



ICI PENSION FUND 2010

Report of the Trustee &
Financial Statements

ICI PENSION FUND

Registration Number 10013256

31 March 2010

**REPORT OF THE TRUSTEE
AND
FINANCIAL STATEMENTS**

ICI PENSION FUND

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ICI PENSION FUND

HIGHLIGHTS OF THE YEAR ENDING 31 MARCH 2010

How the money came in	Total £m
Employer contributions	197
Investment income	110
Total income	307

How it was used	£m
Pensions	475
Commutation lump sums	22
Transfers to other funds	10
Total expenditure	507

Change in the Fund	£m
Balance of Income and Expenditure	-200
Change in market value	952
Total change in the Fund	752

The Fund's Assets at 31 March 2010 were £7,416 million

The Fund provides for:

Contributing members	416
Pensioners	53,200
Deferred pensioners	12,095
Total members at 31 March 2010	65,711

ICI PENSION FUND

**TRUSTEE DIRECTORS AND PROFESSIONAL ADVISERS
AS AT 15 JULY 2010**

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
F P Gray Pensioner	IC, AC
K R January ICI Paints	PAC
D J Loose Pensioner	PAC
S A McMahon Deferred Member	
R W T Turner Pensioner	SRC, IC, AC
D W 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
Towers Watson Limited
ICI Pensions Services, PO Box 545
Redhill, Surrey RH1 1YX

Scheme Actuary:

R T G Hails
Towers Watson Limited
(formerly Watson Wyatt Limited)
Watson House, London Road
Reigate, Surrey RH2 9PQ

Auditors:

KPMG LLP
15 Canada Square, London E14 5GL

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

BlackRock Advisors (UK) Limited

33 King William Street, London EC4R 9AS

Genesis Investment Management LLP

21 Knightsbridge, London SW1X 7LY

Intermediate Capital Managers Limited

20 Old Broad Street, London EC2N 1DP

M&G Investment Management Limited

Laurence Pountney Hill, London EC4R 0HH

PIMCO Europe Limited

103 Wigmore Street London W1U 1QS

Rogge Global Partners Plc

Sion Hall, 56 Victoria Embankment
London EC4Y 0DZ

Southeastern Asset Management, Inc.

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

Investment Advisers:

Towers Watson 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 15 JULY 2010**

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:

Towers Watson 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

Horatio House, 77-85 Fulham Palace Road
Hammersmith, London W6 8JC

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 2010

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 2010.

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, subject to any Pensions Act regulations. Historically, Law Debenture normally consults ICI on appointments of Other Directors, but is not required to do so.

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 2009 edition of Pensions News. In total, 22 valid nominations (including nominations received in 2006/7) have been received by the Trustee.

The Selection Panel met once during the year and decided that Mr K R January should be reappointed for an additional five-year term. Following the resignation of Mr A J Friston, the Selection Panel also met once since the year-end and decided that Mrs S McMahon should be appointed for a first five-year term.

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REPORT OF THE TRUSTEE 31 MARCH 2010

Directors

The Directors held five meetings during the year ended 31 March 2010. A list of the Directors at the date of this report is given on page 3. Since 1 April 2009, the following changes in Directors' appointments have arisen:

	Appointed	Resigned
A J Friston		18.03.10
S McMahon	08.06.10	
D W Welch	10.07.09	

The Board would like to thank Mr Friston for his valuable services as a Director over the last 18 years.

Secretary

Pensions Secretariat Services Limited, a wholly-owned subsidiary of the Fund, served as Secretary throughout the year, providing all strategic Secretariat services to the Fund. The Trustee has also appointed a Membership Secretary, Mrs Lorraine Davey of Towers 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 once during the year.

Investment Committee

The Investment Committee met six 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 four times during the year. The Committee advises the Board on issues of administrative policy, monitors the administrators of the ICI Pension Fund, Towers Watson 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 five 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 and operates its own in-house training programme, utilising a wide variety of external speakers. Trustee Directors are also required to complete the Pensions Regulator's Trustee Toolkit (an online training programme) within 12 months of appointment, to provide a common foundation training for all.

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:

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REPORT OF THE TRUSTEE 31 MARCH 2010

“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 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 Trustee Board 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 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 it to safeguard the assets of the Fund 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 18 to 26 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 17.

A Five Years' Statistical Summary to 31 March 2010 is given on page 31 of this Report.

Custodian

The Fund has a single, independent custodian for its direct 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.

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. For pensioners who retired before 6 April 2006, the increase is based on the pension value before commutation. Since RPI was negative at the relevant date (31 July 2009), no increase in pensions was granted during the year.

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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 2010 in accordance with the previous Schedule of Contributions applicable during the year:

- (a) From 1 April 2009 to 30 April 2009, 22.8 % of pensionable pay; thereafter 34.1%
- (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.

The Fund issued an updated Summary Funding Statement to all members in October 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.

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
Deficit Contributions	By January in each Fund year
Other additional contributions (e.g. Early Retirement Top-Ups)	Within three months of being properly demanded by the Trustee

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.

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REPORT OF THE TRUSTEE 31 MARCH 2010

- 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 14 to 17.

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.

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
for and on behalf of Pensions Secretariat Services Limited
Secretary
15 July 2010

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MEMBERSHIP REPORT 31 MARCH 2010

	Contributing Members	Pensions in Payment	Deferred Pensioners	Total
At 1 April 2009	579	54,191	12,642	67,412
Additions	-	1,422	49	1,471
Cessations	-163	-2,413	-596	-3,172
At 31 March 2010	416	53,200	12,095	65,711

Cessations of Contributing Members

Pensions at normal retirement	12
Pensions at early retirement	100
Pensions on failure of health	2
Deferred pensions	49
	163

Commutation of Pensions

During the year 618 members were eligible to exercise their option to commute part of their pensions and 501 (i.e 81.1%) decided to do so. The total pensions commuted during the period under review amounted to £1.2 million per annum.

Dependants' and Spouses' Pensions

Of the 53,200 pensions in payment at 31 March 2010, 16,943 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 2009	220	96
Add: New contributors	-	-
	220	96
Less: Leavers	19	3
AVC Members at 31 March 2010	201	93

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INVESTMENT REPORT 31 MARCH 2010

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 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"]
BlackRock Advisors (UK) Limited ["BlackRock"] (formerly Barclays Global Investors Limited ["BGI"])
Genesis Investment Management LLP ["Genesis"]
Intermediate Capital Managers Limited ["ICG"]
M&G Investment Management Limited ["M&G"]
Muzinich & Co Limited ["Muzinich"]
PIMCO Europe Limited ["PIMCO"]
Rogge Global Partners Plc ["Rogge"]
Southeastern Asset Management Inc ["Southeastern"]

Each remit includes a benchmark against which performance is measured. BlackRock's remit is to manage equities on a passive basis and bonds (or a combination of cash and swaps with similar economic characteristics) so as to match a substantial proportion of the Fund's liabilities. BlackRock 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, Alinda is a specialist infrastructure manager.

During the year, the Trustee appointed Genesis Investment Management LLP as an additional manager specialising in emerging market equities and Rogge Global Partners Plc as an additional manager specialising in emerging market currencies. Since the year-end, the Trustee has terminated the appointment of Muzinich and liquidated this portfolio.

Economic & Market Background

Western central banks continued their policies of supplying generous liquidity to the banking system, in order to help pull Western economies out of recession and revive distressed investments. They were largely successful in this, although economic growth and recovery in investment values was much more in evidence in major "emerging" markets, whose banking systems were in general much less affected by the 2007/9 financial crisis. However, the heavy reliance of the UK economy on banking and financial services prompted significant selling of sterling later in the year, further boosting returns from overseas equities and bonds. Against this background, most major equity markets produced annual returns in excess of 40%, largely recovering to 2008 levels but still far below market peaks in 2000 or 2007. Since the year-end, concerns about the creditworthiness of Greece and of other European countries with high deficits (including, to some extent, UK) have caused weakness in both the euro and sterling relative to other international currencies and in many government bond prices. In this environment, values of most asset classes, including equities, have retreated modestly from year-end levels.

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 2000-2003 and again in 2007-2009), the Fund is correspondingly much better protected against falling markets. Given the strong short-term recovery in investment markets since March 2009, the Fund's low-risk investment strategy produced positive but undramatic total returns. This is to be expected, given that the Fund sustained only limited damage during sharply-falling markets of the preceding two years.

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INVESTMENT REPORT 31 MARCH 2010

The Fund relied (as previously) 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.

After consultation with the Principal Employer, the Trustee's investment committee decided during the year that the level of allocation to higher-risk investments could, in current market conditions, prudently be allowed to increase modestly by some 2% to 20%, thereby creating some scope for further diversification. The leveraged loans mandates of M&G and ICG recovered particularly strongly in Q3/Q4 2009 and so, around December, the Fund started taking some profits and reduced their total allocation from 3% to 2%. Since the year end, the Fund has also taken profits on the strong rise in High Yield Bonds by terminating the Muzinich mandate and liquidating their portfolio. The Fund awarded new mandates during the year to Rogge, for investment in emerging market currencies, and to Genesis, for phased investment in emerging-market equities. Most other changes in asset allocation since March 2009 arose from differing levels of recovery in prices during the year.

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 2010, was as set out below:-

	BLK %	ALI %	SE %	PIM %	ASH %	MUZ %	ICG/ M&G %	GEN %	ROG %	Total %
Inflation-linked Securities	69									69
Fixed Interest Securities	13									13
UK Equities	2									2
Overseas Equities	6		1					1		8
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							2			2
Emerging Market Currencies									1	1
Infrastructure*										
	90	0	1	1.5	2	1.5	2	1	1	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 2010 and for each manager who served throughout the relevant period were as follows:

	Year to 31 March 2010		Last 3 years (Annualised)		Last 10 years (Annualised)	
	Actual %	Benchmark %	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock Equity Portfolio	49.6	49.6	2.8	2.7	4.3	4.2
BlackRock Matching Portfolio	11.8	4.4	7.4	8.1	N/A	N/A
Southeastern	59.5	11.6	2.0	9.6	N/A	N/A
Ashmore	18.6	11.7	15.1	13.6	N/A	N/A
Muzinich	33.2	47.5	4.4	5.6	N/A	N/A
PIMCO	31.8	31.1	8.1	6.6	N/A	N/A
ICG	35.3	-2.8	5.7	13.8	N/A	N/A
M&G	28.7	0.8	N/A	N/A	N/A	N/A
Alinda	0.1	-5.1	N/A	N/A	N/A	N/A
Total Fund Return	15.6	9.0	6.6	8.0	5.5	4.4

Note: The Fund Return for all periods includes the impact of the appointments of Rogge and Genesis during the year.

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INVESTMENT REPORT 31 MARCH 2010

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 BlackRock Matching portfolio, which also benefited from a significant recovery in the value of less-liquid securities. In a reversal of last year's pattern, almost all active managers except Muzinich outperformed. Over longer periods of time Ashmore and PIMCO have performed above benchmark, while the more defensive Muzinich portfolio has performed below benchmark. Southeastern has underperformed its absolute return benchmark but the returns achieved are broadly consistent with an equity mandate. M&G and ICG produced very similar returns from leveraged loans during the period.

Dramatic changes in investment markets, such as those occurring between 2007 and 2010, 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 Principal Employer for volatility in the level of funding/solvency of the Fund and the level of deficit contributions required from the Principal Employer. Over the last 10 years, the Fund has delivered a positive return of 5.5%, + 1.0% ahead of its benchmark. 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 8(a) to the Financial Statements)

In accordance with accounting standards, investment purchases and sales in Note 8(a) 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 £10 billion of purchases and sales, the net value outstanding was only £2 million (see Note 9). Similarly, Note 8 (a) shows some £17 billion worth of purchases and sales of units in funds investing in short term cash instruments. This is similar to placing funds on deposit for very short periods; the total invested at year end was just £60 million.

The most substantive change in investment during the year is the switch of some £6 billion between different kinds of pooled inflation-linked funds. This reflects the conversion of some £3 billion worth of units invested in BlackRock generic pooled funds into an umbrella pooled fund unique to ICI Pension Fund, with more flexible investment guidelines. This enabled the Fund to exploit significant pricing anomalies in the index linked bond market and to reduce exposure to relatively-expensive swaps and collateral funds (see Note 9). On a smaller scale, the Fund also switched just under £500 million worth of fixed interest securities to slightly longer average maturities, modestly increasing the proportion of government bonds in the process.

Disclosure of Information

Further information concerning investments is detailed in Notes 8 and 9 of the Financial Statements on pages 23 to 25.

Myners' Report - Trustee Compliance Statement

In 2008, the government published an updated version of its Myners' Principles, a voluntary code of practice, on the governance of pension fund investment processes.

The Trustee supports Myners' Principles and believes that, in general, they coincide with the interests of the Fund. The Trustee conducts an annual assessment to confirm that the Trustee complies with all the Principles.

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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 2010**

		Year to 31 Mar 10 £m's	Year to 31 Mar 09 £m's
Contributions and Benefits	Note		
Contributions receivable	3	197	196
Other income	4	-	1
		<u>197</u>	<u>197</u>
Benefits payable	5	-497	-490
Payments to and on account of leavers	6	-10	-5
		<u>-507</u>	<u>-495</u>
Net withdrawals from dealings with members and employers		<u>-310</u>	<u>-298</u>
Returns on Investments			
Investment income	7	110	108
Change in market value of investments	8	952	-266
Net returns on investments		<u>1,062</u>	<u>-158</u>
Net increase/(decrease) in the Fund during the year		<u>752</u>	<u>-456</u>
Net assets of the Fund at start of the year		<u>6,664</u>	<u>7,120</u>
Net assets of the Fund at end of the year		<u>7,416</u>	<u>6,664</u>

ICI PENSION FUND
NET ASSETS STATEMENT
AS AT 31 MARCH 2010

	Note	Year to 31 Mar 10 £m's	Year to 31 Mar 09 £m's
Investment assets	8		
Fixed interest securities		661	549
Index-linked securities		1,449	1,495
Equities		74	50
Pooled investment vehicles		5,175	4,479
Amounts receivable under forward currency contracts	9	4	4
Cash deposits and other investment balances		60	100
AVC Investments		3	3
		7,426	6,680
Investment liabilities			
Amounts payable under forward currency contracts	9	-6	-10
Total Investments		7,420	6,670
Current assets and liabilities	10	-4	-6
Net assets of the Fund at end of the year		7,416	6,664

The notes on pages 20-26 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 17 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 15 July 2010

and were signed on its behalf by:

D.Gee Director

C.A.Amos Secretary
for Pensions Secretariat Services Limited

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2010

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

Ordinary contributions relating to wages and salaries earned in the financial year were calculated at rates 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 and were accounted for in the month when the corresponding wages and salaries were paid. Additional contributions determined by the Scheme Actuary and AVCs are accounted for when due in accordance with the agreed timetable.

(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 2010

(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 2010**

3. Contributions receivable

	Year to 31 Mar 10 £m's	Year to 31 Mar 09 £m's
Employers		
normal payroll based	8	7
normal early retirement based	13	14
deficit funding	175	175
receipts from employer in respect of group transfers	1	-
	197	196
	197	196

4. Other income

	31 Mar 10 £m's	31 Mar 09 £m's
Bank interest	-	1
	-	1
	-	1

5. Benefits payable

	31 Mar 10 £m's	31 Mar 09 £m's
On or during retirement		
Pensions	475	472
Commutation and lump sum retirement benefits	22	18
	497	490
	497	490

6. Payments to and on account of leavers

	31 Mar 10 £m's	31 Mar 09 £m's
Group transfers to other schemes	2	-
Individual transfers to other schemes	8	5
	10	5
	10	5

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2010**

7. Investment income	31 Mar 10	31 Mar 09
	£m's	£m's
Income from fixed interest securities	46	44
Income from index-linked securities	35	41
Dividends from equities	1	1
Income from pooled investment vehicles	28	21
Interest on cash deposits	-	1
 Total investment income	 <u>110</u>	 <u>108</u>

8. Investments

(a) Change in market value of investments

	Market Value at 31 Mar 09	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 10
	£m's	£m's	£m's	£m's	£m's	£m's
Fixed interest securities	549	497	-481	96		661
Index-linked securities	1,495	84	-321	191		1,449
Equities	50	28	-33	29		74
Pooled investment vehicles	4,479	6,271	-6,198	623		5,175
	<u>6,573</u>	<u>6,880</u>	<u>-7,033</u>	<u>939</u>		<u>7,359</u>
Forward currency contracts	-6	10,223	-10,232	13		-2
Cash deposits and other investment balances	100	-17,103	17,265	-	-202	60
AVC Investments	3	-	-	-	-	3
	<u>6,670</u>	<u>-</u>	<u>-</u>	<u>952</u>	<u>-202</u>	<u>7,420</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 10)	-1
Movement in unpaid benefits (note 10)	-1
Investment Income (note 7)	110
Net withdrawals from dealings with members (as per Fund Account)	-310
 Net change in cash position	 <u>-202</u>

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2010**

(b) Summary of investments by asset type

	31 Mar 10	31 Mar 09
	£m's	£m's
		Reclassified
Fixed interest securities-directly held		
UK government bonds	202	41
UK non government bonds	333	415
Overseas non government bonds	126	93
	661	549
Index-linked securities-directly held		
UK government bonds	4	-
UK non government bonds	1,445	1,495
	1,449	1,495
Equities-directly held		
UK quoted	5	2
Overseas quoted	69	48
	74	50
Pooled investment vehicles		
UK non government bonds	84	68
Overseas non government bonds	434	391
Inflation linked funds	3,764	3,494
Equity funds	717	431
Infrastructure	9	11
Emerging markets currency fund	107	-
Short term investment funds	60	84
	5,175	4,479
Investment assets & liabilities		
Amounts receivable under forward currency contracts	4	4
Amounts payable under forward currency contracts	-6	-10
	-2	-6
Deposits and other Investment Balances		
Cash balances	39	77
Accrued income and other investment debtors	21	23
	60	100
AVC Investments		
	3	3
Total Investments	7,420	6,670

All pooled investment vehicles are managed by UK registered companies. Of the total of £5,175million, £4,441million is invested in unitised insurance policies.

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2010

(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) BlackRock Inflation-Linked Fund

The Fund holds units in a bespoke life fund managed by BlackRock in which the Fund is the sole investor. The underlying investments of the fund comprise:-

	31 Mar 10	31 Mar 09
	£m's	£m's
Interest rate swaps	295	553
Inflation swaps	85	40
UK fixed interest gilts	184	-
UK index-linked gilts	1,394	193
Network Rail index-linked	403	-
BlackRock pooled collateral funds *	1,395	2,689
Cash & receivables/payables	8	19
	<u>3,764</u>	<u>3,494</u>

* The BlackRock pooled collateral funds comprise mainly floating rate notes, asset backed securities, cash, commercial paper and certificates of deposit admissible as collateral under swap agreements.

9. 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
Eight contracts maturing between one and three months from year-end	USD	770.9	GBP	503.0	0.9	-6.3
Two contracts maturing between one and three months from year-end	GBP	18.0	EUR	20.1	0.0	-0.1
One contract maturing between one and three months from year-end	JPY	7,396.1	USD	81.9	1.8	-
One contract maturing between one and three months from year-end	JPY	289.0	GPB	2.1	0.1	-
One contract maturing between one and three months from year-end	EUR	202.0	USD	275.7	1.5	-
One contract maturing between one and three months from year-end	EUR	24.3	GBP	21.9	0.2	-
					<u>4.5</u>	<u>-6.4</u>

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2010

10. Current assets and liabilities

	31 Mar 10	31 Mar 09
	£m's	£m's
Contributions due from Employer & outstanding group transfers-in	2	1
Unpaid benefits	-6	-7
	<u>-4</u>	<u>-6</u>

11. 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.

12. 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 2010 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 6, 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 2010 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.

Kevin Clark (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

15 July 2010

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 2010 which is set out on page 30.

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 30, 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 2010, as reported in the summary of contributions and payable under the schedule, have in all material respects been paid in accordance with the schedule of contributions certified by the actuary on 6 March 2009.

Kevin Clark (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

15 July 2010

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 2010

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 2010. 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	7,930
normal early retirement based contributions	13,126
deficit funding contributions	175,000
company augmentation	870
Member:	
normal payroll based contributions	105
Contributions payable under the Schedule (as reported on by the Fund auditor)	197,031

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 2010.

Contributions payable under the Schedule (as above)	197,031
Contributions payable in addition to those due under the Schedule (and not reported on by the Fund auditor):	
None	Nil
Total contributions reported in the accounts	197,031

Signed on behalf of the Trustee on 15 July 2010

C A Amos
Pensions Secretariat Services Limited
Secretary

ICI PENSION FUND**FIVE YEARS' STATISTICAL SUMMARY
31 MARCH 2010**

	2006	2007	2008	2009	2010
Deferred Pensioners	14,438	14,016	13,179	12,642	12,095
Pensioners-Dependants	18,034	17,738	17,434	17,130	16,943
Pensioners-Members	40,371	39,292	38,120	37,061	36,257
Contributing Members	1,107	794	683	579	416

	£m	£m	£m	£m	£m
Contributions	141	296	190	196	196
Investment Income	160	106	106	108	110
Pensions & Commutations	459	474	476	490	497
Net Assets (Market Value)	7,061	7,131	7,120	6,664	7,416