m	2006 £m	2005 £m	2006 £m	2005 £m
<i>Continuing operations</i>						
Paints	257	253	(17)	(5)	240	248
National Starch	242	214	(29)	1	213	215
Regional and Industrial	37	51	(7)	-	30	51
Total continuing reporting segments [†]	536	518	(53)	(4)	483	514
Corporate and other	(34)	(39)	(18)	9	(52)	(30)
Total	502	479	(71)	5	431	484

[†] National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided below.

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RECONCILIATION TABLE – OPERATING PROFIT AND TRADING PROFIT
AND “AS REPORTED” TO “COMPARABLE” TRADING PROFIT

RECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” TRADING PROFIT

Full year 2006 vs full year 2005

	Trading profit “As reported”		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005		Adverse/ (favourable)		2006 vs 2005	
	£m	£m	£m	%	£m	£m	£m	%
<i>Continuing operations</i>								
Paints	257	253	4	1	(3)	3	4	2
National Starch	242	214	28	13	2	(2)	28	13
Regional and Industrial	37	51	(14)	(28)	-	-	(14)	(26)
Total continuing reporting segments [†]	536	518	18	4	(1)	1	18	4
Corporate and other	(34)	(39)	5		1	-	6	
Total	502	479	23	5	-	1	24	5

[†] National Starch is comprised of four reporting segments: Adhesives; Specialty Starches; Specialty Polymers and Electronic Materials. Segmental information is provided below.

FURTHER NATIONAL STARCH SEGMENTAL INFORMATION

RECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” REVENUE

Full year 2006 vs full year 2005

	Revenue		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005		Adverse/ (favourable)		2006 vs 2005	
	£m	£m	£m	%	£m	£m	£m	%
Adhesives	1,052	1,005	47	5	6	-	53	5
Specialty Starches	502	465	37	8	-	-	37	8
Specialty Polymers	266	228	38	17	4	-	42	18
Electronic Materials	203	187	16	9	3	-	19	11
Intra National Starch Revenue	(12)	(14)	2	(18)	-	(2)	-	(9)
National Starch Total	2,011	1,871	140	7	13	(2)	151	8

RECONCILIATION TABLE – OPERATING PROFIT AND TRADING PROFIT
Full year 2006 vs full year 2005

	Trading profit		Special operating items		Operating profit	
	2006 £m	2005 £m	2006 £m	2005 £m	2006 £m	2005 £m
Adhesives	83	75	(22)	1	61	76
Specialty Starches	60	43	(2)	-	58	43
Specialty Polymers	48	46	(3)	-	45	46
Electronic Materials	51	50	(2)	-	49	50
National Starch Total	242	214	(29)	1	213	215

RECONCILIATION TABLE – “AS REPORTED” TO “COMPARABLE” TRADING PROFIT
Full year 2006 vs full year 2005

	Trading profit		“As reported” change		Foreign exchange translation effects	Divestment/ (acquisition) effects	“Comparable” change	
	2006	2005	2006 vs 2005				2006 vs 2005	
	£m	£m	£m	%	Adverse/ (favourable) £m	£m	£m	%
Adhesives	83	75	8	10	1	(2)	7	8
Specialty Starches	60	43	17	39	(1)	-	16	38
Specialty Polymers	48	46	2	5	1	-	3	6
Electronic Materials	51	50	1	3	1	-	2	5
National Starch Total	242	214	28	13	2	(2)	28	13

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NOTES

1. Notes to the figures used on page 3

ICI management believes that the information presented in the table on page 3 provides useful financial information relating to the performance of the operations of the Group. This should not be considered as an alternative, but as supplementary to the full IFRS income statement presented in Appendix I. Further explanation of the basis of presentation is included in section 4 below.

The full year dividend declared for 2006 is the aggregate of the 2006 first interim dividend of 4.15p and the 2006 second interim dividend of 4.75p. The dividend recognised in reserves in the full year of 2006 is the 2005 second interim dividend of 3.95p and the 2006 first interim dividend of 4.15p.

2. Basis of Preparation

The information included within this document has been prepared on the basis of the recognition and measurement requirements of IFRS standards and IFRIC interpretations in issue that are endorsed by the European Commission and effective (or which ICI has chosen to early adopt) for the year ended 31 December 2006 (“adopted IFRS”).

IFRIC 4 *Determining whether an arrangement contains a lease* came into effect from 1 January 2006 and provides guidance on whether complex arrangements include a lease. As a result of this requirement, certain arrangements have required reclassification as leases. This has resulted in additional assets of £13m being recognised on the balance sheet offset by the recognition of associated finance lease creditors of £17m, which are included within net debt. As a consequence, net assets at 1 January 2005 were restated from £(310)m to £(314)m. Net debt at 1 January 2005 has been restated from £989m to £1,006m (31 December 2005 from £745m to £763m). Operating profit for 2005 increased slightly but has been offset by a similar increase in the net finance expense. Consequently, profit before tax remains unchanged for the full year.

3. Basis of segmentation

ICI has changed its reporting segments. The National Starch business, previously reported as one segment, will now be reported as four segments: Adhesives, Specialty Starches, Specialty Polymers and Electronic Materials. This change reflects a move to global business units during 2006 and further enhances the understanding of individual business performance. We continue to provide information for the entirety of the National Starch business as it is an important part of our organisation and management structure. Current and prior year segment information has been updated for the change (see Appendix VI).

Segmental data in this statement is analysed as follows:

Continuing operations comprise Paints, National Starch, Regional and Industrial and Corporate and other. National Starch is comprised of four reporting segments: Adhesives, Specialty Starches, Specialty Polymers and Electronic Materials. The Regional and Industrial segment comprises the Group’s Regional businesses (of which the largest operation is the pure terephthalic acid business in Pakistan) and some ongoing residual activity relating to legacy management. Corporate and other represents the shared costs that are not directly attributable to individual segments i.e. largely those relating to operating as a “PLC”. The Group’s discontinued reporting segment, as described on page 64 of the 2005 Annual Report and Accounts, has been revised to include Uniqema and Quest.

IMPERIAL CHEMICAL INDUSTRIES PLC

NOTES (continued)

Under IFRS, National Starch's Vinamul Polymers business that was sold in the first quarter 2005, is classified within continuing operations.

4. Basis of Presentation

The Group's financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The financial data presented in this document is for the full year 2006, being the twelve months ended 31 December 2006, and compared to the corresponding period in the previous year.

The results presented in the financial table on page 9 and in the tables in the operational review on pages 10 to 12 are "as reported". "As reported" numbers include the effects of currency translation, acquisitions and divestments and are quoted before accounting for special items. Unless otherwise stated, the commentary on pages 10 through 12 refers to performance measured on a "comparable" basis and are quoted before special items.

References to "comparable" performances exclude the effect of currency translation differences and the impact of acquisitions and divestments. "Comparable" results for both 2006 and 2005 are derived by excluding the results of divested businesses and the impact of acquired businesses from the relevant periods and translating results of those subsidiaries that report in currencies other than sterling for both periods at a single average exchange rate for each currency. For this purpose ICI has used the average of the daily exchange rates for each particular currency for the first year included in the comparison (e.g. both the 2006 and 2005 results for the quarter are translated using the average of the daily exchange rates in 2005). At Group level, "comparable" performances refer to continuing operations only.

Reconciliations between "as reported" and "comparable" performance are shown in Appendix VI.

During the first quarter 2006 the revenue recognition policy for the treatment of certain co-operative allowances paid to customers was revised to better reflect internal reporting where the allowances are now treated as a deduction from revenue rather than as a promotional expense. This revision, which only impacts the Paints business, has been included in the results for the quarter and the full year and the comparative information has been adjusted accordingly. As a consequence, total sales for the Group have decreased by £25m for the full year 2005. There is no effect on operating profit.

During the year, the basis of presentation of the Group's current and deferred tax balances at 31 December 2005 was reviewed in light of the offset requirements in IAS12 *Income Taxes*. As a result of this review, certain current taxation assets were offset with current taxation liabilities and certain deferred taxation liabilities were offset with deferred taxation assets.

During the year, the Group also reviewed the basis of presentation of current asset investments within the cash flow statement. As a result of this review, current asset investments are now presented as part of investing activities as opposed to their previous classification within financing activities. Their inclusion within the definition of net debt is unchanged.

IMPERIAL CHEMICAL INDUSTRIES PLC**NOTES (continued)****5. Basis of Presentation - non-Generally Accepted Accounting Principles financial measures**

Investors should consider non-GAAP financial measures in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with IFRS. The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

Guidance from the UK Auditing Practices Board, the UK Listing Authority and the US Securities and Exchange Commission, states that where non-GAAP figures are discussed, the most directly comparable GAAP figures must also be presented and reconciled to the non-GAAP figures. Reconciliation tables have been included in Appendix VI, which include reconciliations of key non-GAAP data provided in this statement to the directly comparable GAAP segmental information.

6. Forward-looking statements

This document contains statements concerning the Group's business, financial condition, results of operations and certain of the Group's plans, objectives, assumptions, projections, expectations or beliefs with respect to these items. These statements are intended as forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

The Company cautions that any forward-looking statements in this document may and often do vary from actual results and the differences between these statements and actual results can be material. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this document, including, without limitation, changes in the Group's business or acquisition or divestment strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things: the impact of competitive products and pricing; changes in the price of raw materials; the occurrence of major operational problems; the loss of major customers; limitations imposed by the Group's indebtedness and leverage; a credit rating downgrade by the rating agencies; undertakings and guarantees relating to pension funds; contingent liabilities, including those arising in connection with disposed businesses; risks associated with the Group's international operations; risks of litigation; and other factors described in the Company's filings with the Securities and Exchange Commission.

7. Relationship to Statutory Accounts and Audit Status

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The auditors have reported on the statutory accounts for the year ended 31 December 2005. Their report was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report or contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The accounts have been delivered to the Registrar of Companies.

IMPERIAL CHEMICAL INDUSTRIES PLC

DEFINITIONS

Reporting segments	The Reporting segments comprise the Group's Paints, National Starch, Quest, Uniqema and Regional and Industrial businesses.
Comparable*	Results excluding the effects of currency translation differences and the impact of acquisitions and divestments. At a Group level, this refers to continuing operations only. Comparable profits and losses are quoted before accounting for special items.
As reported performance	Performance including the effects of currency translation differences and the impact of acquisitions and divestments.
Trading profit	Operating profit before special items. At Group level this refers to continuing operations only.
Gross margin*	Sales value less the variable and fixed costs directly associated with the manufacture and distribution of the goods sold.
Trading margin*	Trading profit expressed as a percentage of sales.
Special items	Special items are those items of financial performance that should be separately disclosed to assist in the understanding of the financial performance achieved by the Group and in making projections of future results, as explained in IAS 1 <i>Presentation of Financial Statements</i> . Special items includes items relating to both continuing and discontinued businesses.
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	Profit before interest, taxation, depreciation, amortisation of intangibles and special items.
Adjusted profit before tax	Profit of continuing operations before taxation and special items.
Adjusted net profit	Net profit before special items attributable to equity holders of ICI.
Continuing	ICI's continuing operations comprise the Paints, National Starch and Regional and Industrial Businesses, Corporate and other.
Interest cover*	Calculations of interest cover are based on the sum of the Group's operating profit before special items from continuing and discontinued operations, post-retirement benefit finance charges, and the Group's share of net associated company income (associates' trading profit less taxation and net finance expense of associates) divided by the net of interest expense and income of the Group (excluding share of net finance expense of associates and post-retirement benefit finance expense).
Adjusted tax rate	Taxation (excluding tax on special items) divided by adjusted profit before tax

* Management believes these measures as an important financial indicator, however they should not be considered in isolation, or as an alternative to operating profit or net profit or cash flow from operating activities, in each case, determined in accordance with IFRS.

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DEFINITIONS (continued)

Earnings per share	Net profit after special items attributable to equity holders of the parent divided by weighted average number of shares in issue (less weighted average number of shares held by the Group's employee share plans) during the period (1,190m at 31 December 2006).
Adjusted earnings per share	Net profit before special items attributable to equity holders of the parent divided by weighted average number of shares in issue (less weighted average number of shares held by the Group's employee share plans) during the period (1,190m at 31 December 2006).
Net debt	The borrowings of ICI (comprising loans and short-term borrowings other than overdrafts together with related derivatives, obligations under finance leases and the liabilities associated with the forward contracts for the acquisition of own shares (to the extent that the contracts are 'out of the money')) less cash (including overdrafts), cash equivalents and current asset investments.
Cash flow before acquisitions and divestments*	Cash flow from operating activities after capital expenditure and proceeds from sale of property, plant and equipment less payments made in respect of disposals prior to 2004.
Return on capital employed	Continuing Group trading profit after amortisation of intangibles, before special items, after restructuring amortisation* and after a tax charge† for the last twelve months divided by the average of capital employed for the current period end and that of twelve months previously; expressed as a percentage.
	Notes:
	* Cash expenditure on restructuring is capitalised in each year that expenditure occurs and is then amortised over three years starting on 1 January following the year of expenditure
	† A tax charge is applied to the Group trading profit (before amortisation of intangibles and after restructuring amortisation) using a standard tax rate for the year of 20%
Capital employed	Net operating assets plus net operating special items
Net operating assets	Property, plant and equipment plus goodwill on acquisitions plus operating working capital. Goodwill on acquisitions relates to goodwill capitalised on the Group balance sheet and, therefore, excludes goodwill arising prior to 31 December 1997 (largely that arising on the acquisition of the Unilever Speciality Chemical businesses) which has been charged directly to reserves.