



ICI PENSION FUND 2009

Report of the Trustee &
Financial Statements

ICI PENSION FUND

Registration Number 10013256

31 March 2009

REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

ICI PENSION FUND

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ICI PENSION FUND

HIGHLIGHTS OF THE YEAR ENDING 31 MARCH 2009

How the money came in	Total
	£m
Employer contributions	196
Other income	1
Investment income	108
Total income	305

How it was used	£m
Pensions	472
Commutation lump sums	18
Transfers to other funds	5
Total expenditure	495

Change in the Fund	£m
Balance of Income and Expenditure	-190
Change in market value	-266
Total change in the Fund	-456

The Fund's Assets at 31 March 2009 were £6,664 million

The Fund provides for:

Contributing members	579
Pensioners	54,191
Deferred pensioners	12,642
Total members at 31 March 2009	67,412

ICI PENSION FUND

**TRUSTEE DIRECTORS AND PROFESSIONAL ADVISERS
AS AT 16 JULY 2009**

Trustee:

ICI Pensions Trustee Limited

Directors:

D J Gee (Chairman) Pensioner	SRC
B J Bunt Pensioner	IC
I N Canham Deferred Member	PAC, AC
J H Fitzpatrick Pensioner	PAC, AC
A J Friston ICI Paints	SRC, IC
F P Gray Pensioner	IC, AC
K R January ICI Paints	PAC
D J Loose Pensioner	PAC
R W T Turner Pensioner	SRC, IC, AC
D Welch Akzo Nobel UK	IC
The Law Debenture Trust Corporation p.l.c.	SRC, IC, PAC

Committee Roles:

- IC** - Investment Committee
- SRC** - Strategic Risk Committee
- PAC** - Policy & Administration Committee
- AC** - Appeals Committee

Secretary:

Pensions Secretariat Services Limited
3rd Floor, 38 Lombard Street, London EC3V
9BS

Membership Secretary:

L Davey
Watson Wyatt Limited, ICI Pensions Services
PO Box 545,
Redhill, Surrey RH1 1YX

Scheme Actuary:

R T G Hails

Watson Wyatt Limited, Watson House
London Road, Reigate, Surrey RH2 9PQ

Auditors:

KPMG LLP

One Canada Square, London E14 5AG

Investment Managers:

Alinda Capital Partners LLC

150 East 58th Street, 39th Floor, New York,
NY 10155, USA

Ashmore Management Company Limited

16 Aldwych, London WC2B 4AE

Barclays Global Investors Limited

Murray House, 1 Royal Mint Court,
London EC3N 4YH

Intermediate Capital Managers Limited

20 Old Broad Street, London EC2N 1DP

M&G Investment Management Limited

Laurence Pountney Hill, London EC4R 0HH

Muzinich & Co Limited

24 Upper Brook Street, London W1K 7QB

PIMCO Europe Limited

103 Wigmore Street London W1U 1QS

Southeastern Asset Management, Inc.

6410 Poplar Avenue, Suite 900,
Memphis, Tennessee, TN 38119, USA

Investment Advisers:

Watson Wyatt Limited

Watson House, London Road,
Reigate, Surrey RH2 9PQ

Custodian:

JP Morgan Europe Limited

60 Victoria Embankment, London EC4Y 0JP

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**TRUSTEE DIRECTORS AND PROFESSIONAL ADVISERS
AS AT 16 JULY 2009**

Solicitors:

Allen & Overy LLP

One Bishops Square, London E1 6AD

DLA Piper UK LLP

1 St Paul's Place
Sheffield S1 2JX

Hammonds LLP

7 Devonshire Square, Cutlers Garden,
London EC2M 4YH

Administrators:

Watson Wyatt Limited

Administration Offices

ICI Pensions Services

PO Box 545,
Redhill,
Surrey RH1 1YX

Bankers:

Barclays Bank PLC

South East Corporate Banking Centre
PO Box 112, 51 Bishopric, Horsham
West Sussex RH12 1YQ

Corporate Finance Advisers:

Ernst & Young LLP

1 More London Place
London SE1 2AF

Penfida Partners LLP

135 Cannon Street
London EC4N 5BP

Communication Advisers:

Hogarth Partnership Limited

No. 1 London Bridge
London SE1 9BG

Investment Performance Measurer:

WM Performance Services

525 Ferry Road, Edinburgh EH5 2AW

Medical Advisers:

Dr D Makepeace

Dr J Orlandi

Dr J Reed

Safe Custody Advisers:

Thomas Murray Limited

199 Piccadilly
London W1J 9HA

Security Investigation Advisers:

Morris Chase International Limited

Vista Centre
Salisbury Road
Heathrow TW4 6JQ

Transaction-Cost Advisers:

Inalytics Limited

1a Church Road
Croydon CR0 1SG

AVC Providers:

Clerical Medical Investment Group Limited

PO Box 174, Walton Street
Aylesbury
Bucks. HP21 7YP

The Equitable Life Assurance Society

PO Box 177, Walton Street
Aylesbury
Bucks. HP21 7YH

ICI PENSION FUND

REPORT OF THE TRUSTEE 31 MARCH 2009

The Trustee Board submits the Annual Report on the operations of the Fund, together with the Financial Statements of the Fund for the year ended 31 March 2009.

Status

The ICI Pension Fund is a defined benefit occupational pension scheme. On 1 October 2000 the Fund was closed to new employees of ongoing ICI Businesses and on 30 June 2002 it was closed to all new members, except for readmission, at the request of ICI, of certain former members who previously left the Fund in order to take up employment with a different ICI Group company.

Principal Employer

The Principal Employer is Imperial Chemical Industries Limited ("ICI"), 26th Floor, Portland House, Bressenden Place, London SW1E 5BG (formerly Imperial Chemical Industries PLC).

Guarantor

On 2 January 2008, the Principal Employer was acquired by Akzo Nobel N.V. ("AkzoNobel"), a Company based in the Netherlands. Under a Deed executed on the same date, AkzoNobel guarantees all obligations of ICI to the Fund under legislation and under the Trust Deed and Rules.

The Trustee Company

The ICI Pension Fund has only one trustee -- a Corporate Trustee, a company called ICI Pensions Trustee Limited. This company is owned by The Law Debenture Trust Corporation plc., ("Law Debenture"), a professional trustee company which is entirely independent from ICI and from Akzo Nobel.

The trustee board normally has 11 Directors under the current structure, made up as follows:

- 1 Independent Director -- The Law Debenture Trust Corporation plc
- 5 Member-Nominated Directors (see below)
- 5 Other Directors.

As owner of all the share capital, only Law Debenture has the power to remove directors and to appoint replacements. Historically, Law Debenture normally consults ICI on appointments of Other Directors, but is not required to do so. There is currently one vacancy for an Other Director.

Member-Nominated Directors ("MNDs")

Under the Pensions Act 2004, the Trustee is responsible for determining the procedure for nomination and selection of Member-Nominated Directors, subject to certain requirements set out in that Act. The Trustee also has regard to guidance issued by the Pensions Regulator.

Under the continuing arrangements determined by the Trustee in 2006:

- any Fund member may be nominated as a Member-Nominated Director;
- nominations are valid for a period of three years
- the Trustee Board decides and publishes the selection criteria and nominates a selection panel, comprising Law Debenture and a cross-section of other Directors who are all members of the Fund;
- the final decision on who to appoint is taken by this selection panel;
- detailed regulations for the nomination and selection procedure are determined by the Policy & Administration Committee and notified to members via the annual pensions newsletter ("Pensions News") [and via the Trustee website].

The arrangements were again publicised to members in the November 2008 edition of Pensions News. In total, 22 valid nominations (including nominations received in 2006/7) have been received by the Trustee.

The Selection Panel did not meet during the year. However, since the year-end, the Selection Panel has held one meeting and has decided that Mr K R January should be reappointed for an additional five-year term.

Directors

A list of the Directors at the date of this report is given on page 3.

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REPORT OF THE TRUSTEE 31 MARCH 2009

Since 1 April 2008, the following changes in Directors' appointments have arisen:

	Appointed	Resigned
J Hunter		30.06.08
T Hampton		18.12.08
D J Loose	19.03.09	
D Welch	10.07.09	

Dr Loose previously served as a Director between 01.06.01 and 24.01.07.

The Directors held 8 meetings during the year ended 31 March 2009. These comprised 5 scheduled meetings, at which the Board reviews the full range of the Fund activities, and 3 additional meetings to consider specific urgent issues.

Secretary

Mr C A Amos ceased to be Secretary of ICI Pensions Trustee Limited and Mrs Maria Cormican ceased to be Assistant Board Secretary on 30 June 2008. With effect from 1 July 2008, Pensions Secretariat Services Limited, a wholly-owned subsidiary of the Fund, was appointed as Secretary to provide all strategic Secretariat services to the Fund. The Trustee has also appointed a Membership Secretary, Mrs Lorraine Davey of Watson Wyatt (Administrators) who handles all correspondence with individual members.

Committees of the Trustee Board

The Board has appointed four committees to deal with aspects of its activities:

Appeals Committee

The Appeals Committee hears all appeals from members under the Internal Dispute Resolution Procedure. The Appeals Committee met 2 times during the year.

Investment Committee

The Investment Committee met 8 times during the year. Its role is to advise the Board on investment strategy and risks and it has delegated authority to implement changes to strategy; to review, monitor, select and (where necessary) deselect investment managers and custodian; to determine their remit and terms of appointment; and to act as an audit committee on investment related issues. Further details are contained in the Investment Report.

Policy & Administration Committee

The Policy & Administration Committee met 6 times during the year. The Committee advises the Board on issues of administrative policy, monitors the administrators of the ICI Pension Fund, Watson Wyatt Limited, and deals with discretionary benefits and other administrative issues delegated by the Board. It also acts as an audit committee on those matters not dealt with by the Investment Committee.

Strategic Risk Committee

The Strategic Risk Committee met 4 times during the year. Its role is to represent the Fund's interests in discussions with the Company about funding issues and the general security of the Fund and to investigate ways of mitigating the principal non-investment risks that may affect the Fund.

Trustee Training

The Trustee Board believes that all Directors should receive appropriate training to enable them to undertake their duties. Since 2003, the Trustee Board has allocated five days a year to trustee training in addition to scheduled Board and Committee meetings. It is the Trustee Board's practice to require all Directors to undertake appropriate training. In the past, Trustee Directors have been required to sit the "Award in Pension Trusteeship" examination conducted by the Pensions Management Institute but, with effect from March 2009, Trustee Directors are instead required to complete the Pensions Regulator's Trustee Toolkit (an online training programme) within 12 months.

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REPORT OF THE TRUSTEE 31 MARCH 2009

Investment Principles & Corporate Governance

The Trustee Board has approved statements on the above matters and these are available on the Trustee website, www.icipensionfund.org.uk.

Statement of Trustee Responsibilities

The audited accounts are the responsibility of the Trustee Board. Pension scheme regulations require the Trustee Board to make available to scheme members, beneficiaries and certain other parties, audited accounts for each scheme year which:

“show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and

contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, ‘Financial Reports of Pension Schemes’.”

The Trustee Board has arranged for the preparation of the accounts and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of an annual report, information about the scheme prescribed by pensions legislation, which the Trustee Board should ensure is consistent with the audited accounts it accompanies.

Under the Pensions Act 1995, the Trustee Board is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustee Board is also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the scheme in accordance with the schedule of contributions.

The Trustee Board also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities.

Financial Statements

The Annual Financial Statements of the Fund have been prepared and audited in accordance with the requirements of the Pensions Act 1995 and are shown on pages 19 to 28 of this Report.

It must be emphasised that market value is a snapshot at the date of the Financial Statements and that there can be sharp short-term fluctuations in market value. Given the long-term nature of pension funds, too much emphasis should not be given to short-term rises or falls in market value of the Fund's investments. Therefore, it is advised that the Fund's Financial Statements should be read in conjunction with the Actuarial Certificate on page 18.

A Five Years' Statistical Summary to 31 March 2009 is given on page 33 of this Report.

Custodian

The Fund has a single, independent custodian for its investments, JP Morgan Europe Limited.

Additional Voluntary Contributions

With effect from 6 April 2006, the arrangements with Clerical Medical and Equitable Life are no longer open to new contributions. However, members who wish to do so are able to continue to maintain existing AVC savings accounts.

Benefit Statements

Benefit Statements are normally sent to contributing members between July and September in each year and to deferred members in November each year. Those not receiving them can request them individually.

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REPORT OF THE TRUSTEE 31 MARCH 2009

However, due to a change in method of calculating deferred member entitlements (following a direction from the Company to discontinue any discretionary practice in excess of minimum entitlement under the Rules), statements due to be issued in November 2008 were, in practice, delayed until May 2009.

Pension Increase

Guaranteed Minimum Pensions ("GMP") are increased as required by government regulations. The Fund's Rules provide a minimum increase for all other pensions of 5%, or RPI if lower, calculated on pension excluding GMP after commutation. The rate of increase granted during the year under the Rules was 5.0%, with effect from 1 November 2008.

In the case of those pensioners who retired between 15 May 1973 and 5 April 2006 inclusive and who elected to commute part of their pension for a lump sum, the increase was calculated on the pension excluding GMP before commutation ("a pre-commutation basis"). For all other pensioners, the increase was calculated on the pension after commutation (excluding GMP).

Self Investment

The Fund has no direct investments in Imperial Chemical Industries Limited or any other companies within the AkzoNobel group. Indirect investment arises only via indexed pooled investment vehicles (as permitted by the Pensions Act 1995) and represents less than 0.1% of Fund assets.

Risk Controls

As a result of the European Pensions Directive, regulations require all pension fund trustees to ensure adequate internal financial controls and policies for the control of investment risk. No significant change to Trustee policies or procedures was necessary to comply with these regulations, but the Trustee has expanded its Statement of Investment Principles and documentation of internal controls in order to demonstrate compliance with the new regulations.

Actuarial Valuation and Determination of Contributions

The Actuary carried out a formal valuation of the Fund as at 31 March 2008. This was the first valuation of the Fund to be conducted under the scheme-specific funding regulations established by the Pensions Act 2004. As a result of this valuation, a Recovery Plan and a revised Schedule of Contributions was agreed between the Trustee and the Employer and certified by the Scheme Actuary on 6 March 2009. The Employer made the following contributions during the year to 31 March 2009 in accordance with the previous Schedule of Contributions applicable during the year:

- (a) 22.8 % of pensionable pay throughout the year
- (b) Contributions to fund the costs of early retirements in normal health
- (c) Additional contributions of £ 175 million in recognition of the funding deficit at 31 March 2008.

In addition, on 4 April 2008, the Trustee received payment of an additional contribution of £50 million (plus a supplement of £30,342 for late payment) which, under the Schedule of Contributions applicable at that time, should have been paid on 31 March 2008. This contribution was included in contribution income for the year ended 31 March 2008 and was shown in the balance sheet of the Fund as a debtor at that date.

Since the year-end, the rate of contributions from the Employer in relation to normal monthly pensionable pay has increased from 22.8% to 34.1%, with effect from 1 May 2009.

The Fund issued an updated Summary Funding Statement to all members in March 2009, summarising the results of the new scheme-specific funding valuation and of the recovery plan. The latest Summary Funding Statement and Recovery Plan is available on the Trustee website, www.icipensionfund.org.uk.

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REPORT OF THE TRUSTEE 31 MARCH 2009

Arrangements for payment of employer contributions

The following contribution dates are embodied in the Schedule of Contributions:

Type of Payment	Due Date
Members' contributions deducted from salary	Within nineteen days after the end of the month in which the deduction was made
Employer contributions related to salary	As for members' contributions
Early Retirement Top-Ups	Within three months of being properly demanded by the Trustee
Additional Contributions	By January or March in each Fund year as further specified in the Schedule of Contributions

All contributions falling due within the year were received by the due dates.

Additional agreements with the Principal Employer

- In addition to the contributions set out above, ICI continues to provide the Trustee with a £250 million asset-backed guarantee.
- Under Clause 14 of the Trust Deed, Imperial Chemical Industries Limited guarantees the due payment of contributions and other payments to the Fund so as to ensure solvency of the Fund and the due payment of all pensions and benefits.
- On 2 January 2008, the Principal Employer was acquired by Akzo Nobel N.V. ("AkzoNobel"), a Company based in the Netherlands. Under a Deed executed on the same date, AkzoNobel guarantees all obligations of ICI to the Fund under legislation and under the Trust Deed and Rules.
- AkzoNobel has also agreed to share information periodically with the Trustee on its financial condition.

The latest Schedule of Contributions and Actuarial Certificate appear on pages 15 to 18.

Transfers

All transfer values paid to other pension schemes or credits given in respect of transfer values received from other pension schemes during the year, were either calculated and verified by the Fund's Actuary, or calculated in accordance with instructions prepared by him, in accordance with statutory regulations. Transfers In from external companies' pension schemes are no longer accepted into the Fund. Existing ICI employees who were required to leave the Fund and transfer into other ICI pension arrangements may still be permitted to rejoin the Fund, subject to the consent of the Company and Trustee.

Equal Treatment

The Directors believe that the ICI Pension Fund has equalised benefits between men and women as required by law except for Guaranteed Minimum Pensions where in common with most other schemes the Directors are awaiting further clarification of the law.

Internal Dispute Procedure

The Fund has instituted a procedure in accordance with the requirements of the Pensions Act. Details and a form can be obtained from ICI Pensions Services.

Contracting Out of S2P (formerly SERPS)

ICI has decided to contract its employees out of the State Second Pension (S2P formerly the State Earnings Related Pension Scheme or SERPS) as it has done since the scheme was introduced in 1978. The basis for contracting out of S2P (formerly SERPS) for the ICI Pension Fund is the Reference Scheme Test.

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**REPORT OF THE TRUSTEE
31 MARCH 2009**

Appointment of Advisers

The advisers listed on pages 3 and 4 have all been appointed by the Trustee or under authority of the Trustee.

Data Protection Act 1998

The Trustee Board, together with the Administrator and the Scheme Actuary, periodically review the data held and systems used in order to assess actions required to meet the provisions of the Act. The Trustee believes that it complies with all aspects of the legislation.

Tax Status

The Fund is registered with HMRC in accordance with the Finance Act 2004 and the Directors know of no reason why this registration may be prejudiced or withdrawn.

Enquiries

Any enquiry concerning the Trustee's Report, Financial Statements or any provisions of the Fund should be addressed to the Membership Secretary at the address of the Fund's Administration Offices shown on page 3.

BY ORDER OF THE BOARD
OF ICI PENSIONS TRUSTEE LIMITED

C A Amos

Pensions Secretariat Services Limited
Secretary
16 July 2009

ICI PENSION FUND

MEMBERSHIP REPORT 31 MARCH 2009

	Contributing Members	Pensions in Payment	Deferred Pensioners	Total
At 1 April 2008	683	55,554	13,179	69,416
Additions	-	1,477	49	1,526
Cessations	-104	-2,840	-586	-3,530
At 31 March 2009	<u>579</u>	<u>54,191</u>	<u>12,642</u>	<u>67,412</u>

Cessations of Contributing Members

Pensions at normal retirement	5
Pensions at early retirement	51
Pensions on failure of health	1
Deferred pensions	47
	<u>104</u>

Commutation of Pensions

During the year 558 members were eligible to exercise their option to commute part of their pensions and 429 (i.e 77.1%) decided to do so. The total pensions commuted during the period under review amounted to £1.1 million per annum.

Dependants' and Spouses' Pensions

Of the 54,191 pensions in payment at 31 March 2009, 17,130 were payable to dependants and spouses.

Additional Voluntary Contributions (AVC) Scheme

AVCs are invested in individual accounts with Clerical Medical and the Equitable Life Assurance Society. The membership statistics reflect the number of individuals with AVCs.

	Equitable Life	Clerical Medical
AVC Members at 1 April 2008	244	107
Add: New contributors	-	-
	<u>244</u>	<u>107</u>
Less: Leavers	24	11
Members at 31 March 2009	<u><u>220</u></u>	<u><u>96</u></u>

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INVESTMENT REPORT 31 MARCH 2009

Investment Management Structure

Investments are managed according to remits and control limits laid down by the Directors of ICI Pensions Trustee Limited, after having consulted the Principal Employer in accordance with the Pensions Act 1995. The Directors have an Investment Committee to whom a number of operational powers are delegated, but key strategic decisions about long-term strategy and governance are taken by the full Board of Directors.

The Trustee has delegated all day-to-day investment decisions to its investment managers:

Alinda Capital Partners LLC ["Alinda"]
Ashmore Management Company Limited ["Ashmore"]
Barclays Global Investors Limited ["BGI"]
Intermediate Capital Group ["ICG"]
M&G Investment Management Limited ["M&G"]
Muzinich & Co Limited ["Muzinich"]
PIMCO Europe Limited ["PIMCO"]
Southeastern Asset Management Inc ["Southeastern"]

Each remit includes a benchmark against which performance is measured. BGI's remit is to manage equities on a passive basis and bonds (or a combination of cash and swaps with similar economic characteristics) on a cashflow-matching basis. BGI also acts as the Fund's principal Transition Manager. Southeastern is a specialist equity manager. Ashmore, Muzinich and PIMCO are bond managers, specialising in Emerging Markets Bonds, High-Yield Bonds and High Return Bonds respectively. ICG and M&G are specialist Leveraged Loans managers.

During the year, the Trustee appointed M&G Investment Management Limited as an additional manager specialising in leveraged loans, appointed Alinda Capital Partners LLC as an additional manager specialising in infrastructure and terminated the appointment of Goldman Sachs Asset Management Limited as an active manager of currencies.

Economic & Market Background

Equity markets initially staged a cautious recovery during Q2-2008, encouraged by the US government rescue of Bear Stearns. However, uncertainty returned with a vengeance in Q3-2008 and turned into a full-scale financial crisis during October, following the US government decision to allow Lehman Brothers to go bankrupt and to impose severe terms on AIG for government assistance. The UK government, in turn, was obliged to provide emergency financial assistance to several UK banks, some of which ended up as a result in majority public ownership. The particularly large exposure of the UK economy to the financial sector, coupled with concerns about the wider economic impact of falling UK house prices, triggered a significant fall in the value of sterling. Whilst the Fund gained some relief from appreciation of overseas investments, this was largely cancelled out by the effect of the Fund's currency hedging strategy. After a feeble New Year rally, equity markets weakened again in January and February before tentatively recovering towards the end of March. Since the year-end, equity markets have continued their recovery, but bond markets remain markedly less optimistic, still anticipating historically high levels of defaults.

Investment Strategy

The Fund continued its existing investment strategy of maintaining a substantial proportion of assets in bonds, cash and swaps that directly match expected future cash outflows, in order to minimise volatility of assets relative to liabilities.

The Trustee recognises that, in years when equity markets rise strongly, this limits the upside potential performance of the Fund's investments; but, equally, when they fall substantially (as in the period 2000-2003 and again in 2007-2009), the Fund is correspondingly much better protected against falling markets. In particular, the high proportion of the Fund's assets invested in index-linked instruments protects the Fund in conditions, such as those prevailing in 2008, when economic growth slows whilst inflation rises. The Fund has relied

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INVESTMENT REPORT
31 MARCH 2009

mainly on income and maturities of its low-risk bond portfolio during the year, together with deficit-reduction contributions from ICI, to meet pension outgoings.

During the year, the Trustee made an allocation of 1% of assets to a new mandate in leveraged loans, managed by M&G. Towards the end of 2008, with bond prices particularly depressed in the aftermath of the Lehman's bankruptcy, the Trustee terminated the GSAM active currency mandate and used the proceeds to top up allocations to the leveraged loans mandates of M&G and ICG. The Fund also awarded a new mandate during the year to Alinda for phased investment in infrastructure but, to date, this has not given rise to any significant movement of funds. Except where other return-seeking mandates are terminated at the same time, increased investment in non-equity return-seeking asset classes have been funded by reducing UK and overseas equities managed by BGI, in approximately equal proportions.

As a result of changes to investment managers during the year, the Fund's strategic asset allocation expressed by the benchmarks given to individual managers at 31 March 2009, was as set out below:-

	BGI %	Alinda %	South Eastern %	PIMCO %	Ashmore %	Muzinich %	ICG/ M&G %	Total %
UK Inflation-linked Bonds	69							69
UK Fixed Interest Bonds	13							13
UK Equities	3							3
Overseas Equities	6		1					7
Emerging Market Bonds				0.5	2			2.5
High-Yield Bonds				0.5		1.5		2.0
Global Bonds				0.5				0.5
Leveraged Loans							3	3
Infrastructure*		0						0
	91	0	1	1.5	2	1.5	3	100

Subject to rounding differences

* The Fund has entered into future investment commitments in relation to infrastructure, but these do not exceed 0.5% of total investments.

Investment Performance Summary

The Fund subscribes to the independent WM Company service for performance measurement of UK pension funds. Since 1995, the Fund has set a strategic allocation benchmark which takes into account the liability profile. Performance is measured by reference to a weighted benchmark calculated from the benchmark stock market indices appropriate to its asset strategy (see above). The returns against benchmark for the total Fund to 31 March 2009 and for each manager who served throughout the relevant period were as follows:

	Year to 31 March 2009		Last 3 years (Annualised)		Last 10 years (Annualised)	
	Actual %	Benchmark %	Actual %	Benchmark %	Actual %	Benchmark %
BGI equity portfolio	-24.5	-24.2	-7.0	-6.9	N/A	N/A
BGI bond portfolio	3.2	3.2	4.2	4.2	N/A	N/A
Southeastern	-25.4	6.6	-11.6	9.7	N/A	N/A
Ashmore	12.3	27.8	10.1	9.0	N/A	N/A
Muzinich	-13.3	-18.1	-2.6	-4.3	N/A	N/A
PIMCO	-8.4	-7.0	N/A	N/A	N/A	N/A
ICG	-13.4	21.8	N/A	N/A	N/A	N/A
Total Fund Return	-0.6	0.9	2.8	3.2	4.8	4.5

Note: The Fund Return for all periods includes the impact of the appointments of M&G and Alinda during the year ended 31 March 2009.

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INVESTMENT REPORT 31 MARCH 2009

Investment management benchmarks are adjusted for changes in remit quarterly as necessary. Where a manager's remit is changed in mid-quarter, this can distort comparison with benchmarks over periods as long as three years.

The absolute level of returns was once again dominated by the stability of the BGI cashflow-matching portfolio, which was much less affected by falling markets than most other asset classes. However, returns relative to benchmark were generally disappointing during the year, as all active managers except Muzinich underperformed. This reflected the random and unpredictable nature of illiquid investment markets during much of the year. Over longer periods of time Ashmore and Muzinich have performed above benchmark; however, Southeastern has underperformed its absolute return benchmark. During the year, the GSAM Active Currency mandate was terminated so as to release funds for investment in other return-seeking asset classes, which had fallen to relatively attractive levels.

Dramatic changes in investment markets, such as those occurring during 2008 and 2009, emphasise the importance of judging performance of pension fund investments over long periods of time, taking account of the limited tolerance of the Trustee and of the Employer for volatility in the level of funding/solvency of the Fund and the level of deficit contributions required from the Employer. Over the last 10 years, the Fund has delivered a positive return of 4.8%, + 0.3% ahead of its benchmark. Whilst some managers (notably Ashmore) have outperformed over longer periods, most of the positive variance is due to the timing of Trustee decisions to modify the asset strategy of the Fund, compared with the timing of changes to the benchmark (which may be up to three months later).

Change in market value of investments including futures (Note 9 (a))

In accordance with new accounting standards, investment purchases and sales in Note 9 now include the gross value of all currency hedging contracts entered into at any time during the year. Such contracts -- which are used to reduce the volatility of overseas investments relative to the sterling-denominated liabilities of the Fund -- are normally entered into for very short periods and renewed ("rolled over") many times during the year. Consequently, whilst the gross value of all such transactions during the year was some £12 billion of sales and of purchases, the gross value of contracts outstanding at the year-end was only £81 million and the net value outstanding was only £6 million.

Disclosure of Information

Further information concerning investments is detailed in Note 9 of the Financial Statements on pages 25 & 26.

Myners' Report - Trustee Compliance Statement

In March 2001, the government-sponsored Myners' Report published a voluntary code of practice, which contained a variety of recommendations on the future governance of pension fund investment processes.

The Trustee supports the principles set out in the Myners' Report and believes that, in general, they coincide with the interests of the Fund. The Trustee conducts an annual assessment of the Fund's compliance with the code of practice. This assessment confirms that the Trustee complies with almost all of the principles. There is, however, one area of non-compliance; namely the Fund does not publish its future planned changes to its asset allocation strategy in the Statement of Investment Principles on the grounds that this may be prejudicial to the Fund's interests, due to the risk of initiating adverse market movements.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 6 MARCH 2009

Schedule of Contributions dated 6 March 2009

Name of Principal Employer: Imperial Chemical Industries Limited

Period covered by schedule: From the date of certification of this schedule by the Scheme Actuary to 31 January 2017 inclusive.

This schedule of contributions has been prepared by ICI Pensions Trustee Limited, the Trustee of the ICI Pension Fund ("ICIPF") after obtaining the advice of Robert Hails FIA, the Scheme Actuary.

The total contributions are the sum of the normal future service contributions, deficit contributions and any additional contributions as set out below.

This schedule of contributions revokes and replaces the schedule of contributions signed on behalf of the Trustees on 1 August 2007 and certified by the Scheme Actuary on 1 August 2007, which shall be of no further effect.

Terms used in this Schedule have the meanings given to them in the Definitive Deed and Rules dated 6 April 2006 governing the ICI Pension Fund, unless the context requires otherwise.

The term "salary sacrifice member" refers to a Contributing Member or Employed Member who participates in the Contributing Companies' salary sacrifice arrangement, penSAVE, communicated to Contributing Members and Employed Members in February 2006.

1 Rates of contribution – normal future service contributions:

by Contributing Members or Employed Members:

Salary sacrifice members:	Nil
Other members:	The rates set out in the Rules

by Contributing Companies:

In respect of all members:	Until 30 April 2009	22.8% of members' total Pensionable Pay (as defined in the 1967 Rules or the Senior Executive Rules (1996), as applicable)
	From 1 May 2009	34.1% of members' total Pensionable Pay (as defined in the 1967 Rules or the Senior Executive Rules (1996), as applicable)
Additional amounts in respect of salary sacrifice members:		The amount of any member contributions which are not required to be paid because the member concerned participates in penSAVE

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 6 MARCH 2009

2 Rates of contribution – deficit contributions payable by the Principal Employer in accordance with the recovery plan dated 6 March 2009:

by the Principal Employer:

Until 31 March 2009:	Contributions totalling £122 million have already been paid in January 2009.
	Contributions of £53 million payable no later than 31 March 2009.
In 2010 and 2011:	Contributions of £175 million in January each year.
From 2012 to 2017 inclusive:	Contributions of £195 million in January each year.

3 Rates of contribution - additional contributions:

by Contributing Members or Employed Members:

Any additional voluntary contributions.

by the Contributing Companies:

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of all early retirements in normal health arising under the Trust Deed and Rules.

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of benefit augmentations granted under the Trust Deed and Rules.

Any sum due under Section 75 of the Pensions Act 1995 as a result of a Contributing Company's cessation of participation in the Fund.

In the event that a sum becomes due under Section 75 of the Pensions Act 1995, the Trustee and Contributing Companies may agree to a corresponding reduction in the normal future service contributions that would otherwise be payable.

Additional amounts as may, from time to time, be agreed between the Trustee and the Employer.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 6 MARCH 2009

4 Expenses and Pension Protection Fund levies

The Contributing Companies will reimburse the ICIPF for all costs and expenses relating to the Fund (other than such costs and expenses directly related to investment as the Trustee determines) and Pension Protection Fund (PPF) levies that have been met out of the ICIPF's assets.

Alternatively, the Contributing Companies may pay these expenses and PPF levies directly.

Calculation errors:

The Contributing Companies may contribute smaller amounts than those described in the previous paragraphs provided that this results from calculation errors and that, at any time, the cumulative amounts paid are no more than £50,000 lower than the cumulative amounts due in accordance with the previous paragraphs. The Contributing Companies shall make good the shortfall as soon as reasonably practicable after they become aware of any such calculation error.

Due dates of payment (where not already shown):

Contributions by Contributing Members or Employed Members:

To be received by the Trustee no later than the 19th day of the month following the calendar month in which contributions are deducted from earnings.

Contributions by Contributing Companies under **1** above:

To be received by the Trustee no later than the 19th day of the month following the calendar month to which they relate.

Additional contributions by Contributing Companies under **3** above and the expenses and PPF levies under **4** above:

To be received by the Trustee within three months of being properly demanded by the Trustee.

Nothing in this Schedule shall preclude the payment of higher contributions as may from time to time be agreed between the Trustee and the Contributing Companies.

ICI PENSION FUND
ACTUARIAL CERTIFICATE

Actuary's certification of the schedule of contributions

Name of scheme: ICI Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2008 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 6 March 2009.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

R T G Hails
Fellow of the Institute of Actuaries

6 March 2009

Watson Wyatt Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

ICI PENSION FUND

**FUND ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

		Year to 31 Mar 09 £m's	Year to 31 Mar 08 £m's
Contributions and Benefits	Note		
Contributions receivable	3	196	190
Transfers in	4	-	1
Other income	5	1	-
		<hr/> 197 <hr/>	191
Benefits payable	6	-490	-476
Payments to and on account of leavers	7	-5	-65
		<hr/> -495 <hr/>	-541
Net withdrawals from dealings with members and employers		<hr/> -298 <hr/>	-350
Returns on Investments			
Investment income	8	108	106
Change in market value of investments	9	-266	233
Net returns on investments		<hr/> -158 <hr/>	339
Net decrease in the Fund during the year		<hr/> -456 <hr/>	-11
Net assets of the Fund at start of the year		<hr/> 7,120 <hr/>	7,131
Net assets of the Fund at end of the year		<hr/> 6,664 <hr/>	7,120

ICI PENSION FUND

NET ASSETS STATEMENT AS AT 31 MARCH 2009

	Note	Year to 31 Mar 09	Year to 31 Mar 08 Reclassified
		£m's	£m's
Investment assets	<i>9</i>		
Fixed interest securities		549	613
Index-linked securities		1,495	1,529
Equities		50	67
Pooled investment vehicles		4,479	4,744
Amounts receivable under forward currency contracts	<i>10</i>	4	-
Cash deposits and other investment balances		100	136
AVC Investments		3	4
		<hr/> 6,680	7,093
Investment liabilities			
Amounts payable under forward currency contracts	<i>10</i>	-10	-17
		<hr/> 6,670	7,076
Total Investments			
Current assets and liabilities	<i>11</i>	-6	44
Net assets of the Fund at end of the year		<hr/> <hr/> 6,664	7,120

The notes on pages 21-28 form part of the financial statements

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Actuarial Certificate on page 18 of the annual report and these financial statements should be read in conjunction with it and with the Summary Funding Statement which is available on the Fund's website www.icipensionfund.org.uk.

These financial statements were approved by the board of the Trustee Company on 16 July 2009

and were signed on its behalf by:

D.Gee Director

C.A.Amos Director/Secretary

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2009

1. Basis of Preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 with the guidelines set out in the Statement of Recommended Practice (revised May 2007), Financial Reports of Pension Schemes, (the "Revised SORP"). This is the first year the Revised SORP has been fully applied to the Fund's financial statements. As a result amendments to disclosures and presentation have been made to comply with the Revised SORP. Where appropriate prior year comparatives have been amended.

2. Accounting Policies

(a) Accruals Basis

The Financial Statements have been prepared on an accruals basis, except where noted.

(b) Additional Voluntary Contributions (AVCs)

All investments and transactions in AVCs are included in these accounts under the relevant heading. Investment gains and losses notified later than six weeks after the year-end are included in the following year's accounts, on the grounds that the amounts involved are immaterial and that this is necessary to avoid inordinate delay to the production of the Financial Statements.

(c) Contribution Income

Until 5 March 2009, ordinary contributions relating to wages and salaries earned in the financial year were calculated at rates determined by the Scheme Actuary and accounted for in the month when the corresponding wages and salaries are paid. Additional contributions determined by the Scheme Actuary and AVCs are accounted for when due in accordance with the agreed timetable. From 6 March 2009, the contributions were determined in accordance with the revised Schedule of Contributions agreed with the Company as a result of the Fund's first scheme-specific funding valuation as at 31 March 2008.

(d) Investment Income

Investment income is accounted for on an accruals basis. Interest income is accrued for on a daily basis whereas dividends are accrued for on the basis of the date when the corresponding share price becomes quoted on an ex-dividend basis. Dividends and interest are grossed up for the effects of overseas taxation if any and any irrecoverable withholding taxes shown separately.

(e) Benefits Payable

Benefits payable represent all material valid benefit claims in respect of the scheme year. Where a member has a choice in connection with his benefits (e.g. to commute part of the pension), the benefit choice is accounted for in the month of receipt by the trustees of a notification from the member.

(f) Administration Expenses

All the Fund's administration expenses and investment management fees are borne by Imperial Chemical Industries Limited, with the exception of some investment-related expenses. Charges in relation to specific transactions are deducted from the relevant category of investment income or capital return.

(g) Foreign Currency Conversion

All assets and liabilities stated in foreign currencies are converted at rates of exchange ruling at the year end date. Exchange adjustments arising are then incorporated in the Fund Account, included in the change in market value of investments.

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2009

(h) Valuation of Investments

The Fund's investments are reported in the Financial Statements on the basis of market values. Market values at the year end are assessed as follows:

- Listed ordinary shares, government and fixed interest securities and index linked securities are valued at bid price or last traded price, depending on the convention of the stock exchange on which they are quoted.
- Financial futures are stated at the market value of their full economic effect.
- Cash backing open futures contracts has been classified with pooled cash funds within unitised funds as futures contracts are undertaken to gain market exposure against assets held in these funds.
- Pooled investment vehicles are valued at bid price for funds with a bid/offer spread or single price where there are no bid/offer spreads provided by the investment manager.

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2009**

3. Contributions receivable

	Year to 31 Mar 09 £m's	Year to 31 Mar 08 £m's
Employers		
normal payroll based	7	9
normal early retirement based	14	9
deficit funding	175	172
	<hr/> 196 <hr/>	<hr/> 190 <hr/>

4. Transfers in

	31 Mar 09 £m's	31 Mar 08 £m's
Individual transfers in from other schemes	-	1
	<hr/> - <hr/>	<hr/> 1 <hr/>

5. Other income

	31 Mar 09 £m's	31 Mar 08 £m's
Bank Interest	1	-
	<hr/> 1 <hr/>	<hr/> - <hr/>

ICI PENSION FUND**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2009****6. Benefits payable**

	31 Mar 09	31 Mar 08
	£m's	£m's
On or during retirement		
Pensions	472	463
Commutation and lump sum retirement benefits	18	13
	490	476

7. Payments to and on account of leavers

	31 Mar 09	31 Mar 08
	£m's	£m's
Group transfers to other schemes	-	61
Individual transfers to other schemes	5	4
	5	65

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2009

8. Investment income	31 Mar 09	31 Mar 08
	£m's	£m's
Income from fixed interest securities	44	42
Income from index-linked securities	41	42
Dividends from equities	1	1
Income from pooled investment vehicles	21	21
Interest on cash deposits	1	1
Investment Management fees	-	-1
Total investment income	<u>108</u>	<u>106</u>

9. Investments

(a) Change in market value of investments

	Market Value at 31 Mar 08	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Net change in cash position	Market Value at 31 Mar 09
	£m's	£m's	£m's	£m's	£m's	£m's
Fixed interest securities	613	191	-219	-36		549
Index-linked securities	1,529	273	-151	-156		1,495
Equities	67	24	-23	-18		50
Pooled investment vehicles	4,744	4,712	-5,055	78		4,479
	<u>6,953</u>	<u>5,200</u>	<u>-5,448</u>	<u>-132</u>		<u>6,573</u>
Forward currency contracts	-17	12,044	-11,900	-133		-6
Cash deposits and other investment balances	136	-17,244	17,348	-1	-139	100
AVC Investments	4	-	-1	-	-	3
	<u>7,076</u>	<u>-</u>	<u>-1</u>	<u>-266</u>	<u>-139</u>	<u>6,670</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The net change in cash position represents:-

	£m's
Movement in contributions due (note 11)	49
Movement in unpaid benefits (note 11)	1
Investment Income (note 8)	108
Net withdrawals from dealings with members (as per Fund Account)	-298
Net divested from AVCs	1
Net change in cash position	<u>-139</u>

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2009**

(b) Summary of investments by asset type

	31 Mar 09 £m's	31 Mar 08 £m's
Fixed interest securities-directly held		
UK public sector quoted	41	36
UK non government bonds	415	501
Overseas non government bonds	93	76
	549	613
Index-linked securities-directly held		
Other UK quoted	1,495	1,529
	1,495	1,529
Equities-directly held		
UK quoted	2	2
Overseas quoted	48	65
	50	67
Pooled investment vehicles		
Overseas non government bonds	187	318
Limited-Price-Indexed funds	3,494	3,658
Equity funds	714	627
Hedge funds	-	11
Short term investment funds	84	131
	4,479	4,744
Investment assets & liabilities		
Amounts receivable under forward currency contracts	4	-
Amounts payable under forward currency contracts	-10	-17
	-6	-17
Deposits and other Investment Balances		
Sterling deposits		
Cash balances	77	113
Accrued income and other investment debtors	23	23
	100	136
AVC Investments	3	4
Total Investments	6,670	7,076

All pooled investment vehicles are managed by UK registered companies. Of the total of £4,479million, £3,925million is invested in unitised insurance policies.

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2009

(c) Transaction costs

The cost of purchases and proceeds of sales figures in the change in market value of investments table include direct transaction costs of less than £0.1million relating to equity securities. Transaction costs of bonds and pooled funds are included in the price charged by counterparties and so cannot be separately identified.

(d) BGI Limited Price Index Fund

The Fund holds units in the BGI LDI500 Fund of £3,494million. The Fund is the sole investor in this fund. The underlying investments of the fund comprise:-

	£m's
Interest rate swaps	553
Inflation swaps	40
UK index-linked gilts	193
Collateral units	2,689
BGI pooled cash funds	19
	3,494

Since the year-end the Fund has sold collateral units to the value of £1,016million and invested the proceeds in UK government or UK government guaranteed index-linked bonds.

10. Forward foreign exchange

In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolios are invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

The Fund had open foreign exchange contracts at the year-end as follows:

		Buy		Sell	Asset £m	Liability £m
Four contracts maturing between one and three months from year-end	EUR	35.4	GBP	32.5	0.3	-0.6
One contract maturing between one and three months from year-end	JPY	8,424.1	USD	86.9	1.0	
Five contracts maturing between one and three months from year-end	USD	448.7	GBP	315.2	2.3	
One contract maturing between one and three months from year-end	EUR	119.0	USD	151.0		-4.9
One contract maturing between one and three months from year-end	GBP	25.2	JPY	3,450.0		-0.8
Three contracts maturing between one and three months from year-end	GBP	24.5	USD	34.3		-0.6
Three contracts maturing between one and three months from year-end	USD	134.5	GBP	90.9		-2.9
					3.6	-9.8

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2009

11. Current assets and liabilities

	31 Mar 09 £m's	31 Mar 08 £m's
Contributions due from Employer & outstanding group transfers-in	1	50
Unpaid benefits	-7	-6
Total current assets and liabilities	-6	44

12. Related Party Transactions

(a) Directors of the Trustee Company

The Fund has received contributions in respect of directors of the Trustee company who are also Contributing members of the Fund. The Fund has also paid benefits to directors of the Trustee company who are also beneficiaries of the Fund. All of the above transactions are in accordance with the rules of the Fund and on the same terms as other members.

(b) Owners of the Trustee Company

The Law Debenture Trust Corporation p.l.c ("Law Debenture") owns and is also a director of the corporate trustee of the Fund. Law Debenture earned fees during the year, which were borne by the Principal Employer.

(c) Imperial Chemical Industries Limited (Principal Employer)

In recognition of a deficit for funding purposes of £1,225million and a solvency ratio of 85% at 31 March 2008 arising from the full actuarial valuation of the ICI UK Pension Fund ("the Fund") the Principal Employer made top-up contributions to the Fund of £175million in the year to 31 March 2009. It has also agreed to make top-up contributions of £175million per annum in 2009/10 and 2010/11, and six further top-up contributions of £195million per annum from 2011/12 to 2016/17 inclusive. It also continues to provide an asset-backed guarantee, via a wholly owned subsidiary specifically incorporated to provide the guarantee, for £250m to support its commitments to the Fund. Such asset-backed guarantee has been secured by way of a fixed and floating charge over the assets of the subsidiary.

Contributions received during the year in accordance with this arrangement are included in Note 3 above.

13. Stock Lending

Barclays Global Investors and JP Morgan were instructed to suspend the Fund's stock lending programme in October 2008 and so the value of stock on loan at 31 March 2009 was nil (2008 £128million). The collateral held at 31 March 2008 represented 104% of the value of the stock lent and comprised principally cash, bonds and letters of credit. Income earned in the year to 31 March 2009 was nil (2008 £0.1 million).

14. Investment Management expenses

Charges in relation to specific transactions are deducted from the relevant category of investment income or capital return. As explained in note 2(f) general investment management expenses are normally paid by the Principal Employer unless otherwise determined by the Trustee.

ICI PENSION FUND

AUDITORS' REPORT

Independent Auditors' report to the Trustee of the ICI Pension Fund

We have audited the financial statements of the ICI Pension Fund for the year ended 31 March 2009 which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Fund's Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder.

Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditors

As described in the Statement of Trustee's responsibilities on page 7, The Fund's Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Trustee's report and other information contained in the annual report and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Bases of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ICI PENSION FUND

AUDITORS' REPORT

Opinion

In our opinion the financial statements:

- show a true and fair view, in accordance with UK Generally Accepted Accounting Practice of the financial transactions of the Fund during the Fund year ended 31 March 2009 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the Fund year); and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

KPMG LLP
Chartered Accountants
Registered Auditor
One Canada Square
London
E14 5AG

16 July 2009

ICI PENSION FUND

AUDITORS' REPORT

Independent Auditors' Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the ICI Pension Fund

We have examined the summary of contributions payable under the schedule of contributions to the ICI Pension Fund in respect of the Fund year ended 31 March 2009 which is set out on page 32.

This statement is made solely to the Fund's Trustee in accordance with the Pensions Act 2004 and Regulations made thereunder. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditors

As described on page 32, the Fund's Trustee is responsible, under the Pensions Act 2004, for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee has a general responsibility for procuring that contributions are made to the Fund in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid to the Fund under the schedule of contributions and to report our opinion to you.

We read the Trustee's report and other information in the annual report and consider whether it is consistent with the summary of contributions. We consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary of contributions.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose, the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments. Our statement about contributions is required to refer to those breaches of the schedule which come to our attention in the course of our work.

Modified statement about contributions payable under the schedule

In our opinion contributions for the Fund year ended 31 March 2009, as reported in the summary of contributions and payable under the schedule, have in all material respects been paid at least for the period 1 April 2008 to 5 March 2009 in accordance with the schedule of contributions certified on 1 August 2007, and subsequently in accordance with the schedule of contributions certified by the actuary on 6 March 2009.

KPMG LLP
Chartered Accountants
One Canada Square
London E14 5AG

16 July 2009

ICI PENSION FUND

STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Fund's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Fund's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Fund and for procuring that contributions are made to the Fund in accordance with the schedule.

Trustee's Summary of Contributions payable under the schedule in respect of the Fund year ended 31 March 2009

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Fund under the schedules of contributions applicable in respect of the Fund year ended 31 March 2009. The Fund auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedule in respect of the Fund year	£'000s
Employer:	
normal payroll based contributions	7,148
normal early retirement based contributions	14,046
special contributions	175,000
Member:	
normal payroll based contributions	131
Contributions payable under the Schedule (as reported on by the Fund auditor)	196,325 =====

Reconciliation of contributions

Reconciliation of contributions payable under the schedule to contributions reported in the accounts in respect of the Fund year ended 31 March 2009.

Contributions payable under the Schedule (as above)	196,325
Contributions payable in addition to those due under the Schedule (and not reported on by the Fund auditor):	
Company augmentation	366
Total contributions reported in the accounts	196,691 =====

Signed on behalf of the Trustee on 16 July 2009

Pensions Secretariat Services Limited
Secretary

ICI PENSION FUND
FIVE YEARS' STATISTICAL SUMMARY
31 MARCH 2009

	2005	2006	2007	2008	2009
Deferred Pensioners	15,033	14,438	14,016	13,179	12,642
Pensioners-Dependants	18,180	18,034	17,738	17,434	17,130
Pensioners-Members	41,557	40,371	39,292	38,120	37,061
Contributing Members	1,228	1,107	794	683	579
	£m	£m	£m	£m	£m
Contributions-Members	2	1	-	-	-
-Company	86	140	296	190	196
Investment Income	228	160	106	106	108
Pensions & Commutations	454	459	474	476	490
Net Assets (Market Value)	6,596	7,061	7,131	7,120	6,664