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First Quarter 2007 Results Presentation

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Agenda

- Highlights
- Operating review
- Strategic update
- Upcoming events
- Outlook
- Q&A



Highlights

- 6% comparable¹ sales growth for continuing operations
- 14% comparable¹ trading profit growth
- 8.9% trading margin (2006 Q1: 8.3%)
- 12% growth in Group adjusted PBT to £101m
- 15% growth in Group adjusted net profit to £78m
- £1.2bn² Quest divestment completed
- £246m net cash, improvement of £1.3bn year on year
- Pension deficit circa £840m, improvement of ~ £800m

Overall, a pleasing start to 2007

¹ "Comparable" excludes effects of currency translation and impact of acquisitions and divestments. At Group level, refers to continuing operations only.

² Gross consideration



Group Results: Sales

Q1 2007 Growth %

Comparable¹ Group Sales²

6%

Foreign exchange translation effects

(8)%

Business acquisitions and divestments

-

Reported Sales²

£1.1bn

(2)%

1 "Comparable" excludes the effects of currency translation and the impact of acquisitions and divestments. At Group level, refers to continuing operations only.

2 Continuing operations only



Group Results: Sales by Region

Continuing Group

Comparable growth¹

Q1

Asia

11%

- Decorative Paint 20%
- National Starch² 10%

Latin America

10%

North America

-

- Decorative Paint (4)%
- National Starch 4%

Europe

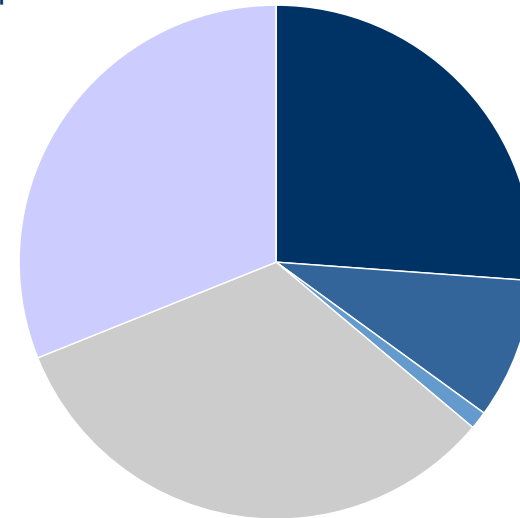
7%

- Decorative Paint 8%
- National Starch 13%

Q1 2007 Sales by customer location

Europe
31%

Asia
26%



Latin America
9%

North America
33%

Rest of the World
1%

¹ "Comparable" excludes effects of currency translation and impact of acquisitions and divestments

² Excludes Japan and Australasia



Paints

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segments	
Sales:	£554m	£571m	4%	 Sales 48%	 Trading Profit 42%
Trading profit ¹ :	£46m	£42m	17%		
Trading margins:	8.3%	7.3%			

- Decorative UK and Republic of Ireland (23% of Paints²):** Sales up 3% mainly due to increased volumes in UK Trade. UK Retail sales slightly ahead. Gross margin percentages slightly ahead of last year. With higher costs below gross margin, trading profit was broadly in line.
- Decorative Continental Europe (10% of Paints²):** Sales up 14% - all territories benefiting from favourable weather conditions. Sales growth in France helped by new product launches. Promotional activities were key drivers of strong growth in Eastern Europe. As a result of increased volumes, trading profit was strongly ahead compared to a weak Q1 2006.



1 Before special items
2 % of Q107 sales of ICI Paints



Paints continued

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segments	
Sales:	£554m	£571m	4%	Sales 48%	Trading Profit 42%
Trading profit ¹ :	£46m	£42m	17%		
Trading margins:	8.3%	7.3%			

- Decorative North America (34% of Paints²):** Sales 4% lower. Weakness in the US housing market depressed volumes in US Retail and US Trade, partially offset by improved product mix in US Retail. With good control of costs below gross margin, trading profit was broadly unchanged.
- Decorative Asia (14% of Paints²):** Sales up 20% with good volume growth notably in China, India, Pakistan and Vietnam. Growth in China was over 30% reflecting new product launches and further regional expansion and GDP growth of around 10%. Despite lower gross margin percentages in Asia, trading profit was strongly ahead.



1 Before special items
2 % of Q107 sales of ICI Paints



Paints continued

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segments	
Sales:	£554m	£571m	4%	<p>Sales 48%</p>	<p>Trading Profit 42%</p>
Trading profit ¹ :	£46m	£42m	17%		
Trading margins:	8.3%	7.3%			

- **Decorative Latin America (9% of Paints²):** Sales grew 9% with increased volume demand in all countries, higher selling prices in Argentina and Uruguay partly offset by weaker product mix. Although gross margin percentages were lower, trading profit was strongly ahead.
- **Packaging Coatings (10% of Paints²):** Sales up 4%, mainly due to higher prices, whilst volumes were slightly lower. Gross margin percentages were lower due to raw material cost pressure, but with lower costs below gross margin, trading profit was slightly ahead.



1 Before special items
 2 % of Q107 sales of ICI Paints



National Starch: Adhesives

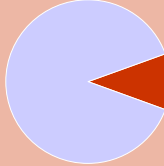
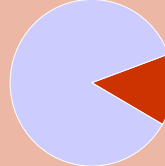
	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segment	
Sales:	£259m	£263m	7%	<p>Sales 23%</p>	<p>Trading Profit 17%</p>
Trading profit ¹ :	£19m	£20m	6%		
Trading margins:	7.5%	7.6%			

- Sales up 7% with good growth in all regions
- Good progress developing key new accounts and innovative products gaining further traction - sales of non woven and pressure sensitive adhesives were particularly strong
- Partially offset by reduced demand in NA construction markets, Acheson's automotive markets and operational challenges in the Dongsung shoe adhesives business
- Gross margin percentages in line with last year, trading profit up 6%

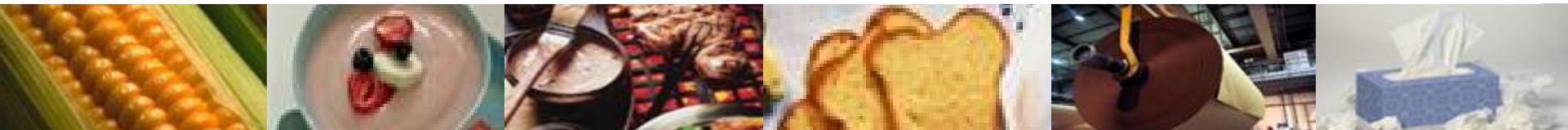




National Starch: Specialty Starches

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segment	
Sales:	£131m	£125m	12%		Sales 11%
Trading profit ¹ :	£16m	£12m	41%		Trading Profit 14%
Trading margins:	12.6%	10.0%			

- Sales up 12% with strong growth in all regions
- Food & Industrial starches both grew by double digits. Novation® range, focusing on nutrition and clean food labelling, continues to grow strongly in Europe. NA made good progress across all product ranges.
- Trading profit was up 41% due to growth and favourable manufacturing costs
- Price increases implemented to recover corn inflation; year on year improvement will slow significantly as low corn futures abate in second half of 2007.

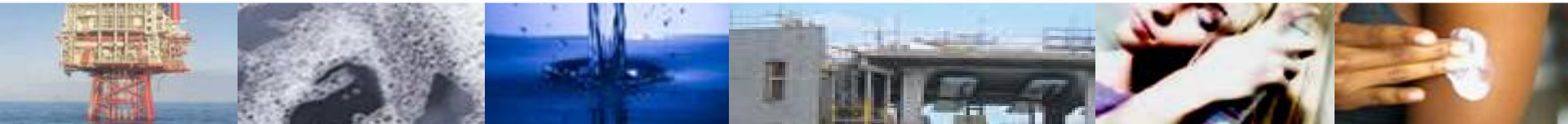




National Starch: Specialty Polymers

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segment	
Sales:	£67m	£64m	14%	<p>Sales 6%</p>	<p>Trading Profit 13%</p>
Trading profit ¹ :	£14m	£12m	26%		
Trading margins:	20.1%	18.1%			

- Sales up 14% with double digit growth in Europe, Asia and Latin America.
- Elotex achieved exceptional sales growth in Asia and Europe for its construction materials polymers. Personal Care sales were also ahead due to new product innovation and solid growth in Europe. Alco sales declined marginally.
- Gross margin percentages were ahead and trading profit was up 26%



1 Before special items



National Starch: Electronic Materials

	Q1 2007	Q1 2006	Comp. %	% of Q107 continuing reporting segment	
Sales:	£48m	£51m	4%	<p>Sales 4%</p>	<p>Trading Profit 11%</p>
Trading profit ¹ :	£12m	£13m	2%		
Trading margins:	25.3%	25.5%			

- Sales up 4%, semiconductor demand grew only 2% in value during first quarter
- Ablestik sales up, driven primarily by demand for D-RAMs
- Emerson & Cuming sales also ahead from strength in game console, communication and printer markets
- Gross margin percentages were lower due to higher silver and nickel costs, but with good cost control, trading profit was 2% ahead of last year

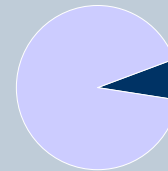




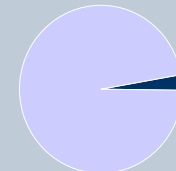
Regional and Industrial

	Q1 2007	Q1 2006	Comp. %
Sales:	£93m	£102m	2%
Trading profit ¹ :	£3m	£7m	(54)%
Trading margins:	3.0%	6.9%	

% of Q107 continuing reporting segment



Sales
8%



Trading
Profit
3%

- Sales slightly ahead of last year
 - Pakistan PTA sales slightly up
 - ICI Pakistan sales ahead
- Pakistan PTA gross margin percentages were markedly lower due to margin between PTA and PX feedstock prices falling to historically low levels
- PTA cycle not expected to turn until well into 2008
- Trading profit significantly lower despite improved profit performance from ICI Pakistan and ICI Argentina





Group Results

Group trading profit to adjusted profit before tax

	Q1 2007	As reported growth
Continuing reporting segments	£110m	
Corporate and other	£(9)m	
Trading profit¹	£101m	5%
Discontinued operations	£12m	
Income from associates²	£1m	
Net finance expense³	£(13)m	
Adjusted profit before tax³	£101m	12%

1 Continuing operations before special items

2 Net of interest and tax

3 Total Group before special items



Group Results

Adjusted profit before tax to net profit

	Q1 2007
Adjusted profit before tax¹	£101m
Tax	£(17)m
Special items – Continuing²	£(22)m
Special items – Discontinued²	£907m
Net profit after special items²	£969m
Minorities	£(14)m
Net profit after special items³	£955m

As reported growth

12%

1 Total Group before special items

2 After taxation, before minorities

3 Attributable to the equity holders of the parent



Foreign Exchange Translation

- Main impact from USD depreciation
- £7m adverse profit impact on translation in Q1
- 1 cent movement ~ £1.3m full year trading profit impact
- Indicative figures only, based on Q1 profit mix and average April 2007 rates

GBP/USD	Q1	Q2	Q3	Q4	FY
2007	1.95	1.99*	1.99*	1.99*	1.98*
2006	1.75	1.83	1.87	1.92	1.84
Trading profit impact	(£7m)	(£5m)*	(£4m)*	(£2m)*	(£18m)*

Assumptions:

First quarter trading profit mix remains unchanged

Average £/\$ rate of 1.99 for April 2007 continues to end of year

* Indicative estimates only

Cash flow before acquisitions and divestments



	Q1 2007 £m	Q1 2006 £m
EBITDA – continuing operations	132	128
EBITDA – discontinued operations	12	31
Total Group EBITDA	144	159
Working capital movements	(171)	(174)
Post-retirement benefit charges in EBITDA	13	14
Post retirement benefit payments	(165)	(161)
Purchase / sale of fixed assets	(37)	(27)
Cash flows from special items	(25)	(11)
Interest and tax	(38)	(39)
ESOP financing costs	(24)	-
Legacy items	(7)	(8)
Cash flow before acquisitions and divestments	(310)	(247)

Cash flow from acquisitions, divestments and other activities



	Q1 2007 £m	Q1 2006 £m
Cash flow before acquisitions and divestments	(310)	(247)
Net disposal proceeds	1,204	(1)
Post retirement benefit payments – disposal related	(226)	-
Tax in relation to disposals	(11)	-
Acquisitions	-	(11)
ESOP share purchase / options exercised	(76)	-
Other	(6)	8
Total movement in net cash / (debt)	575	(251)
Net Debt Opening Balance	(329)	(763)
Net Cash / (Debt) Closing Balance	246	(1,014)



Divestment cash flows

	Quest	Uniqema
Gross proceeds	£1,200m	£410m
Less payments made		
■ Post retirement benefit	~£180m	~£100m
■ Deal related costs and tax	~£5m	~£24m
Less future cash outflows		
■ Post retirement benefit	~£50m	~£30m
■ Deal related costs and tax	~£65m	-
Net proceeds	~£900m	~£256m



First Quarter Developments

- Significant reduction in indebtedness
 - Quarter end net cash £246m
 - Proforma pensions deficit ~£840m

Moody's upgrade from Baa3 / P-3 to Baa2 / P-2
Standard & Poor's BBB / A-2 outlook from stable to positive



2006 Transformation Programme

- 2006 Transformation Programme well underway:
 - Programme adjusted to reflect disposal of Quest and increased level of underlying growth expected in 2007
 - All currently identified projects underway
- “One ICI” agenda progressing well
 - Good progress on developing a core SAP platform for the Group
 - Technology organisation delivering renewed focus on applied research agenda
 - Global financial shared service centres goes live in May
 - HR excellence organisation and design phase near completion
- On track to deliver 2007 savings of £38m and annualised savings of £170m from planned £340m investment by 2011



Investor Seminar

- Date: 20 June 2007
- Location: London
- Audience: Buy and Sell Side Analysts and Fund Managers
- Content: Focus on Adhesives, Specialty Starches, Specialty Polymers and Electronic Materials
 - Presentations by business leaders
 - Opportunity to meet senior management from all four businesses

Provide a greater insight into how each business provides differentiated products and capabilities to sustain competitive advantage



Conclusions

- Pleasing start to 2007; strong performance from most core businesses
 - Good sales growth led by improved volume and some price increases
 - Further trading margin improvement
 - Restructuring initiatives are progressing satisfactorily

- Outlook for second quarter remains positive, although visibility for the balance of the year is, as always, limited

- Expectation for full year 2007 remains unchanged



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Forward looking statements

This document contains statements concerning the Group's business, financial condition, results of operations and certain of the Group's plans, assumptions, or expectations with respect to these items. These statements are intended as forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. These statements include, without limitation, those concerning: the Group's strategy and its ability to achieve it, the benefits of the Group's restructuring programmes, the Group's disposals plans, the implementation of new systems, the Group's possible or assumed future results of operations, trends in raw material costs, the Group's views on improvements in markets and trading conditions and those preceded by, followed by, or that include the words "believe", "expect", "intend", "plan", "anticipate" or similar expressions.

Actual results may differ from those expressed in such statements, depending on a variety of factors including, among other things, the impact of competitive products and pricing, adverse macro economic factors, changes in the price of raw materials, the occurrence of major operational problems, the loss of major customers, limitations imposed by the Company's indebtedness and leverage, a credit rating downgrade by the rating agencies, contingent liabilities, including those arising in connection with recently disposed businesses, risks associated with the Company's international operations, risks of litigation, and other factors described in the Company's filings with the Securities and Exchange Commission.

You should read the Company's Annual Report and Accounts and Form 20-F, which is available without charge at the internet site of the Securities and Exchange Commission (<http://www.sec.gov>), for more information regarding factors that could cause actual results and developments to differ from those expressed or implied by the forward-looking statements in this document.

You should also read the Company's related quarterly results press release that is included in these presentation materials and is also located at the Internet site of the Securities and Exchange Commission.



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Supplementary Information



Net Cash from Operating Activities

	Q1 2007 £m	Q1 2006 £m
EBITDA – Continuing operations	132	128
EBITDA – Discontinued operations	12	31
Total Group EBITDA	144	159
Working capital movements	(171)	(174)
Post-retirement benefit charges in EBITDA	13	14
Post retirement benefit payments	(165)	(161)
Post retirement benefit payments – disposal related	(226)	-
Cash flows from special items	(25)	(11)
Interest and tax	(38)	(39)
ESOP financing cost	(24)	-
Dividends and other	-	1
Net cash flow from operating activities	(492)	(211)



Net Cash from Investing Activities

	Q1 2007 £m	Q1 2006 £m
Sale of fixed assets	-	3
Purchase of fixed assets	(37)	(30)
Net disposal proceeds	1,204	(1)
Tax paid in relation to disposals	(11)	-
Payments in respect of disposals prior to 2004	(7)	(8)
Acquisitions	-	(11)
Movement in current asset investments	(32)	-
Net cash flow from investing activities¹	1,117	(47)
Capital expenditure² to depreciation (times)	1x	0.75x

¹ Includes net cash flows from discontinued operations

² Includes leased assets as per balance sheet, continuing Group only



Movement in Net Debt

	Q1 2007 £m	Q1 2006 £m
Net (debt) opening	(329)	(763)
Net cash flow from operating activities	(492)	(211)
Net cash flow from investing activities	1,117	(47)
Cash flow before financing	625	(258)
ESOP share purchase / options exercised	(76)	-
Other movements	26	7
Net cash / (debt)	246	(1,014)