

CONTENTS

TOWARDS A BETTER WORLD

GROUP FINANCIAL HIGHLIGHTS	1
CHAIRMAN'S STATEMENT	2
FEATURE 'Towards a Better World'	4
REPORT OF THE DIRECTORS 1990	8
OPERATIONAL REVIEW	9
Consumer and Specialty Products	9
Industrial Products	13
Agriculture	16
Geographic Areas	18
FINANCIAL PERFORMANCE	20
RESEARCH	23
PEOPLE	24
SAFETY, HEALTH AND THE ENVIRONMENT	24
ICI IN THE COMMUNITY	25
BOARD OF DIRECTORS	26
EMPLOYMENT IN THE UK	28
ASSOCIATED UNDERTAKINGS	29
AUDITORS	29
SHAREHOLDERS	30
SENIOR EXECUTIVES	31
ACCOUNTS	35
Accounting Policies	35
Notes Relating to the Accounts	36
Principal Subsidiary Undertakings	55
Principal Associated Undertakings	57
Auditors' Report	57
Group Financial Record	58
ICI Ordinary Share Comparisons	59
Sources and Disposal of Value Added	60
FINANCIAL CALENDAR	inside back cover

The business of ICI is to develop products and processes that will meet society's needs – these ranging from food and transport to better health and a cleaner environment – and then to market them internationally.

GROUP PURPOSE

The chemical industry is a major force for the improvement of the quality of life across the world. ICI aims to be the world's leading chemical company, serving customers internationally through the innovative and responsible application of chemistry and related sciences.

Through achievement of our aim, we will enhance the wealth and well-being of our shareholders, our employees, our customers and the communities which we serve and in which we operate.

We will do this by:

- seeking consistent, profitable growth;*
- providing challenge and opportunity for our employees, releasing their skills and creativity;*
- achieving a standard of quality and service internationally which our customers recognize as being consistently better than that of any of our competitors;*
- operating safely and in harmony with the global environment.*

COVER

The front cover shows smallholder farmers in Thailand undergoing training in the use of pesticides – part of an international ICI programme to ensure the proper and professional use of its agrochemical products. Elsewhere in the Report the photographs illustrate the themes discussed.

(The notice convening ICI's 1991 Annual General Meeting is on pages 2 to 3 of a separate document dated 19 March 1991 issued to Shareholders)





REGISTRAR OF COMPANIES
COMPANIES REGISTRATION OFFICE
COMPANIES HOUSE
55/71 CITY ROAD
LONDON
EC1Y 1BB

ICI Registrar's Department

P.O. Box 251
Wexham Road
Slough
SL2 5DP

Telephone (0753) 31151
Telex 847683 ICIHQP
Fax (0753) 512226

Your ref

Our ref

Direct line

Telex

Date

JOT

0753 877921

23 July 1991

Dear Sir

RE: IMPERIAL CHEMICAL INDUSTRIES PLC
COMPANY NO. 218,019

Please find enclosed Directors' Report and Accounts for year ending 31 December 1990 for the above Company.

I would be very grateful if you could confirm receipt of these documents by signing and returning to me the enclosed copy of this letter.

With thanks

Yours faithfully

Se. Towers

Jo Towers (Mrs)
Registrar's Department

I CONFIRM RECEIPT OF THE ABOVE DOCUMENTS.

COMPANIES HOUSE, CANAL F	
LONDON	
SIGNATURE	DATE
<i>Se. Towers</i>	24 JUL 1991
L	100

COMPANIES HOUSE, CANAL F	
LONDON	
SIGNATURE	DATE
<i>Se. Towers</i>	24 JUL 1991
L	100

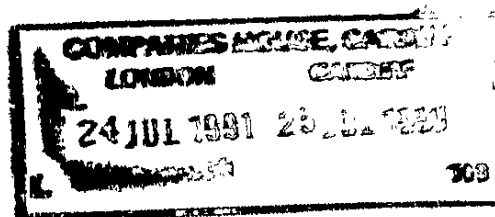
Not. John Ross has spoken to Robert Monk (Finance Div) who said a/c is acceptable. Important that all docs go for himing.

Thanks Se. Towers

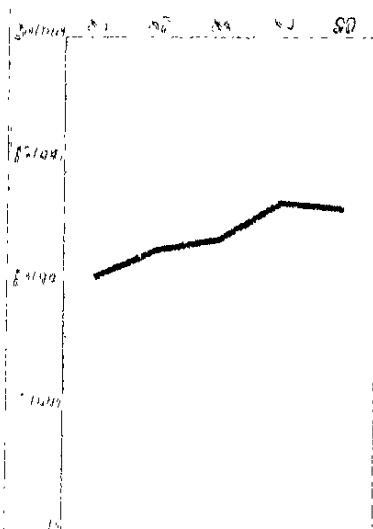
IMPERIAL CHEMICAL INDUSTRIES PLC GROUP FINANCIAL HIGHLIGHTS

218019

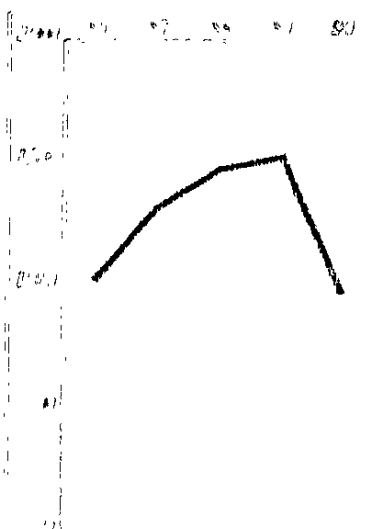
Group means Imperial Chemical Industries PLC and its subsidiaries	1990 £m	1989 £m	1988 £m
TURNOVER	12,906	13,171	11,699
TRADING PROFIT	1,029	1,467	1,470
PROFIT BEFORE TAXATION	977	1,527	1,476
NET PROFIT ATTRIBUTABLE TO PARENT COMPANY BEFORE EXTRAORDINARY ITEMS	617	939	881
EARNINGS (before extraordinary items) per £1 Ordinary Share	87.9p	135.0p	120.7p
DIVIDEND per £1 Ordinary Share (see page 21)	55p	55p	50p



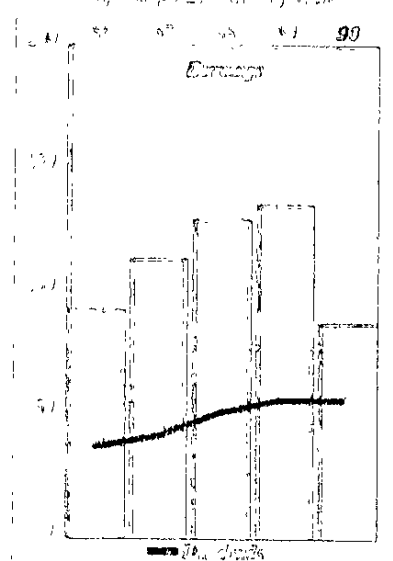
Turnover £m



Profit before Tax £m



Earnings and Dividends



CHAIRMAN'S STATEMENT

A year ago I commented that 1989 was likely to be an uncertain year economically, and that has undoubtedly been borne out in practice. However, when I suggested that I saw no return to the dark days of recession, I was clearly wrong. The world economic decline, which saw growth rates slowing towards the end of 1989, has since become much sharper and was worsened last August by the Iraqi invasion of Kuwait. Having risen sharply to begin with, oil prices are still very volatile, and we have not been able to recover in product prices the substantial increase in the cost of this key raw material. The crisis as a whole has added to international uncertainty and further sapped business confidence, already weakened by falling demand, high interest rates and a 'credit crunch' brought on by excessive debt levels.

Our own results are therefore considerably below the record figures we achieved in 1989. Group sales for 1990 were \$12.9 billion, down two per cent. Pre-tax profits were \$971 million, 30 per cent down on 1989. These are substantial profits in the current harsh economic climate, but frankly they are disappointing. That said, some of our businesses did perform well. We were also one of the first to see the importance of cutting and redefining our cost base as well as of the cost of our costs. Consequently, we engaged financial advisers last year with a strong balance sheet which has allowed us to maintain the dividend.

I do not propose to comment so far as the progress of our business results as the details are well covered in the report that follows. It is more important to say that the measures we have already taken to offset the adverse progress of the non-recurring factors cited too recently shareable is that the strategic of our last three years will not stand for the rest. I certainly have no intention of spending the short to run profitable way we have done.

Much was achieved last year when, among many other things, we divested of our stake in Unifine, a wholly owned subsidiary, and reported a very high percentage of turnover which we did not

own. We also bought the Atlas Powder Company in the USA to reinforce our global explosives business in the important North American markets. In total, last year, we completed 16 acquisitions and 21 divestments as well as reorganizing our business structure in Europe. We decided to form ICI Specialties to put our specialty businesses on a better basis for good, profitable growth in the future.

The 1990s saw a considerable change in the shape of ICI as we pursued a strategy of moving more and more into higher added value businesses with potential for growth, while at the same time becoming ever more international. Our comparative resilience at the present time has justified that strategy. However, faced with a likely period of lower economic growth, my colleagues and I have checked carefully whether our existing strategies for both businesses and territories are right for the changing circumstances we now foresee. We are convinced that the direction we are taking is correct, but we shall now be even more selective in the allocation of resources. Priority in the future will be given to those businesses where ICI already has, or can develop, a strong added position in the three major markets of Europe, North America and Asia Pacific. We intend to concentrate our efforts on chemicals, Agri-chemicals and Specialty Polymers, Plastics, Industrial Chemicals and Explosives. We are also forming a new Materials Division from much of our existing activities in Advanced Materials, Fibres, Polyurethanes, Acrylics and Rubbers. By combining ICI's considerable materials skills on these areas we shall be in the ideal position to adapt to the opportunities that exist in this fast-developing field and in which we have been active for years on the basis of our 50 years.

Other businesses in the present ICI portfolio within the same broadly defined potential will normally not have priority for expansion capital. They will generally be sold or otherwise cash generated or as candidates for divestment.

TOWARDS A BETTER WORLD

ICI seeks to ensure that all its activities are acceptable to the communities of which it is part and that the environmental impact of its operations is kept to a practicable minimum. In pursuit of this policy ICI has made significant improvements in recent years in its environmental performance. However, it recognizes the need for further improvement and in 1990 it set a new and challenging list of environmental objectives. The aspirations of these and how the Group is living up to them are detailed below.

Two years ago the ICI Annual Report announced that the Group's businesses were required to report regularly on how they had improved their environmental performance. This formalization of the reporting process has made it possible in the intervening years to build up an increasingly accurate picture of ICI's environmental record around the world. With this in place, ICI has been

OBJECTIVE 1: ALL NEW ICI PLANTS WILL BE BUILT TO STANDARDS CAPABLE OF MEETING ALL REGULATIONS THAT MIGHT REASONABLY BE EXPECTED IN THE MOST ENVIRONMENTALLY DEMANDING COUNTRY IN WHICH ICI WILL OPERATE THAT PROCESS.

able this year to set specific objectives for improvement across the Group.

The objectives in question go beyond the requirements of the law – compliance being the minimum standard ICI sets itself. The intention is that ICI's environmental performance should become one of the best in the industry. There are four objectives in all.

Firstly, all new ICI plants will be built to standards capable of meeting all regulations that might reasonably be expected in the most environmentally demanding country in which ICI will operate that process. In other words, there will be no double standards.

Secondly, ICI will reduce waste from its operations by 50 per cent by 1995, paying special attention to that which is hazardous. Waste will be disposed of under strict, monitored conditions, preferably within ICI sites.

The third objective is to establish an even more

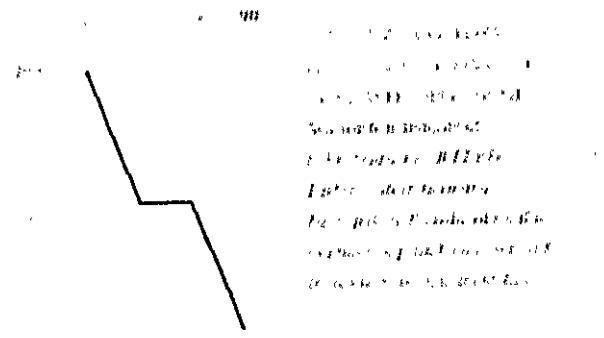
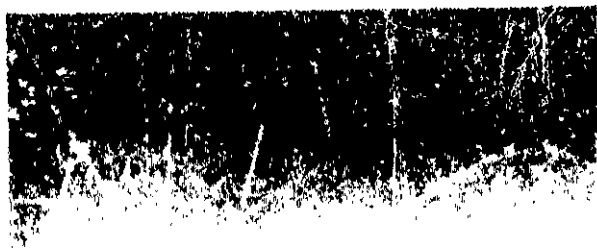
rigorous programme for conserving energy and resources, paying particular heed to actions that will safeguard the environment. Here ICI already has an impressive record. The Group's energy consumption and emissions of carbon dioxide have each fallen by about 15 per cent since the early 1970s, while output has doubled. In the UK alone, energy consumption is down by 27 per cent while output has risen by more than half. Those trends are set to continue.

The fourth objective is to set up waste recycling programmes, not only in-house but also in collaboration with customers. Numerous initiatives are already under way. They include the recovery of CPCs from commercial and domestic appliances, the recycling of waste solvents used in making paints and the reprocessing of plastic bottles to make fillings for duvets and sleeping bags.

The announcement of these new objectives in November 1990 marked not so much a change in policy as a year change in ICI's environmental effort. What is new is the setting of Group-wide targets against which performance can be measured – which in turn makes possible realistic plans for meeting them.

OBJECTIVE 2: ICI WILL REDUCE WASTE TO FROM ITS OPERATIONS BY 50 PER CENT BY 1995, PAYING SPECIAL ATTENTION TO THAT WHICH IS HAZARDOUS.

Some of the sharpest reductions in pollution have come about through the introduction of new and better processes. At Billingham in the UK, ICI is building a \$60 million plant for recycling sulphuric acid to avoid



discharging it into the River Tees and the North Sea. On the same site, the Group has just spent £5 million on a power plant scheme to burn up domestic waste by incinerating it through a 150 ft high chimney. The plant is now under construction and will be completed by the end of 1981. The power plant will generate electricity and heat for the Group's other operations.

The Group's other operations include the production of paper, the manufacture of chemicals, and the production of electricity. The Group's main products are paper, chemicals, and electricity. The Group's main markets are in the United Kingdom and the Republic of Ireland.

The Group's main products are paper, chemicals, and electricity. The Group's main markets are in the United Kingdom and the Republic of Ireland. The Group's main products are paper, chemicals, and electricity. The Group's main markets are in the United Kingdom and the Republic of Ireland.

The Group's main products are paper, chemicals, and electricity. The Group's main markets are in the United Kingdom and the Republic of Ireland. The Group's main products are paper, chemicals, and electricity. The Group's main markets are in the United Kingdom and the Republic of Ireland.

substitutes are now being developed to replace CFC 11 in the manufacture of insulating foams.

In other ways, too, ICI products are addressing the problem of atmospheric emission. Every year, for example, the paints used in the world's auto industry release about 360,000 tonnes of hydrocarbons. By developing water-based paints to replace conventional

OBJECTIVE 3: TO ESTABLISH AN EVEN MORE RIGOROUS PROGRAMME FOR CONSERVING ENERGY AND RESOURCES, PAYING PARTICULAR ATTENTION TO ACTIONS TO SAFEGUARD THE ENVIRONMENT.

solvent-based products, ICI offers vehicle manufacturers the chance to reduce those emissions significantly. In a separate development, ICI now supplies an additive that allows clean-burning ethanol or methanol to be used instead of diesel in bus and truck engines. The fuel additive – 'Avocet' – is now being tested in 30 buses in Stockholm and on public transport in Los Angeles where the smog problem is so serious the authorities are thinking of phasing out diesel fuel altogether.

The new field of bioscience holds further potential for environmentally-benign products. Thanks to ICI's skills in enzyme technology, for instance, there is now a safer alternative – called 'Ecosyl' – to the acids traditionally used by farmers to produce silage. Another

OBJECTIVE 4: TO SET UP WASTE-RECYCLING PROGRAMMES IN-HOUSE AND ALSO IN COLLABORATION WITH CUSTOMERS.

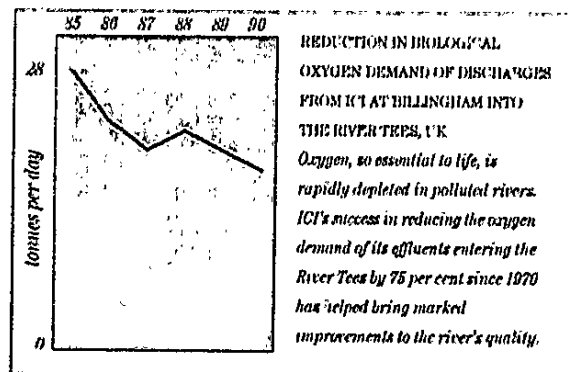
Innovation is 'Biopol', the biodegradable plastic which not only disappears completely when it degrades, it is also made from a renewable resource – sugar. Already on the market in Germany in the form of shampoo bottles, 'Biopol' has a range of possible applications from disposable nappies to coatings on slow-release drugs.



But ICI's effort does not stop with improving its processes or supplying innovative products. A great deal of work is under way to ensure the proper and safe handling of ICI products at every stage from production to disposal. For example, about a third of the development cost of a new pesticide (the total can be as much as £50 million) goes to ensuring that the compound itself is environmentally sound.

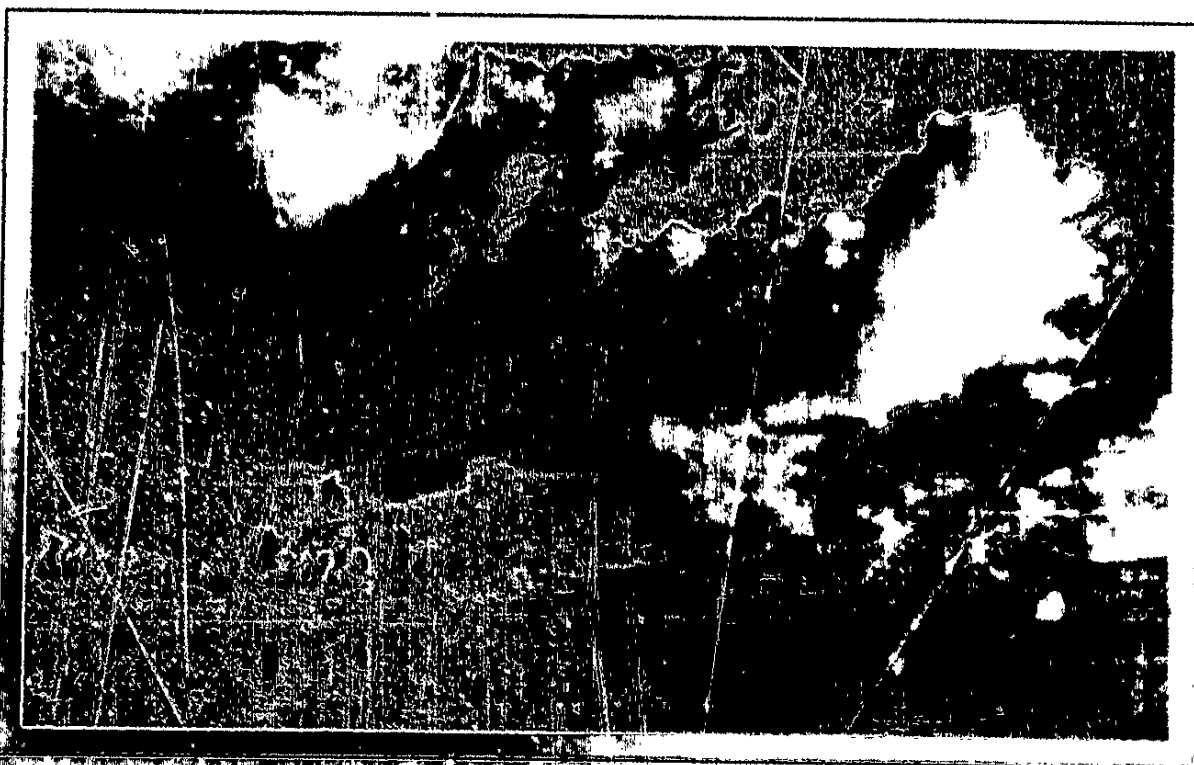
Through its 'Product Stewardship' campaign, ICI Agrochemicals ensures that each subsequent step from manufacture, through marketing and distribution, to final use and disposal is made as safe as possible. A related programme trains farmers to use pesticides effectively and in such a way that the environment is protected. The opening in 1990 of a £3 million extension to the Group Environmental Laboratory at Brixham in the UK will help Agrochemicals and other ICI businesses in assessing the impact of their various products and operations on the environment – all with a view to improving the Group's environmental performance.

ICI's capacity to solve environmental problems –



and the seriousness with which it takes its environmental responsibilities – make the new objectives entirely realistic. Nor are these objectives fixed. Rather they are the next set of targets the Group wishes to meet in its continuing programme of improvement. When these are achieved, or when new technology makes tougher objectives possible, the list will change. Improving environmental performance is a central goal in ICI's drive towards a better world.

More about ICI and the environment can be found in a brochure available from ICI Group Communications, ICI Group Headquarters, 9 Millbank, London SW1P 3JF, England.



REPORT OF THE DIRECTORS 1990

The Directors of Imperial Chemical Industries PLC present their Annual Report for 1990, together with the Accounts of the Company for that year. These will be laid before the shareholders at the sixty-fourth Annual General Meeting to be held on 26 April 1991.

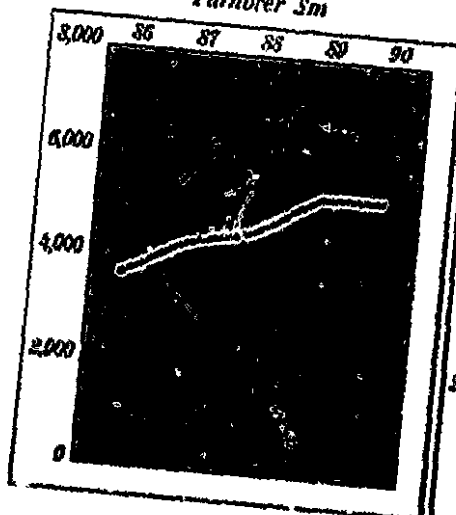
The Operational Review on pages 9 to 20 reports the main developments of the year in ICI's three industry segments – Consumer and Specialty Products, Industrial Products and Agriculture. The charts below show the relative sizes of the segments for the period 1986 to 1990.

Charts on pages 9 to 17 show the relative sizes of the businesses within each segment, with turnover and trading profit for the last five years displayed in accompanying tables. The figures for each business in any one segment, but such sales and profits are excluded from the segment totals.

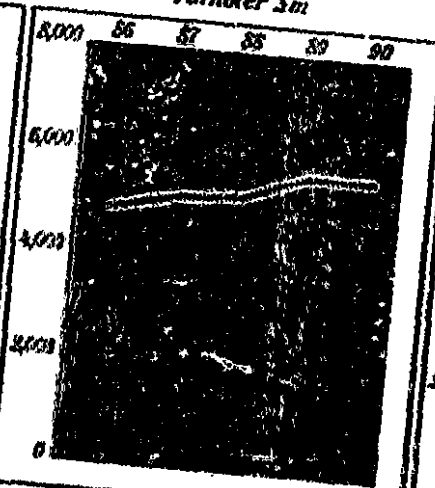
Also included in the Operational Review – pages 18 to 20 – is a summary of the Group's operations around the world.

Turnover and Trading Profit of Industry Segments

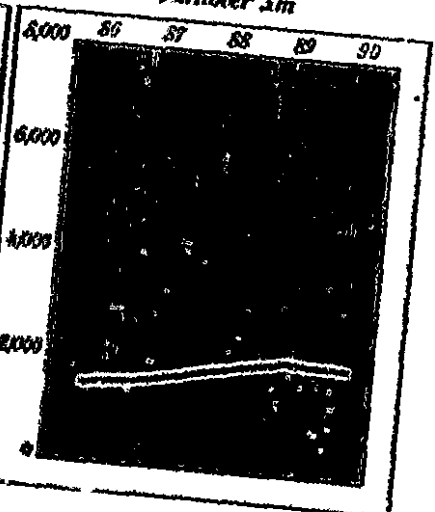
Consumer and Specialty Products
Turnover \$m



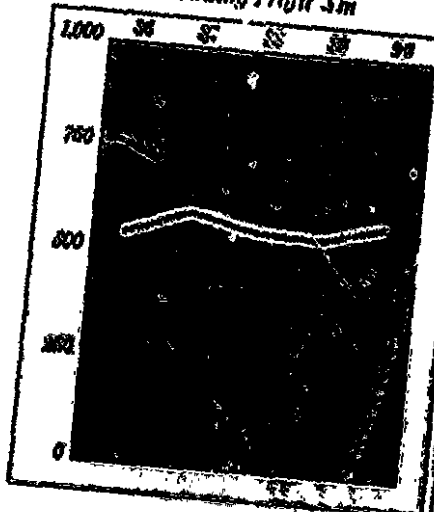
Industrial Products
Turnover \$m



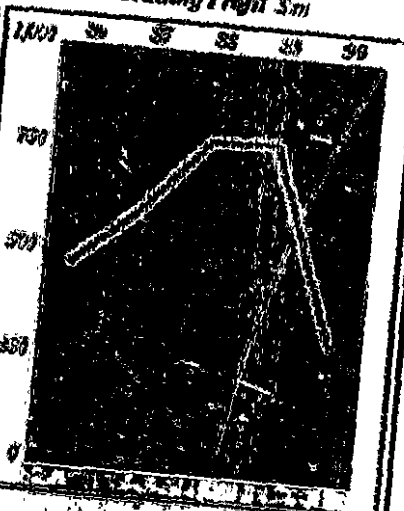
Agriculture
Turnover \$m



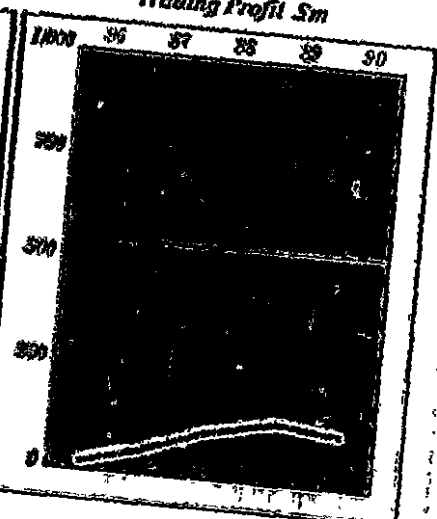
Trading Profit \$m



Trading Profit \$m

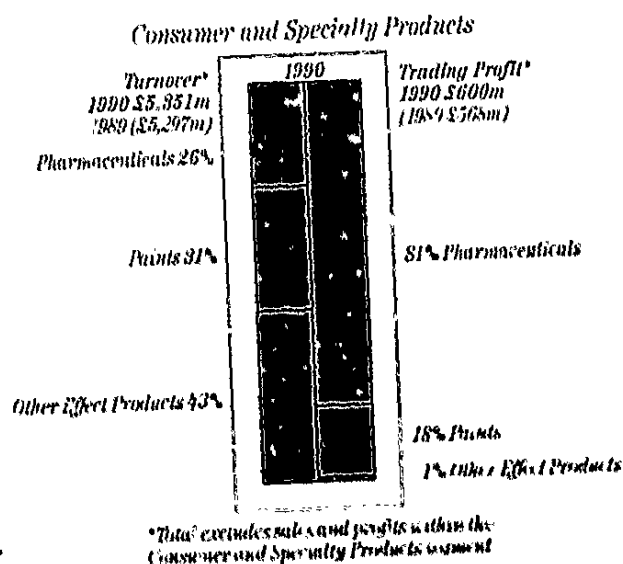


Trading Profit \$m



CONSUMER AND SPECIALTY PRODUCTS

This segment comprises Pharmaceuticals, Paints and Other Effect Products. Businesses in the last category range from biopharmaceuticals to speciality chemicals to new, emerging operations such as biological products.



development are promising new treatments for psychoses and asthma.

Of the main products on the market, the ACE inhibitor, 'Zestril', doubled its sales and continues to gain market share. 'Nolvadex' remains the world's leading anti-cancer drug by sales value. Sales of the beta-blocker, 'Tenormin', continue to grow and it remains one of the world's major treatments for hypertension. 'Zoladex', meanwhile, has become a leading treatment for prostate cancer. 'Diprivan' anaesthetic doubled its sales over 1980 and has now been launched in most major markets. Also growing in sales is the injectable antibiotic, 'Cefotan' ('Apatef' in some markets), while the beta-blocker, 'Inderal', and the 'Hibitane' antiseptics range both held up well in competitive markets.

The UK over-the-counter business and the dental materials businesses in the UK and USA were sold to allow ICI Pharmaceuticals to focus on prescription products. ICI and other research-based companies are seeking the UK Government's support for the EC Commission's proposal to extend the effective patent life on pharmaceuticals. This will compensate for the time spent on safety testing and registration and will encourage continued investment in innovative research.

PHARMACEUTICALS

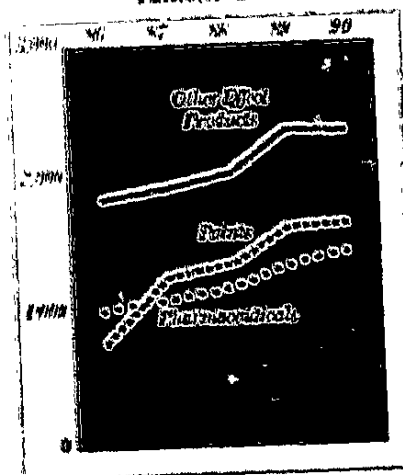
In	1986	1987	1988	1989	1990
Turnover	1,607	1,103	1,172	1,321	1,413
Trading Profit	31	32	32	30	18

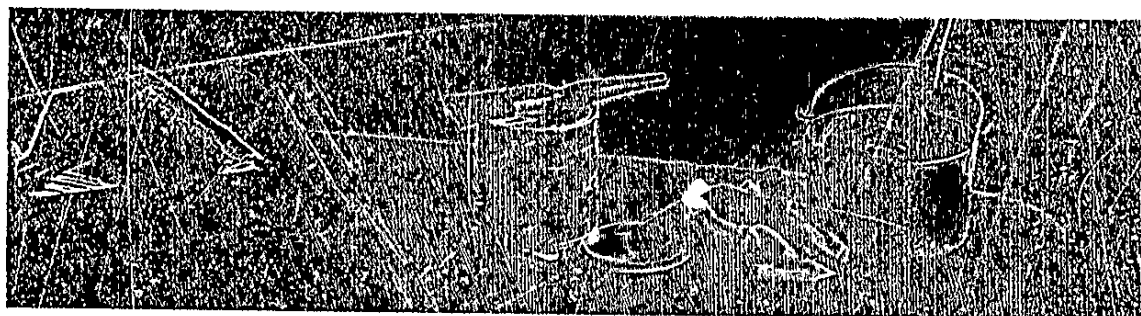
Through high technology research and development, ICI Pharmaceuticals seeks to introduce new and improved therapeutic treatments. The effort focuses on cancer, infection, pulmonary, cardiovascular and arthritic diseases, disorders of the central nervous system, and diabetes and other metabolic illnesses.

1990 was another year of record profits with significant growth in the USA, which accounted for about 45 per cent of total sales. Europe as a whole accounted for 35 per cent with particularly strong performances in Italy, France, Germany and Belgium.

A record sum - \$202 million or 14 per cent of sales revenue - was spent on research and development. ICI Pharmaceuticals now has seven compounds in clinical development, including 'Casodex', an alternative treatment for prostate cancer, and meropenem, an antibiotic being developed jointly with Sumitomo Pharmaceuticals Co Ltd of Japan. At an earlier stage of

Consumer and Specialty Products
Turnover \$m





PAINTS

£m	1986	1987	1988	1989	1990
Turnover	784	1,293	1,363	1,628	1,639
Trading Profit	50	96	101	100	108

This business is the world's largest supplier of surface coatings. It concentrates on decorative and refinish paints, coatings for cans and high performance speciality finishes.

ICI Paints increased its profits despite tougher trading conditions throughout 1990.

The decline in house sales and housebuilding in North America, the UK and Australia contributed to a difficult market for decorative paints. Profits nevertheless improved, helped by gains in market share, better customer service and strict control of costs. Refinish products sold well in Europe, Australia and Asia Pacific and made a substantial contribution to profits.

After recent acquisitions in North America and Australasia, it was decided to close two plants in Canada and two in Australasia to concentrate production at more suitable sites.

Business in Asia Pacific remained buoyant, with sales growing rapidly and profitably in Malaysia, Thailand, Indonesia and Taiwan. The launch of scented paint and the introduction of new ranges both contributed to the growth.

The joint venture with Swire Pacific Limited in Hong Kong enjoyed a successful first year. Also performing well is the powder coatings joint venture with Nippon Oil & Fats Co Ltd in Malaysia.

OTHER EFFECT PRODUCTS

£m	1986	1987	1988	1989	1990
Turnover	1,819	1,944	2,058	2,354	2,321
Trading Profit	152	164	150	69	3

The following businesses supply high added value, customer-specific products, designed to solve particular problems or produce a given effect.

It was announced during 1990 that as from 1 January 1991 a new specialities business would be formed by combining Colours and Fine Chemicals, Specialty Chemicals, Biological Products and the resins, surface coatings and specially surfactants businesses of ICI Chemicals & Polymers Limited.

COLOURS AND FINE CHEMICALS *The product range of ICI Colours and Fine Chemicals includes dyestuffs and chemical auxiliaries for the textile industry, industrial colours and pigments, dyestuffs for leather and paper and organic and fine chemicals.*

After a good start to the year, trading conditions grew much worse in the second half and profits overall were well down. Performance varied, however, across the portfolio. Most seriously affected were the basic chemical businesses, particularly aniline, while textile dyes did relatively well.

Despite the difficulties in 1990, Colours and Fine Chemicals continued to make progress in expanding the fine chemicals side of the business while developing the original businesses in textile dyes and industrial colours. Important developments included the commissioning of

a new fluorobenzene plant at Grangemouth in Scotland, and the introduction of a range of benzodithuranone dyes which in 1990 won the Queen's Award for Technological Achievement.

Much effort has been devoted to quality and customer service so as to add value and differentiate the ICI product. Among other initiatives, the business has introduced a 'Customer Charter' to enable its performance to be measured against clearly defined criteria.

POLYURETHANES *These versatile polymers serve a variety of uses from insulation and automotive components to shoe soles and seating. ICI Polyurethanes produces polyurethane systems to meet specific customer needs.*

Sales volumes remained much the same as in 1989 with profit margins squeezed by the rising cost of raw materials.

The established markets in construction, appliances and automotive parts grew steadily during the year. Custom formulations did well, though commodity markets were less buoyant. Geographical expansion continued in Asia Pacific and Latin America. Overall, however, sales growth was dampened by the economic conditions in the English-speaking world, Eastern Europe and China.

A number of developments this year have specifically addressed the environment. For example, ICI formulations have greatly reduced the need for CFCs in insulation materials and have eliminated it altogether in flexible foam. New polyurethane binders from ICI now make it possible to manufacture high quality building materials from quickly renewable timber instead of mature woodlands.

The importance of research to these and other developments was underlined by the opening in Belgium of a major extension to the International Research and Technology Centre.

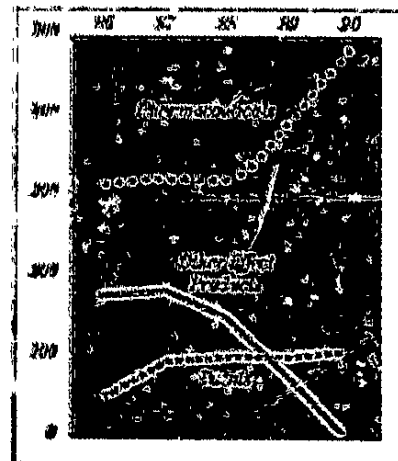
SPECIALTY CHEMICALS *ICI Specialty Chemicals comprises biocides, effect chemicals, packaging specialities (inks, coatings and adhesives), polymer additives, Stahl (leather finishes), surfactants, Thoro System Products (concrete and masonry treatments) and Tribol (engineering lubricants).*

Overall, this was a slow and difficult year with profits ending slightly down on last year's level. Businesses serving the US automotive and construction industries suffered most, while other businesses closer to the consumer performed well.

Acquisitions included Thoro's Italian distributor and the 'Novacote' packaging-adhesives division of Weserland-Farbenfabrik von Höveling GmbH. With an adhesives unit to complement its skills in inks and coatings, ICI Specialty Chemicals can now offer a complete technical service in flexible packaging. Capacity for 'Novacote' adhesives in Hamburg was immediately increased and production also began in the USA. Further sums were spent on better production facilities for the surfactants business.

New products during the year included clarifying and colouring agents for polymers; an improved system for forming liquid crystals in cosmetic moisturisers; a novel patented anti-oxidative ('Atrus'); and 'Thoroxon' and 'Thorogaze' masonry treatments.

*Consumer and Specialty Products
Trading Profit £m*



ADVANCED MATERIALS *This business supplies high performance materials for aircraft and spacecraft structures, and engineering plastics for the electronics and automotive industries.*

ICI Advanced Materials faced difficult conditions in 1990, with lower spending on defence and lower consumer demand in key sectors of the electronics and motor industries. Although the business made a loss, 1990 saw worldwide growth for the high-temperature, thermoplastic resin, 'Victrex' PEEK, and in the 'Verton' long-fibre range. In Europe, meanwhile, there was increasing demand from the commercial aerospace industry for ICI's continuous composites. New plants came on stream in the USA at Bayonne, New Jersey, and Fayetteville, North Carolina.

FILMS *ICI Films produces high performance plastic films for applications as diverse as floppy disks and heat resistant packaging. Its main products are the polyester-based 'Melinex' film, the polypropylene-based 'Propafilm', and the high temperature films, 'Stabar' and 'Uplex'.*

This year's disappointing result for ICI Films reflects intense competition, overcapacity in the industry and the development costs of ICI Imagedata.

ICI's latest line for 'Melinex' was opened in Japan. As well as providing competitive new production facilities, this plant will strengthen ties between ICI and customers in Japan who currently lead the world in the development of technologies using polyester film products.

In the 'Propafilm' business, a new polypropylene film-coater line began production at Humberside in Scotland and a large new plant has opened at Mellebeke in Belgium.

ICI Imagedata made its first commercial sales of the optical storage medium, digital paper, and the electronic colour-imaging system, DXT2.

BIOLOGICAL PRODUCTS *Biological Products furthers ICI's strategy of building a new, international business based on biological science.*

Considerable investment in research and marketing continues to be made in this business and, whereas sales continue to grow, profits have yet to be made.

'Biopol', the biodegradable plastic made from renewable resources, has now been launched, in the first instance as a shampoo bottle for Wella.

Cellmark Diagnostics, the genetic fingerprinting business, received the Queen's Award for Technological Achievement in conjunction with The Lister Institute of Preventive Medicine which funded the original research. Cellmark Diagnostics also won a UK Home Office contract for the use of DNA fingerprinting to confirm the family relationships of would-be immigrants.

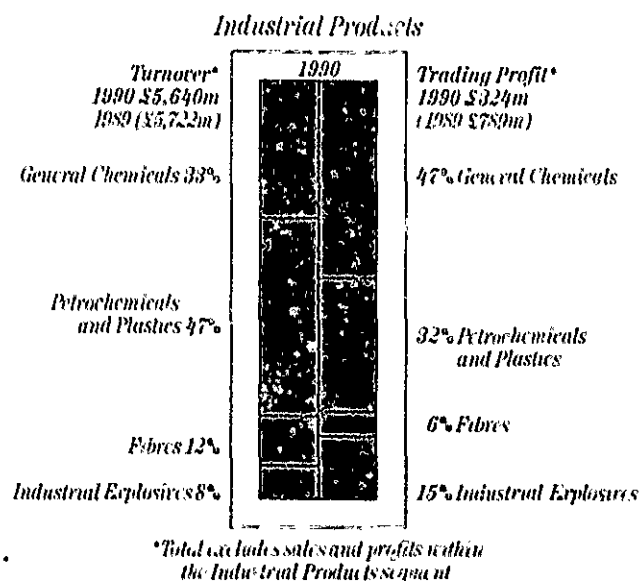
'Quorn', the new myco-protein ingredient, is becoming increasingly popular as a tasty and healthy food. It is now widely stocked by UK supermarkets and sales are growing well.

Cambridge Research Biochemicals Limited, manufacturers of research reagents for the healthcare industry, won the Queen's Award for Export Achievement.

The growing concern for the environment continues to provide opportunities for 'Biopol', 'Ecosyl' silage additive and the effluent-treatment process, 'Deep Shaft'.

INDUSTRIAL PRODUCTS

ICI's Industrial Products segment includes the business associated with the recently purchased and integrated plant in China and non-ferrous exposures. Most of the Group's bulk production is concentrated in this segment.



GENERAL CHEMICALS

£m	1986	1987	1988	1989	1990
Turnover	1,712	1,851	1,993	2,069	2,000
Trading Profit	178	220	274	293	153

The products of ICI's general chemicals business range from large volume chemicals based on salt to specialist chemicals such as chlorine derivatives and performance resins.

Profits in 1990 suffered from the rising cost of raw materials and the slowdown in economic growth. Also contributing to this year's fall was a surge of imported PVC into Western Europe from the USA and Eastern Europe. With the market growing more slowly during 1990, ICI's PVC joint venture – European Vinyls Corporation (Holdings) BV – inevitably felt the effects.

On the other hand alkalis enjoyed strong demand, thanks partly to their environmental benefits in neutralising acids. Caustic soda, soda ash and lime all sold well.

The world's first commercial plant for the manufacture of an ozone benign refrigerant – the CFC replacement, 'Klean' 134a – was commissioned on

Merseyside in the UK. Also commissioned was a UK potassium hydroxide plant based on 'FM21' membrane cell technology – a method of production that removes the need for mercury and for which ICI gained a Queen's Award for Technological Achievement in 1990.

The refinery catalyst business in the USA was sold and the rest of the catalysts business strengthened with the launch of new products and processes. These include an advanced catalyst for producing methanol and a new catalytic process for converting chlorine plant effluents into salt and oxygen.

ICI's Leading Concept Ammonia process took the 1990 Better Environment Award for technology, presented by the then Prime Minister, Mrs Thatcher.

The water-borne resins business continues to grow strongly in Europe and North America, with a new plant commissioned this year in Holland. 1990 saw further work on the development of water-borne resins to replace solvents in coatings, inks and adhesives.

Towards the year end it was agreed that ICI's shareholdings in a number of joint ventures producing industrial fluid treatments would be sold to the partner, Nalco Chemical Company.

In December, ICI was fined a total of Ecu 17 million (\$11.4 million) by the EC Commission for operating a soda ash cartel. The Company rejects the finding and has appealed against the fines.

PETROCHEMICALS AND PLASTICS

£m	1986	1987	1988	1989	1990
Turnover	2,800	2,763	2,702	3,001	2,891
Trading Profit	230	320	416	417	103

Petrochemicals and plastics produced by ICI include olefines, aromatics, pure terephthalic acid, ethylene oxide derivatives, polypropylene, PET resin and acrylics. This last category includes 'Perspex' acrylic sheet, 'Asterite' dispersions and the intermediate chemicals, methyl methacrylate and cyanide.

This year the profit margins in the petrochemicals and plastics business were seriously squeezed as new capacity, growing competition and, in some sectors, falling demand made it difficult to compensate for rising costs. The invasion of Kuwait and the consequent volatility of oil prices exacerbated these problems.

West European demand for olefines and aromatics in 1990 was little changed from 1989. Plant problems within the industry kept olefines supply and demand in balance. On the other hand, weakness in world gasoline demand exerted downward pressure on aromatics prices towards the year end.

Nylon intermediates fell in volume as downstream demand for carpets and industrial uses declined. However, pure terephthalic acid volumes continued to rise, helped by excellent growth for PET resin.

Polypropylene demand also increased with margins recovering somewhat from the low of 1989 – this despite the fact that the industry continues to expand its capacity.

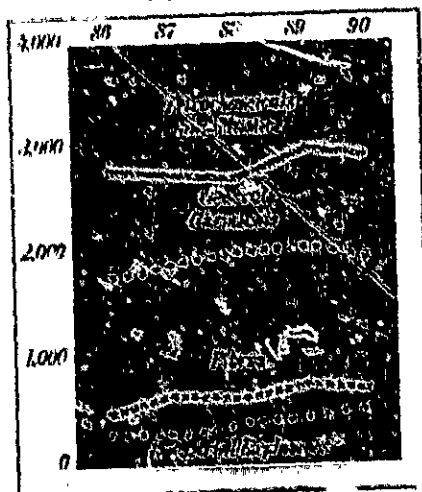
Sales of antifreeze were affected by the succession of mild winters. Meanwhile, competitive pressures meant lower margins for surfactants and brake fluids, despite firm demand. Although acrylics suffered in 1990 from slack demand in the UK construction and home improvement markets, the business has opened new capacity in Europe, the USA and Asia Pacific with a view to increasing its market share and geographic spread. ICI has also approved plans for a £110 million methyl methacrylate plant on Teesside in the UK. More than half the capital will be spent on an acid-recovery unit to put an end to the discharge of acid effluent by late 1992.

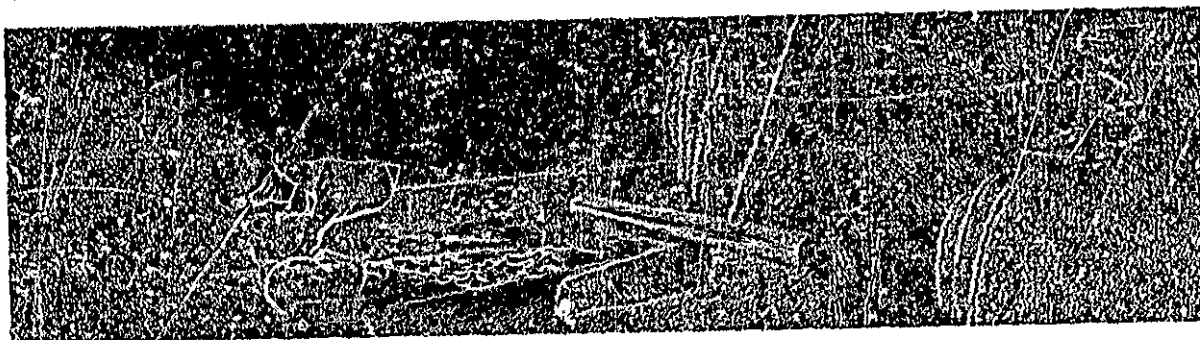
Other projects of environmental significance include a \$5 million reed bed at Billingham for the treatment of dilute effluent and the commissioning of a plant to produce new refrigeration lubricants – essential for the success of 'Klea' 134a CFC substitutes. Environmental efforts also include projects to control stack emissions, to recover catalysts and by-products and to promote the recycling of plastics.

On Teesside, a series of contracts with the builders of a new, gas-fired power station will ensure competitive supplies of energy and feedstocks into the next century. In addition, ICI Chemicals & Polymers Ltd has transportation rights in a new gas pipeline from the North Sea to Teesside.

An A\$100 million linear low-density polyethylene plant under construction in Australia is due to be completed in 1992.

Industrial Products
Turnover £m





FIBRES

£m	1986	1987	1988	1989	1990
Turnover	624	668	626	704	700
Trading Profit	58	45	53	27	18

ICI is Europe's largest producer of nylon fibres. It supplies products for specialized apparel, carpets, tyres and other technical uses.

Fibres suffered from the deteriorating world economy and the rising cost of raw materials. As a result, margins fell sharply in the second half of the year.

Nevertheless, demand remained strong for the high added value textile products, including the successful 'Tactel' range, and for speciality technical ranges such as computer ribbons. While the market for tyre cord yarns was stable, carpet fibres suffered from falling demand across Europe.

Continuing research and technology programmes

will ensure even better products in the future, while a major restructuring now under way will make for greater market focus and a highly competitive cost base.

INDUSTRIAL EXPLOSIVES

£m	1986	1987	1988	1989	1990
Turnover	329	339	364	414	510
Trading Profit	27	39	48	48	50

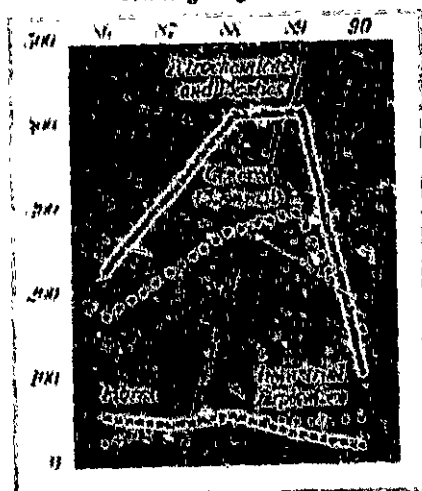
ICI is the world's leading industrial explosives manufacturer. This business supplies commercial explosives and initiating systems mainly to the mining, quarrying, construction and seismic industries.

In 1990, ICI acquired the US-based Atlas Powder Company and purchased the 30 per cent minority shareholding in CNA Ltd in Canada. Subsequent rationalization and other benefits helped to strengthen the business in North America and to reinforce its world leadership. In Australia, ICI's position will benefit from a new ammonium nitrate plant near the main coal mining region.

Profits were similar to those of 1989. Strong demand in Australia, good sales of bulk explosives in North America and the profit from Atlas were offset by difficulties elsewhere. These included a tough trading climate in the UK and the economic problems of Brazil and India.

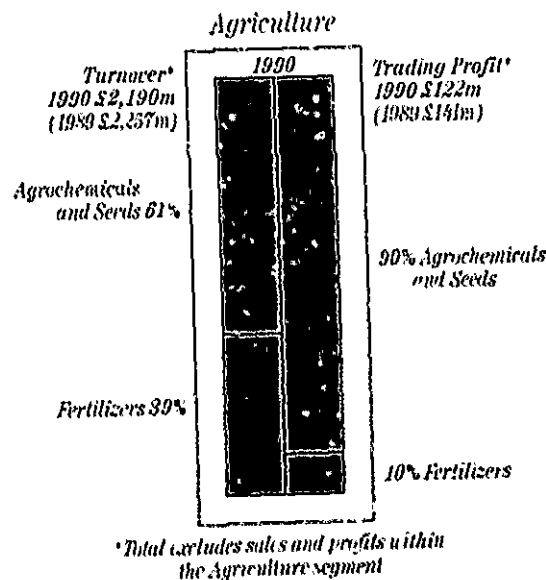
The 'Exel' shock tube detonator, one of several new products, was introduced worldwide. The business also continued its drive for greater safety with particular attention to systems, safety audits and training.

Industrial Products
Trading Profit £m



AGRICULTURE

The ICI Group serves the agricultural industry through its agrochemicals business (one of the world's biggest agrochemicals businesses) and the manufacture and sale of fertilizers.



AGROCHEMICALS AND SEEDS

£m	1986	1987	1988	1989	1990
Turnover	756	901	1,179	1,328	1,862
Trading Profit	29	53	120	152	110

Owing to seasonal factors, sales of ICI's agricultural products are usually greater in the first half of the year. In 1990, ICI Agrochemicals and ICI Seeds jointly recorded a slight increase in sales. Profits, however, fell.

AGROCHEMICALS ICI Agrochemicals helps farmers to feed the world. Active in 140 countries, it is one of the world's top three agrochemical businesses.

The picture in agrochemicals was one of strong sales performance in the larger markets with results elsewhere variously affected by weather, war and political upheaval.

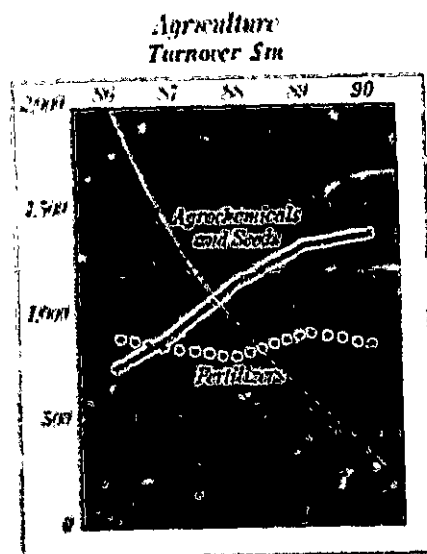
The business did well in the USA and Western Europe (despite heavy rain in the US corn belt and the drought in Europe) and also in Asia Pacific – particularly Japan and Thailand. Difficulties elsewhere included the Gulf crisis and economic problems in Australia, Latin America and Eastern Europe. The consequent squeeze on

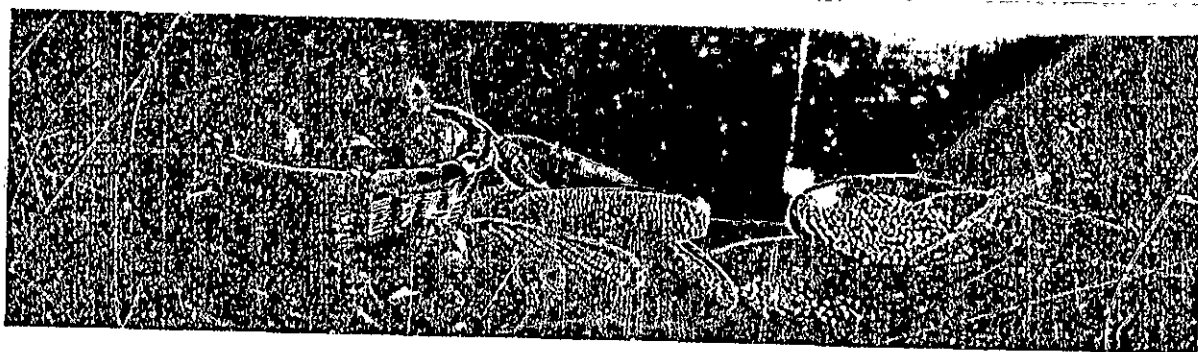
profits is being countered to some extent by greater efficiencies.

Efforts have continued, meanwhile, to improve the safety of ICI's products both to users and to the environment. They include the Farmer Education Scheme (featured on the cover), numerous wide-ranging communication programmes, safer containers and the continuous updating of safety information supplied to customers and governments.

SEEDS By applying ICI's bioscience skills to plant breeding, ICI Seeds aims to develop crops with useful new characteristics – for example, better yield and quality, controlled ripening and higher resistance to insects and disease. Although a relatively new business in the Group portfolio, ICI Seeds is already the fifth largest seed business in the world.

1990 was a year of further expansion. The purchase of a holding in AgroPlant – Saatvertrieb GmbH (distributors of agricultural seeds) strengthened the business in Germany, while the acquisition of Edward J. Fank & Sons Inc. in the USA has enlarged ICI's share of the important American maize market.





The territorial expansion of the business has meant a greater international exchange of breeding material. Technical progress continues to be good, with gene-mapping technology speeding the development of new lines and hybridization programmes proceeding well across a range of crops.

Weather was a problem, notably in the drought-stricken southern hemisphere, while intense price competition in North America reduced the value of sales there. The business responded by improving its production management and by placing greater emphasis on exports.

ICI Seeds is well placed to win a strong global position in hybrid field crops. Its technology also offers options for better management of the environment and the possibility of new and broader markets for the agricultural industry.

FERTILIZERS

\$m	1985	1986	1987	1988	1989	1990
Turnover	915	878	844	818	818	856
Trading Profit	17	0	11	11	11	12

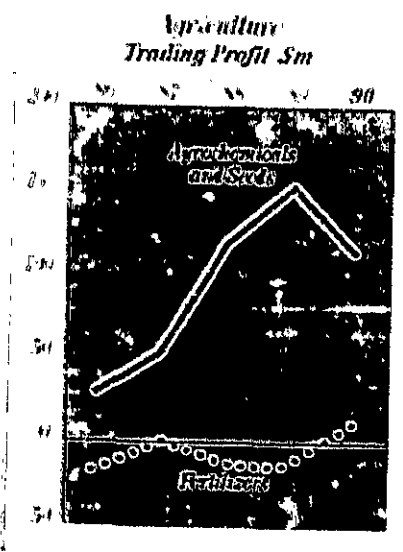
This business supplies fertilizers and related products and services to agricultural customers in the UK, Australia, Canada, India and Malaysia.

In July 1990, ICI announced plans to sell its wholesale fertilizer business in the UK to the Finnish company Kemira Oy. However, the proposed sale was unexpectedly blocked by the UK Government following an investigation by the Monopolies and Mergers

Commission. As a result, in 1991, ICI will withdraw from granular compound fertilizer manufacture in the UK and will restructure its ammonium nitrate business while continuing to pursue options to divest.

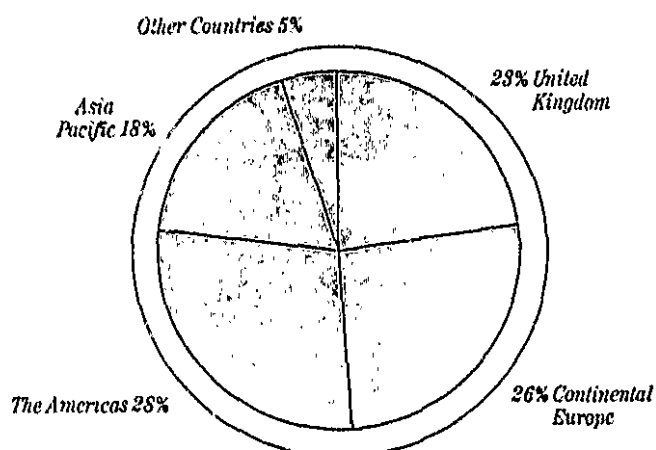
Despite the uncertainty and a market that continues to be difficult, the fertilizer business improved its financial performance in 1990.

In Australia, fertilizer sales and profits were again adversely affected by abnormal weather conditions while business in North America was limited by weak prices. Despite pressure on prices in India, the business performed satisfactorily there. In Malaysia, however, market conditions were difficult and results disappointing.



GEOGRAPHIC AREAS

Group Sales to External Customers 1990



EUROPE

After starting strongly in 1990, the economy in the UK had peaked by mid-year and by the end of the third quarter was clearly in recession. In August, ICI disposed of its 24.9 per cent holding in Enterprise Oil plc, using the proceeds to reduce borrowings and invest further in its businesses. In December, ICI purchased the remaining 50 per cent holding in Tioxide Group PLC.

Exports from the UK in 1990 accounted for 52 per cent of ICI's UK production.

Overall, sales continued to grow in sterling terms in Continental Western Europe, expansion in the specialty businesses compensating for lower sales of industrial chemicals. With the major exception of Germany, there was a marked slowdown in industrial activity in all markets from the second quarter onwards and this affected second-half sales.

ICI Chemicals & Polymers made a profit of \$230 million on total sales of \$4,637 million.

The Western European organization was restructured and a new organization, ICI Europe, was formed. The changes will make for greater efficiency and will help ICI to be more responsive to its European customers.

The recent political changes in Eastern Europe

have made trading conditions difficult. That said, sales volume in 1990 was down by only six per cent on the previous year. The economies of the newly democratized countries are still fragile and subject to further shocks with the break-up of Comecon. Higher oil and energy prices will also exact a toll. Nevertheless, Eastern Europe offers important opportunities in the longer term.

THE AMERICAS

In the USA, despite a sluggish economy, sales in local currency grew by six per cent over 1989. Certain aspects of the US and Canadian operations were rationalized in recognition of the trend towards a single market in North America.

US sales by the pharmaceuticals business passed \$1 billion for the first time. In paints, Glidden remained the number one consumer brand while 'Melinex' improved its share of the films market. The acquisitions of Atlas Powder Company and Edward J. Funk & Sons Inc. strengthened the positions of the explosives and seeds businesses respectively.

Underlining its commitment to CFC-replacements, ICI began work on the site at St Gabriel, Louisiana, where the CFC-substitute, 'Klea' 131a, will be produced.

In Canada, the restructuring of recent years continued with the divestment of the Stanchem distribution business and the slimming down of many of the central functions. The fertilizer business continued its cost-reduction programme and the explosives and paints interests were restructured after recent acquisitions.

Sales and profits were below expectation with nearly all businesses affected by recession. The chlor-alkali business suffered from lower selling prices for chlorine and caustic soda, while fertilizers were hit by the wet spring.

In a year of turbulent political and economic change, ICI's businesses in Latin America performed satisfactorily. However, the strong growth of recent years could not be sustained and turnover remained level – the

main reason being inflation-fighting recessions in Argentina and Brazil. Nevertheless, ICI expects further growth as the South Latin America Free Trade Area becomes a reality.

The business in Mexico performed strongly and stands to benefit from that country's involvement in the North American free trade bloc.

ASIA PACIFIC

This region could well account for 35 per cent of the world's chemical industry growth during the 1990s. ICI's declared aim is to raise its turnover in Asia Pacific (excluding Australasia) to 20 per cent of Group total by the year 2000.

Central to the strategy is local manufacture. While the emphasis is on higher added value, speciality products, ICI is also investing in industrial chemicals where appropriate and profitable. Careful attention to environmental performance is also helping to enhance the conditions for the Group's future growth.

In Japan, where sales have again been strong, ICI has now opened its wholly-owned, \$50 million plant for 'Melinex' and expanded its Japan Technical Centre. Construction began on a large, pure terephthalic acid (PTA) plant in Taiwan while in Thailand, in October, the Chairman laid the foundation stone of the Thai PTA joint venture plant. In Taiwan, the methyl methacrylate plant has now re-opened with extra capacity and a new acid-recovery unit. A can coatings plant planned for Taiwan will accelerate the rapid growth of the paints business in Asia Pacific.

Other developments include the sanctioning of a chlor-alkali plant in Malaysia, government approval for a wholly-owned polyurethanes technical centre in Korea, and a new liaison office in Shanghai in the People's Republic of China. Increased local manufacture, notably in Korea, has raised the level of competition in the region. On the other hand, ICI has been helped by economic liberalization in countries such as Indonesia.

In contrast, 1990 was a disappointing year in Australasia with profits considerably down on 1989. The figures reflect a range of problems from cheap imports of plastics to Australia's own inflation and economic slowdown. Explosives did well, thanks to strong demand from the coal and gold mining industries, as did the healthcare and paints businesses. Plastics suffered from a fall in prices, and fertilizers from poor weather and leaner times for sheep farmers. ICI New Zealand, now a wholly-owned subsidiary of ICI Australia, was back in profit.

Actions to improve performance in Australasia include the closure of a number of plants, tighter control of working capital and the introduction of more flexible, more productive work practices. One project approved was an A\$73 million ammonium nitrate plant for the successful explosives business, while other plants for chlor-alkali, sodium cyanide and ephedrine are either just commissioned or about to be.

OTHER TERRITORIES

With better volumes in most businesses, sales in India were up on 1989. However, ICI India's performance was seriously affected by the continuing trading loss in polyester fibres.

Pakistan produced excellent results. Sales and profits were above expectation in soda ash, polyester fibre and agrochemicals. The soda ash capacity at Khewra is being increased and an agrochemicals formulation plant is under construction at Sheikhupura.

Trade with the Middle East remained healthy, despite the loss of sales to Iraq and Kuwait following the August invasion. In Turkey and Iran the economic and market conditions remained buoyant.

In general, the economies of Africa remain depressed. However, there are likely to be some opportunities for growth in sectors such as agrochemicals where governments, backed by aid programmes, are promoting the development of agriculture in order to feed their own populations and to be able to export.

FINANCIAL PERFORMANCE

TURNOVER The Group's turnover in 1990 was £12.9bn, two per cent lower than 1989. Volumes remained flat, and a marginal increase of one per cent in selling prices was more than offset by a two per cent adverse effect of exchange due particularly to the strengthening of sterling against the US dollar. Business disposals reduced sales by a further one per cent.

Pharmaceutical sales were six per cent higher while sales of paints, other effect products and agrochemicals and seeds were largely unchanged. However, other businesses were down on 1989 except for Industrial Explosives which showed an increase due to the acquisition of Atlas Powder Company in May 1990.

Sales in the UK rose by three per cent on 1989. Sales in sterling terms also increased by three per cent in Continental Europe but showed a reduction of five per cent in the Americas largely due to the weakness of the US dollar and disposals in Canada. In local currency terms, however, sales in the Americas rose by three per cent. In other countries turnover was down on average by seven per cent.

The relative size of each business sector in 1990, in terms of turnover and trading profit, is shown in the charts opposite.

PROFITS The Group's profit from trading operations amounted to \$1,029m, \$438m below 1989. The reasons for this significant decrease have been explained in the *Operational Review*. Group profit on ordinary activities before taxation was \$977m (\$1,627m in 1989). This included the Group's share of pre-tax profits from associated undertakings amounting to \$154m (\$279m in 1989). The reduction reflects the disposal of the Group's interest in Enterprise Oil plc, lower results from Tioxide Group PLC due to a decline in demand for pigment and difficult market conditions in some other businesses. (Further details of associated undertakings are given on page 29.) Net interest payable of \$206m was slightly down on the level of \$219m in 1989.

The charge for taxation was \$338m (\$531m in 1989) representing 35 per cent of profit before tax. The charge comprised \$68m of UK taxation, \$225m of overseas taxation and \$45m of taxation on associated undertakings. Earnings attributable to ordinary shareholders before extraordinary items were \$617m, compared with \$930m in 1989. Earnings per £1 Ordinary Share were 87.9p (1989 135.0p).

The Group earned a return on assets employed of 15 per cent compared with 24.2 per cent in 1989.

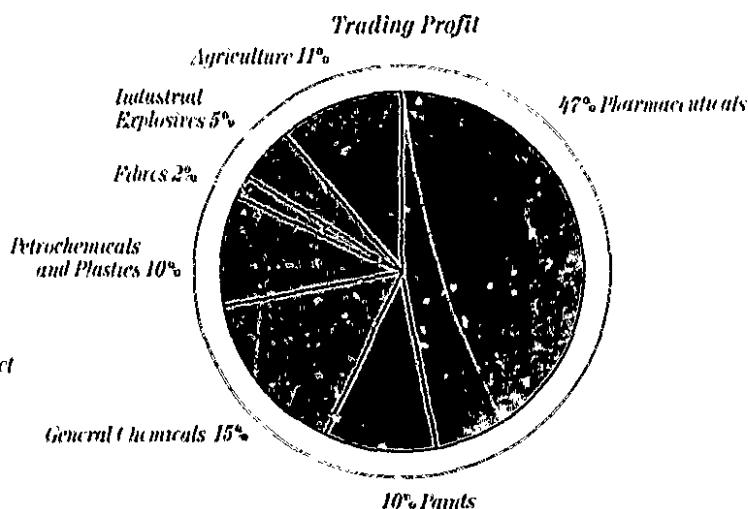
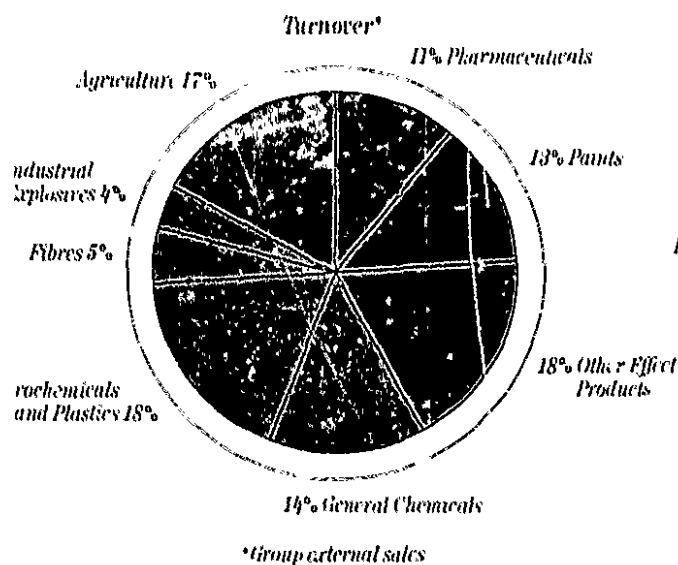
Extraordinary items amounted to a net gain of \$53m. These consisted of a gain on disposal of the investment in Enterprise Oil plc amounting to \$520m partially offset by three extraordinary charges. The first of these was a charge of \$300m for reshaping the ICI Group business portfolio, comprising withdrawals through business divestments, closures and other restructuring measures. The charge is net of estimated disposal proceeds and includes the expense of obtaining substantial cost reductions which are a significant part of the objective. The second charge, of \$128m, relates to the withdrawal from UK compound fertilizer manufacture and restructuring, with a view to ultimate divestment, of the ammonium nitrate business. The third charge was \$39m, being ICI's share of an extraordinary item in Tioxide Group PLC while an associated undertaking, relating to its fundamental restructuring.

EMPLOYEES' PROFIT-SHARING SCHEME

The bonus earned by most UK employees is calculated according to a pre-determined scale based on the ratio of added value to employee costs. The rate for 1990 is 4.7p per £1 of remuneration (at a total cost of \$39m) compared with 8.3p (\$62m) in 1989.

DIVIDEND The Annual General Meeting will be asked to confirm a second interim Ordinary dividend to Ordinary shareholders of 34p per £1 Share as the final dividend for 1990, payable on 25 April 1991. Together

Turnover and Trading Profit by Business Sector 1990



with the first interim dividend of 21p per £1 Share paid on 1 October 1990, this makes a total Ordinary dividend of 55p for the year. The gross equivalent of this (including the related tax credit) at the current basic rate of income tax is 73p. The payment of these dividends requires £381m (1989 £381m) leaving £281m (1989 £676m) retained in the business.

INVESTMENT During 1990 the Group made a total of 16 acquisitions and 21 divestments as part of its ongoing strategy of concentrating its areas of operation. The main divestment during the year was the disposal of the Group's shareholding in Enterprise Oil plc. Acquisitions in 1990 included purchases in the USA of Atlas Powder Company and the seeds business of Edward J. Funk & Sons Inc. In addition, ICI bought the 50 per cent shareholding in Trova, the Group PLC did not already own and a cash injection was made into European Vinyls Corporation Holdings BV to enable the company to fund the purchases of fixed assets from the two partners.

The table on page 22 summarizes Group authorizations and expenditure on tangible fixed assets

over the past three years. It also shows expenditure on acquisitions and new investments and proceeds from disposals.

Authorizations in 1990 were considerably reduced as the Group sought to limit its commitments for cash expenditures in 1990 and later years. Capital expenditure in 1990 was six per cent below 1989 levels. The continuing high levels of expenditure related to projects authorized in 1989 and 1988 as the projects moved towards completion.

Major new projects authorized during the year included a methyl methacrylate plant in the UK including an acid recovery facility, and an alternative flue gas carbon plant in the USA. A significant amount of the 1990 capital authorizations were for improving or monitoring safety, health and environmental performance.

FINANCE The Group's financial position remains strong. Funds generated from operations during the year amounted to \$1,021m (\$1,297m in 1989). Interest (net) and taxation paid during the year amounted to \$629m, a reduction of \$157m on the previous year which contained two payments of UK corporation tax following the

acceleration in payment dates under the Finance Act 1987. Sources of funds net of interest and taxation amounted to £1,064m (1989 £1,150m).

Expenditure on acquisitions and new investments amounted to £407m (1989 £373m) and £1,013m was spent on tangible fixed assets (1989 £1,080m). Proceeds from the disposal of tangible assets, businesses and undertakings amounted to £607m (1989 £640m). Reduced working capital in 1990 contributed £367m compared with an additional requirement of £538m in 1989 which included a debtor of £239m arising on the sale of the over-the-counter pharmaceuticals business in the USA. Dividend payments during the period amounted to £421m compared with £406m in 1989.

The net result of the above was to provide a surplus of £407m for the year. This, combined with share issues of £141m and other external finance of £111m, was reflected in a reduction of £477m in short-term borrowings and an increase in cash, current asset investments and short-term deposits amounting to £182m.

The only major new borrowing during 1990 was the issue by ICI Financial Corporation of US\$300m Guaranteed Notes repayable in 2000 with an interest rate of 9½ per cent.

ICI issued 13.7 million Ordinary Shares in 1990 of which 4.0 million related to the Employees' Profit-Sharing Scheme and 3.0 million were issued on conversion of loan stock and on exercise of warrants and options. 6.7 million Ordinary Shares were issued as part of the consideration for the acquisition of Atlas Powder Company. The total value of Ordinary Shares issued, including share premium, was £141m (1989 £101m).

The continuing financial strength of ICI is evidenced by the low level of borrowings as a proportion of total funds invested in the business. In 1990, net interest payable was still covered nearly six times by profit on ordinary activities before tax and before deducting net interest payable, despite the fall in the year's profits.

Group authorizations and expenditure on fixed assets and expenditure on investments

	Authorized			Expenditure		
	1988	1989	1990	1988	1989	1990
	£m	£m	£m	£m	£m	£m
TANGIBLE FIXED ASSETS						
United Kingdom	509	365	440	377	437	433
Continental Europe	96	123	78	102	112	110
The Americas	205	325	202	210	260	198
Other countries	271	408	143	122	271	272
	1,082	1,221	863	811	1,080	1,013
Total authorized but unspent at end of year				895	1,036	886
Expenditure on acquisitions and new investments				265	373	497
Proceeds from disposal of tangible assets, businesses and undertakings				(194)	(640)	(907)

RESEARCH

Without world class research, ICI would lack competitive advantage. Its success depends ultimately on its ability to invent new products and processes with which to meet its customers' needs. To this end, the Group spent £679 million on research, development and technical service in 1990 – an increase of £40 million on 1989.

In deciding where to focus the research, commercial relevance is crucial, so that ICI has a chance of investing in a growing and profitable area of business. But also important is to maintain the balance between short and longer term, addressing not just the known and immediate needs but those that could emerge a decade or more in the future. ICI's portfolio of successful research projects shows a keen ability to anticipate future needs.

The Seeds business is a case in point.

Complementing increasingly sophisticated modern agrochemicals, it is offering another means of combating pests, weeds and diseases which ruin an estimated 30 per cent of the world's annual crop production.

Research staff in Seeds are working on gene technology, whereby genes transferred from one strain to another can confer new characteristics in a quicker, more controlled way. Better yield, controlled ripening and resistance to disease and pests are all now possible. As a natural extension to its capabilities in agrochemicals, ICI realized the importance of plant biochemistry and plant molecular biology over a decade ago and was one of the first to start investing in the new technology. Indeed, greater understanding of disease processes in plants gives greater scope to develop tomorrow's agrochemicals. The result of all this is a leading international position in a discipline that holds great potential for feeding the world's fast growing population in an environmentally acceptable way.

Some of the most exciting possibilities for the solutions of tomorrow lie in bioscience, a field that in 1990 accounted for over half of ICI's research budget.

As well as its application to seeds, gene technology not only enhances established

pharmacological approaches to treating disease in humans but also offers an avenue to a new type of therapeutic treatment. One project now reaching its clinical phase offers the possibility of overcoming one of the most serious problems of cancer therapy – how to attack malfunctioning cells without destroying healthy ones in the process.

Creativity is much in evidence, too, in the more traditional areas of chemistry and physics – especially in solving customer problems and opening up new opportunities. Queen's Awards for Technological Achievement in 1990 went to ICI Colours and Fine Chemicals for a new range of dyes with increased colour fastness and to ICI Chemicals & Polymers Ltd for developments in membrane technology which is proving valuable in effluent treatment and water purification as well as chlorine production.

A special dye for high technology ink jet printing is being developed and, increasingly, ICI is working in partnership with companion technologies in other industries. ICI Imagedata, for instance, is co-operating with companies which will make the hardware to use with its electronic colour-imaging system, D2T2.

Process technology is more vital than ever for two reasons. Environmental pressures are mounting to avoid waste and effluent, and high technology customers are demanding more exacting standards of quality, purity and consistency of products. Both are challenges that ICI scientists and engineers are taking up.

ICI's distinctive skills in bioscience, materials science, organic synthesis and process technology are strengthened and updated in a comprehensive programme of co-operative research with universities. This programme is already well-established in the UK and is in the course of expansion in Continental Europe, the USA and Japan.

With over 60 years of innovation behind it, ICI's research effort continues to be as productive as ever.

PEOPLE

Ultimately, the Group's success depends on skilled, dedicated and resourceful people. It seeks therefore to create conditions in which all its employees throughout the world can develop their talents to the full – so providing satisfying careers and the best possible service to the customer.

ICI employs 132,100 people worldwide. Of this total, 40 per cent are in the UK, 13 per cent in Continental Europe, 25 per cent in the Americas, 13 per cent in Asia Pacific and nine per cent in other countries.

As a global business, ICI recognizes the need to develop managers in all parts of the world and to be able to transfer management and other skills from one country to another. A third of the Group's most senior jobs are now held by non-UK nationals. During 1990, more than 900 employees were working outside their home country.

The Group is concerned that individuals at every level should be able to fulfil their potential. Various programmes are in place to improve working practices and to help all employees to contribute more fully.

ICI believes strongly in equal opportunities for its employees and operates specific policies to this end. More details relating to the UK are on page 28.

The Group is committed to attracting talented recruits, and liaises closely with schools, universities and other higher education establishments. A lot of work this year has gone into recruiting and developing staff in the fast-growing markets of Asia Pacific.

As ICI's products and processes become more specialized, so the proportion of graduates in the workforce rises. In the UK, for instance, the figure stands at nearly 20 per cent of all employees – more than twice the percentage of 1970. This year has seen the strengthening of graduate recruitment programmes throughout the world, particularly in Europe and the USA.

SAFETY, HEALTH AND THE ENVIRONMENT

ICI places the highest priority on the safety and health of its employees, its customers and the general public. In 1990, its total expenditure on safety, health and the environment amounted to £740 million.

SAFETY This year there was a further drop in lost time accidents (down ten per cent across the Group) and in accidents overall (down six per cent).

Against this background, the Group regrets to report the deaths of two ICI employees while on company business. One died in a road accident in Kenya, the other in an air crash in Australia. Three contractors also died in accidents in India, Pakistan and the UK.

ICI has put its full weight behind the world chemical industry's 'Responsible Care' programme. This addresses the safety, health and environmental aspects of all the industry's operations. Initiatives include more safety training and an ICI award for the construction contractor with the best safety record.

HEALTH The worldwide health-protection programme reported last year continues to be implemented and to pay dividends in the low incidence of serious occupational illness among employees. Projects for the future include improvements to ICI's toxicological databank and a new audit system to show businesses and territories where they can best concentrate their efforts.

THE ENVIRONMENT The measures being taken to improve ICI's environmental performance are detailed on pages 4 to 7. Wherever appropriate, and where they can reasonably be predicted, ICI provides for the expected future costs of cleaning up old waste-disposal and other sites, and of compliance with increasingly stringent legislation relating to environmental protection.

The costs of compliance with existing and future legislation are difficult to predict. However, ICI believes that the fulfilment of its environmental responsibilities will keep the Group competitive in the longer term and will not materially affect its financial position.

ICI IN THE COMMUNITY

ICI seeks to be a good neighbour, improving the quality of life not just through its products but by contributing directly to the welfare of the local communities of which it is part. Below are some ways in which ICI and its employees have been involved in the past year.

In the USA, the Patient Assistance Program run by ICI Pharmaceuticals is currently helping over 4,000 women who need treatment for breast cancer but who otherwise would not be able to afford it. Under the programme they receive free supplies of 'Nolvadex', the leading breast-cancer medicine. Since the programme's inception in 1978, over 20,000 women have benefited.

In the UK, ICI Palats and ICI Agrochemicals have launched their 1990/91 Young Scientists Project, designed to give school age children a greater sense of the role science and technology plays in daily life. The scheme, which also enables young people to try out their own ideas, is now in its fourth year and has involved more than 2,000 pupils.

ICI's commitment to conservation is underlined by the Lozenby Bank project on Teesside in the UK. Over 200 acres of ancient woodland and heath - noted for their wildlife and Iron-age relics - have been leased to the local council for public use. An old schoolhouse will be used as a field-studies centre.

In Malaysia, ICI is sponsoring a research project by the University of Malaya to identify, manage and conserve urban green areas to make city life more enjoyable.

In Argentina, staff at the Buenos Aires head office have donated toys for the National Children's Day and have arranged camping trips for some 800 children from poor homes.

In the UK alone, ICI's expenditure on community projects and charitable donations in 1990 amounted to \$4.6 million. Of this, \$2.0 million was spent by local units who also gave in total almost 40 years of staff time to their communities. Charitable donations amounted to \$2.8 million (\$2.7 million in 1989). As in previous years, the Company made no donations for political purposes.



Her Royal Highness, The Princess Royal, visited the ICI Paints headquarters at Slough in the UK during 1990 as President of 'Save The Children' of which ICI is a corporate member. The Paints business jointly sponsored a 'children in inner cities' arts competition with Save The Children. The Princess Royal is seen here meeting Dr Edward and Julia Dray, owners of Tanya, the 'Dulux' dog.

EXECUTIVE DIRECTORS



Sir Denis Hens Aged 58.
A Director since 1980 and
Chairman since 1987. He has
particular responsibility for
Group Planning and Group
Public Affairs. He is also a
non-executive director of
Marleys PLC and The RTZ
Corporation PLC.



F Whiteley Aged 60.
A Director since 1979 and
Deputy Chairman since 1987.
He is currently Group
Personnel Director and
Territorial Director for Africa,
the Indian sub-continent and
the Middle East. He has
Group overview responsibility
for Engineering.



J D F Barnes, CBE Aged 55.
A Director since 1980, he is
currently Business Director
for the agrochemicals,
seeds and pharmaceuticals
businesses and Territorial
Director for the Americas. He
is also a non-executive
director of THORN EMI plc.



P Doyle Aged 52.
A Director since 1989 he is
currently Group Research and
Technology Director. He is
also a member of the Medical
Research Council.



R C Hampel Aged 63.
A Director since 1986, he is
currently Business Director
for the explosives, paints,
specialties and IT/inside
businesses. He has Group
overview responsibility for
Acquisitions and Divestments.
He is also a non-executive
director of British Aerospace
PLC and the Commercial
Union Assurance
Company plc.



C Hampton Aged 50.
A Director since 1987, he is
currently Business Director
for the industrial chemicals
and materials businesses and
Non-Executive Chairman of
RT Chemicals & Polymers Ltd.
He has Group overview
responsibility for Safety,
Health and Environment. He is
also a non-executive director
of Costain Group PLC and
Hawker Siddeley Group PLC.



T O H Johnson Aged 60.
A Director since 1985, he is
currently Territorial Director
for Continental Europe. He is
also a non-executive director
of Cadbury Schweppes PLC
and Bank of Scotland.



A T G Rodgers Aged 50.
Appointed a Director in
January 1991, he is currently
Territorial Director for Asia
Pacific and Australasia and
has overall responsibility
for Group Marketing.



C M Shaw Aged 56.
A Director since June 1990,
he is currently Group Finance
and Group Information
Services Director.

NON-EXECUTIVE DIRECTORS



Lord Chilver, FRS Aged 64.
A Director since January 1990. He is Chairman of English China Clays P.L.C., Chairman of Milton Keynes Development Corporation, Chairman of the Universities Funding Council and a director of Porton International plc.



Sir Alex Jarratt, CB Aged 67.
A Director since 1975. He is Chairman of Smiths Industries plc, a Deputy Chairman of Midland Bank plc and a Deputy Chairman of Prudential Corporation PLC.



W G L L Kiep Aged 65.
A Director since 1982. He is Managing Partner of Gradmann & Hoffer, the German insurance group, Chairman of the Supervisory Board of Glunz AG, a director of Marsh & McLennan Companies, Inc., New York, a director of the Bank of Montreal and a member of the Supervisory Board of Volkswagen A.G.



Sir Patrick Meaney Aged 65.
A Director since 1981. He is Chairman of The Rank Organisation Plc, Chairman of A Kershaw & Sons Plc, and a Deputy Chairman of Midland Bank plc. He is also a director of MEPC plc and of Tarmac Plc.



Sir Jeremy Morse, KCMG Aged 62.
A Director since 1981. He is Chairman of Lloyds Bank Plc.



Sir Antony Pilkington Aged 55.
Appointed a Director in March 1991. He is Chairman of Pilkington plc, a director of GKN plc and a director of National Westminster Bank plc.



S Saba Aged 72.
A Director since 1985. He is Adviser to the Board of Toshiba Corporation. He is also a Vice Chairman of Keidanren (Japan Federation of Economic Organizations).



Miss Ellen R Schneider Lemme Aged 48.
Appointed a Director in March 1991. She is a member of the Board of Managing Directors of Deutsche Bank AG and a director of Morgan Grenfell Group plc.



Professor James H Wolfensohn Aged 63.
A Director since 1988. He is Chairman of James H Wolfensohn Inc. and Professor of International Economic Policy at Princeton University. He is also a director of Nestlé S.A., The Prudential Insurance Company of America and of MBIA Inc.



J H Wyman Aged 51.
A Director since 1986. He is also a director of American Telephone and Telegraph Company, General Motors Corporation, United Biscuits (Holdings) plc and S G Warburg Group plc.

BOARD OF DIRECTORS

BOARD MEMBERS The names of the Directors of the Company at the date of this Report are shown on pages 26 and 27. With the exception of Mr C M Short, Mr A T G Rodgers, Sir Antony Pilkington and Miss Ellen R Schneider-Lenné, all served as Directors for the whole of the year.

Mr C M Short, previously Vice-President and Treasurer of Chevron Corporation, was appointed an Executive Director with effect from 1 June 1990. Mr A T G Rodgers, previously Principal Executive Officer of ICI Colours and Fine Chemicals, was appointed an Executive Director with effect from 1 January 1991. Sir Antony Pilkington and Miss Ellen R Schneider-Lenné were appointed Non-Executive Directors with effect from 1 March 1991.

Mr A W Clements was an Executive Director of the Company until 31 December 1990 when he retired from the Company's service. A geography graduate, Mr Clements joined ICI in 1956 after four years as an HM Inspector of Taxes. He worked in the Taxation Section of Treasurer's Department until 1966 when he became an Assistant Treasurer and was appointed ICI Treasurer in 1976. He joined the Board in 1979 and held the appointment of Finance Director for eleven years. He was also Territorial Director for Africa among other responsibilities. Mr Clements was awarded the CBE in 1990. Among Mr Clements' many outstanding contributions to the ICI Group's affairs has been the development of its financial and treasury operations in line with the globalization of many of the Group's businesses.

Sir Alex Jarratt and Mr S Saba will retire from the Board at the conclusion of the Company's Annual General Meeting on 26 April 1991. Sir Alex has been a Non-Executive Director since 1975 and the Board has benefited greatly from his wise counsel and considered judgement. Mr S Saba joined the Board as Non-Executive Director in 1985 and his advice has been invaluable in expanding the ICI Group's interests in Asia Pacific. Mr Saba will continue to be available to the Company as a special adviser to the Chairman.

DIRECTORS RECOMMENDED FOR

RE-ELECTION Under Article 74, Mr C M Short, Mr A T G Rodgers, Sir Antony Pilkington and Miss Ellen R Schneider-Lenné retire, together with Dr P Doyle, Mr R C Hampel and Mr F Whiteley who retire under Article 82. All are recommended for re-election.

Dr P Doyle, Mr R C Hampel, Mr A T G Rodgers and Mr F Whiteley each has a service contract with the Company, which is subject to termination by either party giving not less than three years' notice at any time, each contract also terminates when the age of 62 is attained, unless it is extended by agreement at the request of the Company. Mr C M Short has a service contract with the Company for the period of three years from 1 June 1990, extendable thereafter by mutual agreement.

DIRECTORS' INTERESTS At no time during the year has any Director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business. A statement of Directors' interests in shares and debentures of the Company and its subsidiaries is set out on page 53.

INSURANCE FOR OFFICERS The Company maintains directors' and officers' liability insurance which provides insurance cover for Directors and other officers of Group companies, including those of the Company, against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful acts or omissions in their capacity as Directors or officers.

EMPLOYMENT IN THE UK

EMPLOYEE INVOLVEMENT ICI seeks to maintain an open management style, involving its employees in frequent discussions on day-to-day operations and matters affecting the business. Informal consultation within work groups is backed by a three-tier system of formal consultation between the ICI Chairman, senior management and workplace representatives covering each works or department, each business unit, and the UK as a whole. Two further representative sub-committees, chaired by an Executive Director, discuss business prospects and investment plans in more detail. They are supported by similar committees in business units.

The Company has operated an employees' profit-sharing scheme since 1951 and employee share option schemes since 1980.

EQUAL OPPORTUNITIES ICI believes that every employee should be treated with the same respect. It values the diversity and creative potential that men and women with differing backgrounds and abilities can bring to the ICI community. It seeks to encourage a culture of equal opportunities in which personal success depends solely on individual merit and performance.

To this end, it is ICI's policy that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. All judgements about people for the purposes of recruitment, development and promotion will be made solely on the basis of their ability and potential in relation to the needs of the job.

All employees will be fully trained to do their immediate jobs. They will also be given the opportunity to develop further as individuals and to pursue career opportunities consistent with their abilities.

Every manager is responsible for ensuring that this policy is actively pursued and put into practice.

WOMEN EMPLOYEES As part of its policy of equal opportunities, ICI has announced a new package of measures to help women employees in the UK. It

includes better maternity pay, the opportunity to fit work around children's school hours or terms, more money for child-care and company pension cover during breaks in career. After the introduction by ICI of a firm new policy on sexual harassment, the Equal Opportunities Commission and Trades Union Congress have called on other companies to follow this lead.

EMPLOYMENT OF THE DISABLED Disabled people are given the same consideration as others when they apply for jobs. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realizing their potential. ICI welcomes the recent initiative by the UK Department of Employment urging more businesses to encourage people with disabilities to apply for jobs.

PENSIONS UK pensions were raised by 8.5 per cent from 1 November 1990, the increase being financed by resources already provided within the Funds. Recent valuations of the Pension Funds in the UK have shown that they are in a satisfactory state of solvency.

EMPLOYMENT IN SOUTH AFRICA

ICI constantly seeks to improve the employment conditions and overall welfare of its employees in South Africa. The Company's latest report to the UK Government on its implementation of the EC Code of Conduct is available on request.

ASSOCIATED UNDERTAKINGS

Information on the two largest related companies is given below and details of ICI's investments in these companies are given on page 57.

AECI LTD, the South African Group in which ICI has a 38 per cent interest, produces a wide range of general chemicals, plastics, vinyl products, paints, industrial explosives, fibres and fertilizers.

Sales by AECI were R5.0 billion in 1990 (1989 R4.8 billion) and net trading income was R400m (R604m). Earnings per ordinary share were 154 cents (203 cents).

EUROPEAN VINYL CORPORATION

(HOLDINGS) BV (EVC), which is jointly owned by ICI and EniChem SpA, manufactures and sells vinyl chloride monomer (VCM), polyvinyl chloride (PVC) and fabricated PVC products. In 1990, a slowdown in demand and a surge of imports into Western Europe led to a sharp fall in selling prices and margins, but towards the end of the year price rises were achieved to recover the increased cost of oil-based raw materials. At the end of 1990 EVC took over ownership from its parents of their VCM/PVC and PVC Compound manufacturing plants.

This move emphasises EVC's independent identity in the market place and will assist its efforts to improve production efficiencies.

AUDITORS

A resolution re-appointing KPMG Peat Marwick McLintock as Auditors of the Company and authorizing the Directors to agree their remuneration will be submitted to the Annual General Meeting. The remuneration and expenses of the Auditors in respect of the statutory report to the members of the Company for the year 1990, provided for in the Group accounts, amounted to \$325,000 (1989 \$310,000). The total figure for the Group was \$4.4m (1989 \$4.1m) which includes charges for audits of subsidiary companies in the UK and overseas, both for the purposes of consolidation into the Group accounts and to meet statutory requirements of the countries in which subsidiaries operate.

SHAREHOLDERS

The following table analyses the holdings of \$1 Ordinary Shares at the end of 1990:

Size of Holding	Number of Ordinary shareholders' accounts	Millions of Shares
1-250	156,962	20
251-500	90,173	34
501-1,000	61,504	47
1,001-5,000	33,808	58
5,001-10,000	1,115	8
10,001-50,000	1,008	26
50,001-1,000,000	796	171
Over 1,000,000	100	344
All holdings	348,556	708

In addition to the number of registered shareholders shown, there are approximately 13,500 holders of American Depositary Receipts. The ADR, each of which is equivalent to four \$1 Ordinary Shares, are issued by Morgan Guaranty Trust Company of New York.

As at 10 February 1991 (one month prior to the date of Notice of Meeting) Morgan Guaranty Trust Company of New York had a non-beneficial interest in 30,963,172 Ordinary Shares of the Company (being 5.6 per cent of the issued Ordinary Share Capital), all of which were registered in the name of their nominee company, Guaranty Nominees Limited. At that date the Prudential Corporation group of companies had an interest in 25,034,666 Ordinary Shares of the Company (being 3.5 per cent of the issued Ordinary Share Capital) of which 16,522,237 shares were registered in the name of Prudential Assurance Company Limited. No other person held an interest in shares comprising three per cent or more of the issued Ordinary Share Capital of the Company.

ICI Ordinary Shares are listed on all the major European Stock Exchanges and on the Tokyo Stock Exchange. In the form of ADRs, they are also listed on the New York Stock Exchange.

Imperial Chemical House
Millbank, London SW1P 3JF
11 March 1991

On behalf of the Board
D J Allen D J Allen
Secretary

SENIOR EXECUTIVES

(from 1 April 1991)

CHIEF EXECUTIVE OFFICERS

Agrochemicals and Seeds	A Hayes
Explosives	R W Clark
Industrial Chemicals	R N Hodge*
Materials	W F Madden
Paints	H M Scopes
Pharmaceuticals	D Friend
Specialties	R Brown

* Mr R N Hodge is also Chief Executive of ICI Chemicals & Polymers Ltd.

GENERAL MANAGERS

Secretary	D J Allen
Finance	P G Rogerson
Group Solicitor	V O White
Planning	J T Harrison
Personnel	H M Donaldson
Insurance and Investments	B C Hines
External Relations	J D Rushton

CHIEF EXECUTIVES OF MAJOR SUBSIDIARY COMPANIES

ICI Australia Ltd	C M Deeley
Tioxide Group PLC	R J Margetts

REGIONAL CHAIRMEN

Asia Pacific	P R Schindler
North America	B H Lochtenberg
Western Europe	D W S Beynon

REGISTERED OFFICE

Imperial Chemical House, Millbank, London SW1P 3JF Telephone: (071) 834 4444

REGISTRAR AND TRANSFER OFFICE

I C Parkinson, PO Box 251, Wexham Road, Slough SL2 5DP Telephone: (0753) 31151

AUDITORS

KPMG Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD

ACCOUNTS

CONTENTS

GROUP PROFIT AND LOSS ACCOUNT	32
GROUP RESERVES ATTRIBUTABLE TO PARENT COMPANY	32
BALANCE SHEETS	33
STATEMENT OF SOURCES AND APPLICATIONS OF GROUP FUNDS	34
ACCOUNTING POLICIES	35
NOTES RELATING TO THE ACCOUNTS	
<i>Note 1 Composition of the Group</i>	36
2 <i>Trading Profit</i>	36
3 <i>Share of Profits Less Losses of Associated Undertakings</i>	37
4 <i>Net Interest Payable</i>	37
5 <i>Tax on Profit on Ordinary Activities</i>	37
6 <i>Segment Information</i>	38
7 <i>Extraordinary Items</i>	40
8 <i>Dividends</i>	40
9 <i>Earnings before Extraordinary Items per £1 Ordinary Share</i>	40
10 <i>Tangible Fixed Assets</i>	41
11 <i>Investments in Subsidiary Undertakings</i>	42
12 <i>Investments in Participating Interests</i>	43
13 <i>Stocks</i>	44
14 <i>Debtors</i>	44
15 <i>Current Asset Investments and Short-Term Deposits</i>	45
16 <i>Short-Term Borrowings</i>	45
17 <i>Other Creditors</i>	45
18 <i>Provisions for Liabilities and Charges</i>	46
19 <i>Called-Up Share Capital of Parent Company</i>	46
20 <i>Loans</i>	47
21 <i>Reserves</i>	48
22 <i>Acquisitions, New Investments and Disposals</i>	49
23 <i>Leases</i>	51
24 <i>Employee Costs</i>	52
25 <i>Emoluments of Directors</i>	52
26 <i>Directors' Interests in Shares and Debentures</i>	53
27 <i>Commitments and Contingent Liabilities</i>	54
28 <i>Pension Costs</i>	55
29 <i>Statutory and Other Information</i>	55
PRINCIPAL SUBSIDIARY UNDERTAKINGS	56
PRINCIPAL ASSOCIATED UNDERTAKINGS	57
AUDITORS' REPORT	57
GROUP FINANCIAL RECORD	58
ICI ORDINARY SHARE COMPARISONS	59
SOURCES AND DISPOSAL OF VALUE ADDED	60

GROUP PROFIT AND LOSS ACCOUNT

	Notes	1990 £m	1989 £m
<i>For the year ended 31 December 1990</i>			
Turnover	2	12,906	13,171
Operating costs	2	(12,057)	(11,884)
Other operating income	2	180	180
Trading profit	2	1,029	1,467
Share of profits less losses of associated undertakings	3	154	279
Net interest payable	4	(206)	(219)
Profit on ordinary activities before taxation		977	1,527
Tax on profit on ordinary activities	5	(338)	(631)
Profit on ordinary activities after taxation		639	896
Attributable to minorities		(22)	(66)
Net profit attributable to parent company		617	930
Extraordinary items	7	53	127
Net profit for the financial year		670	1,057
Dividends	8	(389)	(381)
Profit retained for year		281	676
Earnings before extraordinary items per £1 Ordinary Share	9	87.9p	135.0p

GROUP RESERVES ATTRIBUTABLE TO PARENT COMPANY

	Note	1990 £m	1989 £m
At beginning of year		4,320	3,212
Profit retained for year		381	25
Company		(53)	621
Subsidiary undertakings		(47)	30
Associated undertakings		281	676
Amounts taken direct to reserves		(638)	402
At end of year	21	3,963	4,320

£m means millions of pounds sterling.

BALANCE SHEETS

At 31 December 1990	Notes	Group 1990 £m	1989 £m	Company 1990 £m	1989 £m
ASSETS EMPLOYED					
Fixed assets					
Tangible assets	10	4,947	4,856	1,074	999
Investments:					
Subsidiary undertakings	11			4,189	4,375
Participating interests	12	483	767	220	223
		5,430	5,623	5,483	5,597
Current assets					
Stocks	13	2,214	2,380	395	421
Debtors	14	2,590	2,885	1,221	702
Investments and short-term deposits	15	388	250	-	18
Cash	16	177	133	7	20
		5,369	5,648	1,623	1,161
Total assets		10,799	11,271	7,106	6,758
Creditors due within one year					
Short-term borrowings	16	(447)	(771)	(5)	(48)
Current instalments of loans	20	(78)	(109)		
Other creditors	17	(2,881)	(2,738)	(814)	(1,855)
		(3,406)	(3,618)	(819)	(1,903)
Net current assets (liabilities)		1,963	2,030	804	(742)
Total assets less current liabilities		7,393	7,653	6,287	4,855
FINANCED BY					
Creditors due after more than one year					
Loans	20	1,670	1,027	555	574
Other creditors	17	154	86	1,698	540
		1,824	1,713	2,253	1,114
Provisions for liabilities and charges	18	549	497	39	(38)
Deferred income: Grants not yet credited to profit		63	94	6	8
Minority interests		286	335		
Capital and reserves attributable to parent company					
Called-up share capital	19	708	694	708	694
Reserves					
Share premium account		446	384	446	384
Revaluation reserve		50	56		
Other reserves		381	486	533	708
Profit and loss account		3,014	3,006	2,302	1,925
Associated undertakings reserves		72	293		
Total reserves	21	3,963	4,320	3,281	3,077
Total capital and reserves attributable to parent company		4,671	5,014	3,989	3,771
		7,393	7,653	6,287	4,855

The accounts on pages 82 to 87 were approved by the Board of Directors on 11 March 1991 and were signed on its behalf by:

Sir Denis Henderson Director

G. M. Short Director

STATEMENT OF SOURCES AND APPLICATIONS OF GROUP FUNDS

<i>For the year ended 31 December 1990</i>	<i>Notes</i>	1990 £m	1989 £m
SOURCES			
Funds generated from operations			
Trading profit		1,029	1,467
Depreciation		525	536
Dividends from associated undertakings		69	135
Extraordinary charges	‡	(7)	—
Miscellaneous items, including exchange		77	(165)
		1,693	1,973
Less: interest and taxation paid during year			
Interest (net)		(205)	(221)
Taxation		(424)	(593)
Sources net of interest and taxation		1,064	1,159
APPLICATIONS			
Dividends paid during year			
Parent company		384	364
Subsidiary undertakings to minority shareholders		37	42
		421	406
Fixed assets			
Tangible assets		1,013	1,080
Disposals of tangible assets		(160)	(61)
Acquisitions and new investments	22	497	373
Disposals of businesses and undertakings	22	(747)	(579)
		603	813
Working capital changes			
Stocks decrease (1989 increase)		(74)	219
Debtors decrease (1989 increase)		(186)	460†
Creditors increase (excluding dividends, interest and taxation)		(107)	(131)
		(367)	538
Total applications		657	1,757
Surplus (1989 Deficit)		407	(598)
FINANCED BY			
Issues of ICI Ordinary Shares		141	101
Movement in other external finance		94	(5)
Increase in loans (1989 decrease)		17	(53)
Decrease in short-term borrowings (1989 increase)		(477)	482
Increase in cash, current asset investments and short-term deposits (1989 decrease)	*	(182)	73
		(407)	598

† Includes an amount of \$289m received on 2 January 1990 in respect of the disposal of ICI's over-the-counter pharmaceuticals business in the USA.

‡ Represents the cash effect of extraordinary items (note 7) other than those relating to disposals.

* Represents the difference between amounts shown in the opening and closing balance sheets. Other items do not correspond to the change in balance sheet amounts, due to effects of acquisitions and disposals of subsidiary undertakings and effects of retranslating opening currency balances of overseas subsidiary undertakings at closing exchange rates.

ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and with Accounting Standards issued by the Accounting Standards Board. The following paragraphs describe the main policies. The accounting policies of some overseas subsidiaries do not conform with UK Accounting Standards and, where appropriate, adjustments are made on consolidation in order to present the Group accounts on a consistent basis.

DEPRECIATION

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 20 years for buildings and 15 years for plant and equipment. Depreciation of assets qualifying for grants is calculated on their full cost.

FOREIGN CURRENCIES

Profit and loss accounts in foreign currencies are translated into sterling at average rates for the relevant accounting period. Assets and liabilities are translated at exchange rates ruling at the date of the Group balance sheet.

Exchange differences on short-term currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except foreign currency loans, are taken to trading profit. In the Group accounts exchange differences arising on consolidation of the net investments in overseas subsidiary undertakings and associated undertakings are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on foreign currency loans are taken to reserves and offset against the differences on net investments.

GOODWILL

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. UK Accounting Standards require that purchased goodwill be eliminated from the balance sheet either upon acquisition against reserves or by amortisation over a period. Elimination against reserves has been selected as appropriate to the goodwill purchases made during recent years.

LEASES

Assets held under finance leases are capitalized and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within or creditors due after one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to profit and loss account as incurred.

PENSION COSTS

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which it is intended should remain a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans.

Retirement plans of non-UK subsidiary undertakings are accounted for in accordance with local conditions and practice. With minor exceptions, these subsidiaries recognize the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries.

ASSOCIATED UNDERTAKINGS

The Group's share of the profits less losses of all significant associated undertakings is included in the Group profit and loss account on the equity accounting basis.

The holding value of significant associated undertakings in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such undertakings, as shown by the most recent accounts available, adjusted where appropriate.

ACCOUNTING POLICIES (continued)

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profit in the year in which it is incurred.

STOCK VALUATION

Finished goods are stated at the lower of cost and net realizable value, raw materials and other stocks at the lower of cost and replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses are excluded.

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the future.

NOTES RELATING TO THE ACCOUNTS

1 COMPOSITION OF THE GROUP

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiary undertakings, of which there were 628 at 31 December 1990. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 105 subsidiaries, representing 10 per cent of Group total assets, made up their accounts to dates earlier than 31 December, but not earlier than 30 September.

2 TRADING PROFIT

	1990 £m	1989 £m
Turnover	12,906	13,171
Operating costs		
Cost of sales	(7,885)	(7,901)
Distribution costs	(883)	(881)
Research and development (£501m (1989 £569m)) and technical service (£88m (1989 £80m))	(679)	(639)
Administrative and other expenses	(2,571)	(2,401)
Employees' profit-sharing bonus	(39)	(62)
	(12,057)	(11,884)
Other operating income		
Government grants	30	27
Royalties	32	31
Other income	118	122
	180	180
Trading profit	1,029	1,467
Total charge for depreciation included above	525	536
Gross profit, as defined by the Companies Act 1985	5,021	5,270

NOTES RELATING TO THE ACCOUNTS

3 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED UNDERTAKINGS

	1990 \$m	1989 \$m
Share of profits less losses		
Dividend income		
Share of undistributed profits less losses	69	135
Share of profits less losses before tax	66	83
Gains less losses on disposals of investments	135	223
Amounts written off investments (including provisions raised \$3m (1989 \$5m) and released \$nil (\$10m))	22	51
	(3)	6
	154	279

Total dividend income from shares in associated undertakings comprised \$24m (1989 \$27m) from listed companies and \$45m (\$105m) from unlisted companies. The Group's 50 per cent share of the results of European Vinyls Corporation (Holdings) BV (EVC) has been included in trading profit as the Group retained ownership of certain fixed assets of the business. These assets were transferred to EVC on 31 December 1990.

4 NET INTEREST PAYABLE

	1990 \$m	1989 \$m
Interest payable and similar charges		
Loan interest		
Interest on short-term borrowings and other financing costs	155	175
Interest receivable and similar income from current asset investments	17	112
Listed redeemable securities	280	287
Short-term deposits	(9)	(8)
	(64)	(57)
Exchange gains on short-term currency borrowings and deposits	(73)	(65)
	(1)	(3)
	200	219

Loan interest includes \$96m (1989 \$105m) on loans not wholly repayable within 5 years.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1990 \$m	1989 \$m
ICI and subsidiary undertakings		
United Kingdom taxation: Corporation tax	109	206
Double taxation relief	(43)	(47)
Deferred taxation	2	19
Overseas taxation: Overseas taxes	68	182
Deferred taxation	156	250
	39	22
Associated undertakings	225	272
Tax on profit on ordinary activities	293	464
	45	77
	338	541

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 36 per cent (1989 36 per cent).

NOTES RELATING TO THE ACCOUNTS

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred taxation

The amounts of deferred taxation accounted for at the balance sheet date and the potential amounts of deferred taxation are disclosed below.

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Accounted for at balance sheet date (see note 18)				
Timing differences on UK capital allowances and depreciation	63	53		
Miscellaneous timing differences	10	125	10	17
Advance corporation tax recoverable	(80)	(79)	(80)	(70)
	(7)	99	(70)	(62)
Not accounted for at balance sheet date				
UK capital allowances utilized in excess of depreciation charged	330	324	151	157
Miscellaneous timing differences	(65)	16	11	1
	265	340	162	158
Full potential deferred taxation	258	439	92	96

6 SEGMENT INFORMATION

Industry segments

The table below sets out information, on a worldwide basis, for each of the Group's industry segments. The Group's policy is to transfer products internally at external market prices.

	Total assets less current liabilities		Turnover		Profit	
	1990	1989	1990	1989	1990	1989
	£m	£m	£m	£m	£m	£m
Consumer and Specialty Products	2,534	2,756	5,351	5,297	600	508
Industrial Products	2,703	2,614	5,040	5,722	324	789
Agriculture	1,137	1,308	2,190	2,257	122	141
Miscellaneous			193	242	(20)	(33)
			13,380	13,518	1,026	1,465
Net operating assets	6,374	6,678				
Inter-segment eliminations			(474)	(347)	3	2
Non-operating and miscellaneous assets	1,019	965				
	7,393	7,653	12,906	13,171		
Trading profit					1,029	1,467
Share of profits less losses of associated undertakings					154	270
Net interest payable					(206)	(219)
Profit on ordinary activities before taxation					977	1,527

Non operating and miscellaneous assets include assets in course of construction, investments in associated undertakings and other participating interests, current asset investments, short-term deposits and cash, less short-term borrowings.

	Capital expenditure		Depreciation	
	1990	1989	1990	1989
	£m	£m	£m	£m
Consumer and Specialty Products	405	517	198	177
Industrial Products	475	358	196	230
Agriculture	169	154	92	103
Other	21	21	39	26
	1,070	1,050	525	536

NOTES RELATING TO THE ACCOUNTS

6 SEGMENT INFORMATION (continued)

Geographic areas

The information opposite is re-analysed in the table below by geographic area. The figures for each geographic area show the net operating assets owned by and the turnover and profits made by companies located in that area; export sales and related profits are included in the areas from which those sales were made.

	Net operating assets		Turnover		Profit	
	1990 \$m	1989 \$m	1990 \$m	1989 \$m	1990 \$m	1989 \$m
United Kingdom						
Sales in the UK			2,966	2,872		
Sales overseas			3,160	3,359		
	2,801	2,580	6,126	6,231	295	612
Continental Europe	1,061	1,026	3,152	2,928	157	225
The America	1,404	1,839	3,651	3,876	382	382
Asia Pacific	863	1,058	2,047	2,100	136	236
Other countries	155	175	403	451	29	45
	6,374	6,678	15,379	15,586	999	1,500
Inter-area eliminations			(2,473)	(2,415)	30	(93)
			12,906	13,171		
Trading profit					1,029	1,467

Employees

	1990	1989
Average number of people employed by the Group in:		
United Kingdom	53,700	54,700
Continental Europe	17,400	16,700
The Americas	32,600	33,900
Asia Pacific	16,800	16,700
Other countries	11,600	11,800
Total employees	132,100	133,800

Geographic markets

	1990 \$m	1989 \$m
Turnover in each geographic market in which customers are located:		
United Kingdom	2,993	2,917
Continental Europe	3,352	3,258
The Americas	3,656	3,887
Asia Pacific	2,251	2,378
Other countries	651	751
Total turnover	12,906	13,171

NOTES RELATING TO THE ACCOUNTS

7 EXTRAORDINARY ITEMS

	Group	
	1990	1989
	£m	£m
Gain on disposal of the investment in Enterprise Oil plc (net of charge for taxation of £9m)	520	
Charge for reshaping the ICI Group business portfolio, comprising withdrawals through business divestments, closures and other restructuring measures. The charge is net of estimated disposal proceeds and includes the expense of obtaining substantial cost reductions which are a significant part of the objective (net of tax relief of £50m of which £46m is deferred).	(300)	
Charge for the withdrawal from UK compound fertilizer manufacture and restructuring, with a view to ultimate divestment, of the ammonium nitrate business (net of tax relief of £12m of which £0m is deferred)	(128)	
ICI's share of an extraordinary item in Tioxide Group PLC, whilst an associated undertaking, relating to its fundamental restructuring (net of tax relief of £2m)	(39)	
Disposal of over-the-counter pharmaceuticals business in the USA (net of deferred tax of £83m)		127
	53	127

The gain on disposal of the investment in Enterprise Oil plc is the difference between the proceeds on disposal and the holding value of the investment. The holding value of the investment and associated undertakings' reserves had been reduced by £134m in the Group accounts reflecting ICI's share of goodwill adjustments to reserves made in the accounts of Enterprise Oil plc.

8 DIVIDENDS

	1990	1989	1990	1989
	pence per £1 Share		£m	£m
Interim, paid 1 October 1990	21p	21p	148	145
Second Interim, to be confirmed as final, payable 25 April 1991	34p	34p	241	230
	55p	55p	389	381

9 EARNINGS BEFORE EXTRAORDINARY ITEMS PER £1 ORDINARY SHARE

	1990	1989
Earnings for Ordinary Shareholders, before extraordinary items (£m)	617	930
Average Ordinary Shares in issue during year, weighted on a time basis (millions)	702	680
Earnings per £1 Ordinary Share	87.9p	136.0p
The effect on earnings per £1 Ordinary Share of the issue of shares under option (note 19) would not be material.		

NOTES RELATING TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS

	Land and buildings \$m	Plant and equipment \$m	Payments on account and assets in course of construction \$m	Total \$m
GROUP				
Cost or as revalued				
At beginning of year	1,744	6,983	919	9,646
Exchange adjustments	(168)	(472)	(86)	(726)
Revaluations and adjustments	2	8		10
New subsidiary undertakings	68	244	69	381
Capital expenditure			1,013	1,013
Transfers	162	834	(996)	-
Disposals and other movements	(61)	(676)		(737)
At end of year	1,747	6,921	919	9,587
Depreciation				
At beginning of year	628	4,162		4,790
Exchange adjustments	(48)	(232)		(280)
Revaluations and adjustments	1	4		5
Disposals and other movements	(34)	(531)		(565)
Charge for year	67	623		696
At end of year	614	4,026		4,640
Net book value at end 1990	1,133	2,895	919	4,947
Net book value at end 1989	1,116	2,821	919	4,856

The Group depreciation charge of \$690m shown above comprises \$525m charged in arriving at trading profit and \$165m charged under extraordinary items.

The net book value of the tangible fixed assets of the Group includes capitalized finance leases of \$56m comprising cost of \$123m and depreciation thereon of \$67m. The depreciation charge for the year in respect of capitalized leases was \$6m and finance charges \$12m.

COMPANY

Cost or as revalued				
At beginning of year	341	1,144	255	1,740
Capital expenditure			234	234
Transfers	42	243	(285)	-
Disposals and other movements	(1)	(25)	1	(25)
At end of year	382	1,362	205	1,949
Depreciation				
At beginning of year	101	610		711
Disposals and other movements	(1)	(22)		(23)
Charge for year	14	143		157
At end of year	114	761		875
Net book value at end 1990	268	601	205	1,074
Net book value at end 1989	210	501	255	966

The net book value of the tangible fixed assets of the Company includes capitalized finance leases of \$5m comprising cost of \$7m and depreciation thereon of \$2m. The depreciation charge for the year in respect of capitalized leases was \$1m and finance charges \$1m.

NOTES RELATING TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS (continued)

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
The net book value of land and buildings comprised:				
Freeholds	1,077	1,063	262	235
Long leases (over 50 years unexpired)	40	39	5	5
Short leases	16	14		
	1,133	1,116	268	240

	Group			
	Land and buildings		Plant and equipment	
	1990	1989	1990	1989
	£m	£m	£m	£m
Revalued assets included in tangible fixed assets:				
At revalued amount	128	159	175	240
Depreciation	51	65	140	185
Net book value	77	94	35	55
At historical cost	67	83	149	211
Depreciation	33	42	127	178
Net book value	34	41	22	33

11 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares	Loans	Total
	£m	£m	£m
Cost			
At beginning of year	2,632	1,866	4,498
Exchange adjustments	(199)	(212)	(411)
Additions	549	615	1,164
Disposals	(4)		(4)
Transfers to subsidiary undertakings	(667)		(667)
Repayments		(222)	(222)
At end of year	2,311	2,017	4,358
Provisions			
At beginning of year	(111)	(12)	(123)
Exchange adjustments	5		5
Additions	(66)	(3)	(69)
Releases	12	6	18
At end of year	(160)	(9)	(169)
Balance sheet value at end 1990	2,151	2,038	4,189
Balance sheet value at end 1989	2,501	1,854	4,375

Cost includes scrip issues capitalized £38m (1989 £35m).

Shares in subsidiary undertakings which are listed investments:	1990	1989
	£m	£m
Balance sheet value	63	77
Market value	341	619

Information on principal subsidiary undertakings is given on pages 56 and 57.

NOTES RELATING TO THE ACCOUNTS

12 INVESTMENTS IN PARTICIPATING INTERESTS

	Associated undertakings Shares £m	Loans £m	Other partici- pating interests £m	Total £m
GROUP				
Cost				
At beginning of year	475	5	15	495
Exchange adjustments	(25)	(1)		(26)
Additions	214	8	3	225
Reclassified as subsidiary undertakings	(29)			(29)
Disposals and repayments	(236)	(2)	(1)	(239)
At end of year	399	10	17	426
Share of post-acquisition reserves less losses				
At beginning of year	300			300
Exchange adjustments	(33)			(33)
Retained profits less losses	(47)			(47)
Reclassified as subsidiary undertakings	(86)			(86)
Disposals	(53)			(53)
Other movements	(7)			(7)
At end of year	74			74
Provisions				
At beginning of year	(24)	(3)	(1)	(28)
Exchange adjustments	2			2
Other movements	10	(1)		9
At end of year	(12)	(4)	(1)	(17)
Balance sheet value at end 1990	461	6	16	483
Balance sheet value at end 1989	751	2	14	767

Cost includes scrip issues capitalized £5m (1989 \$9m).

The above investments included:
1990

Investments listed on

The International Stock Exchange, London	21		2	23
Other listed investments	111			111
Balance sheet value	132		2	134
Market value	192		10	202

1989

Investments listed on

The International Stock Exchange, London	295		2	297
Other listed investments	120			120
Balance sheet value	415		2	417
Market value	1,020		16	1,036

Information on principal associated undertakings is given on page 57.

NOTES RELATING TO THE ACCOUNTS

12 INVESTMENTS IN PARTICIPATING INTERESTS (continued)

	Associated undertakings		Total
	Shares \$m	Loans \$m	\$m
COMPANY			
Cost			
At beginning of year	223	3	226
Additions	158		158
Transfer from subsidiary undertakings	55		55
Disposals	(216)		(216)
At end of year	220	3	223
Provisions			
At beginning and end of year	(1)	(2)	(3)
Balance sheet value at end 1990	219	1	220
Balance sheet value at end 1989	222	1	223
Cost includes scrip issues capitalized \$1m (1989 \$1m).			
Balance sheet value of investments listed on The International Stock Exchange, London	1990	-	-
	1989	214	214
Market value of listed investments	1990	-	-
	1989	745	745

13 STOCKS

	Group		Company	
	1990 \$m	1989 \$m	1990 \$m	1989 \$m
Raw materials and consumables	652	609	106	110
Stocks in process	237	277	78	86
Finished goods and goods for resale	1,325	1,491	211	225
	2,214	2,380	395	421

14 DEBTORS

Amounts due within one year				
Trade debtors	1,922	2,071	-	3
Amounts owed by subsidiary undertakings			1,102	620
Amounts owed by associated undertakings	33	21	1	1
Other debtors*	373	372	79	63
Prepayments and accrued income	151	120	36	14
	2,479	2,585	1,218	701
Amounts due after more than one year*	111	95	3	1
	2,590	2,680	1,221	702

* Includes prepaid pension costs (note 28).

NOTES RELATING TO THE ACCOUNTS

15 CURRENT ASSET INVESTMENTS AND SHORT-TERM DEPOSITS

	Group		Company	
	1990 £m	1989 £m	1990 £m	1989 £m
Redeemable securities listed on				
The International Stock Exchange, London	30	45		
Other listed investments	1	1		
Total listed investments	31	46		
Unlisted investments	5	4		
	36	50		
Short-term deposits	352	200	-	18
	388	250	-	18
Market value of listed investments	31	46		

Included in current asset investments, short-term deposits and cash are amounts totalling £243m (1989 £204m.) held by the Group's insurance subsidiaries.

16 SHORT-TERM BORROWINGS

Bank borrowings				
Secured by- fixed charge	3	1		
- floating charge	14	25		
Unsecured	353	648	4	48
	370	674	4	48
Other borrowings (unsecured)	77	97	1	
	447	771	5	48

17 OTHER CREDITORS

Amounts due within one year				
Trade creditors	1,083	1,108	143	132
Amounts owed to subsidiary undertakings			145	1,271
Amounts owed to associated undertakings	9	25	-	4
Corporate taxation	284	333	118	74
Value added and payroll taxes and social security	101	93	-	7
Other creditors*	797	1,059	107	70
Accruals	366	283	69	19
Dividends to Ordinary Shareholders	241	236	241	236
	2,881	2,765	514	1,875
Amounts due after more than one year				
Amounts owed to subsidiary undertakings			1,686	531
Other creditors*	154	86	12	6
	154	86	1,698	537

* Includes costs charged as extraordinary in 1990, obligations under finance leases (note 23) and accrued pension costs (note 28).

NOTES RELATING TO THE ACCOUNTS

18 PROVISIONS FOR LIABILITIES AND CHARGES

	At beginning of year £m	Profit and loss account £m	Amounts paid or becoming current £m	Acquisition and other movements £m	At end of year £m
GROUP					
Deferred taxation:					
Advance corporation tax recoverable	(79)		(1)		(80)
Other tax†	178	(14)	(67)	(24)	73
	99	(14)	(68)	(24)	(7)
Employee benefits*	178	40	(10)	4	212
Reshaping, environmental and other provisions	220	185	(76)	15	344
	497	211	(154)	(5)	549
COMPANY					
Deferred taxation	17	(7)			10
Advance corporation tax recoverable	(79)		(1)		(80)
Other provisions	24	86	(1)		109
	(38)	79	(2)		39

† The movement in the year includes taxation arising on the extraordinary items.

* Includes provisions for unfunded pension costs (note 28).

19 CALLED-UP SHARE CAPITAL OF PARENT COMPANY

	Authorized £m	Allotted, called-up and fully paid 1990 £m	1989 £m
Ordinary Shares (£1 each)	708	708	691
Unclassified shares (£1 each)	142		
	850	708	691

The number of Ordinary Shares issued during the year totalled 1.37m, comprising movements in respect of the acquisition of Tyler Corporation Ltd, the Employees' Profit-Sharing Scheme 4.0m, and conversions of loan stock and exercise of warrants and options 9.3m.

At 31 December 1990 there were options outstanding in respect of 11,886,245 Ordinary Shares of £1 under the Company's share option schemes for staff (1989 12,531,895) normally exercisable in the period 1991 to 2000 (1990 to 1999) at subscription prices of \$5.05 to \$15.12 (\$5.23 to \$15.12). The weighted average subscription price of options outstanding at 31 December 1990 was \$10.03.

Options granted to directors are shown in note 26.

During 1990 movements in the number of shares made up of new options issued 3,018,488, options exercised 628,526 and options lapsed or waived 635,622. At the end of 1990 there were 18,996,142 shares available for the granting of options (1989 21,569,261).

Warrants granting options to subscribe for 711,711 Ordinary Shares of £1 each at 510p were exercised during the year; no warrants remain outstanding.

NOTES RELATING TO THE ACCOUNTS

20 LOANS

	Repayment dates	1990 £m	Group 1989 £m	Company 1990 £m	1989 £m
Secured loans					
US dollars (5½ to 10¾%)	1991/2012	38	51		
Australian dollars (10.3 to 17.1%)	1991/97	39	56		
Other currencies	1991/99	71	49		
Total secured		148	156		
Secured by fixed charge					
Secured by floating charge		142	146		
Unsecured loans		6	10		
Sterling:					
9¾ to 11¼ % bonds	1992/2005	400	400	400	400
9¾ % Notes	1993	75	75	75	75
8½ % convertible bonds	1999		13		
Others	1991/96	128	41		
		603	529	475	475
US dollars:					
9¾ % bonds	1990		28		
7½ to 8% Eurodollar bonds	1991/96	54	66		
8½ to 9.05% bonds	1991/2006	268	333		
8.85 to 8.9% medium-term notes	1994/2002	26	31		
9½ % Notes	2000	156			
Others	1991/2013	73	51		
		577	509		
Australian dollars (16.6 to 15½%)	1991/93	86	106	80	99
Canadian dollars (10¾ to 14½%)	1991/96	68	87		
Swiss francs (3½ to 4½%)	1991/93	175	180		
Other currencies	1991/2002	91	94		
Multi-currency credit facility†			75		
Total unsecured		1,600	1,580	555	574
Total loans		1,748	1,736	555	574

† Variable interest; repayable and redrawable as loans

† Variable interest; repayable and redrawable at borrower's option.

Loans from banks included in the table above amounted to \$311m (£183 \$229m) in the Group of which \$89m (£75m) was secured. New borrowings during the year by subsidiary undertakings included US \$300m 9½% Notes due 2000 to be used for the general purposes of the ICI Group.

NOTES RELATING TO THE ACCOUNTS

20 LOANS (continued)

	Group		Company	
	1990 \$m	1989 \$m	1990 \$m	1989 \$m
Loans or instalments thereof are repayable:				
After 5 years from balance sheet date:				
Lump sums	617	608	200	200
Instalments	222	219	-	62
	839	827	200	262
From 2 to 5 years	603	643	200	312
From 1 to 2 years	228	157	155	-
Total due after more than one year	1,670	1,627	555	574
Total due within one year	78	109	-	-
	1,748	1,736	555	574
Aggregate amount of loans repayable by instalments any of which fall due after 5 years	489	462	-	125

21 RESERVES

	Share premium account \$m	Revalu- ation \$m	Other \$m	Profit and loss account \$m	Associated under- takings \$m	1990 Total \$m	1989 Total \$m
GROUP							
Reserves attributable to parent company							
At beginning of year	384	56	486	3,096	298	4,320	3,242
Profit retained for year				328	(47)	281	676
Amounts taken direct to reserves							
Share premiums	62		65†			127	90
Goodwill			(65)†	(145)	(145)*	(355)	(41)
Exchange adjustments		(8)	(138)	(231)	(33)	(410)	367
Other movements			3		(3)	-	(11)
	62	(8)	(135)	(376)	(181)	(638)	102
Other movements between reserves		2	30	(34)	2		
At end of year	446	50	381	3,014	72	3,963	4,320

* Includes ICI's share of goodwill adjustments to reserves made in the accounts of Enterprise Oil plc.

In the Group accounts, \$116m of net exchange gains on foreign currency loans (1989 losses \$62m) have been offset in reserves against exchange losses on the net investment in overseas subsidiary and associated undertakings.

The cumulative amount of goodwill resulting from acquisitions during 1990 and prior years, net of goodwill attributable to subsidiary undertakings or businesses disposed of prior to 31 December 1990, amounted to \$1,708m (1989 \$1,564m).

NOTES RELATING TO THE ACCOUNTS

21 RESERVES (continued)

	Share premium account £m	Other £m	Profit and loss account £m	1990 Total £m	1989 Total £m
COMPANY					
Reserves					
At beginning of year	384	768	1,925	3,077	2,663
Profit retained for year			381	381	25
Amounts taken direct to reserves					
Share premiums	62			62	90
Exchange adjustments		(300)		(300)	332
Purchased goodwill			(4)	(4)	(37)
Other movements		65†		65	4
	62	(235)	(4)	(177)	380
At end of year	446	533	2,302	3,281	3,077

† In accordance with Section 131 of the Companies Act 1985, the Company transferred to a merger reserve, which forms part of other reserves, the premium of £65m arising on shares issued as consideration for a subsidiary acquired during the year. This merger reserve has been applied in eliminating part of the goodwill arising on acquisitions.

By virtue of S230(4) of the Companies Act 1985, the Company is exempt from presenting a profit and loss account.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiary or associated undertakings; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. The undistributed profits of Group companies overseas may be liable to overseas taxes and/or UK taxation (after allowing for double taxation relief) if they were to be distributed as dividends. No provision has been made in respect of potential taxation liabilities on realization of assets at restated or revalued amounts or on realization of associated undertakings at equity accounted value.

For the purpose of calculating the basis of the borrowing limits in accordance with the Articles of Association, the total of the sums standing to the credit of capital and revenue reserves of the Company and its subsidiary undertakings, to be added to the nominal amount of the share capital of the Company was \$5,082m at 31 December 1990.

22 ACQUISITIONS, NEW INVESTMENTS AND DISPOSALS

During the year the Group acquired interests in the following undertakings all of which have been accounted for by the acquisition method of accounting. The effect of these acquisitions on the Group results was not material.

Tioxide Group PLC - remaining 50% ordinary shareholding not already owned
 Tyler Corporation (parent company of Atlas Powder Company and its subsidiary undertakings)
 Edward J. Funk & Sons, Inc
 C XA Ltd - remaining 30% shareholding not already owned
 "Novacote" Division of Weserland-Farbenfabrik von Hoeveling GmbH

NOTES RELATING TO THE ACCOUNTS

22 ACQUISITIONS, NEW INVESTMENTS AND DISPOSALS (*continued*)**Net assets acquired:**

The fair value adjustments made to the net assets and liabilities acquired are set out in the table below:

	Book value at acquisition £m	Re- valuations £m	Provisions £m	Accounting policy alignments £m	Fair value to the Group £m
Fixed assets	401	13		(15)	402
Current assets	336	(3)		6	339
Total assets	740	10		(9)	741
Deferred income	5				5
Provisions for liabilities and charges	8		38	(3)	43
Creditors					
Loans	172				172
Short-term borrowings	152				152
Other	158		18	1	177
Total liabilities	495		56	(2)	549
Minorities	5				5
Net assets	240	10	(56)	(7)	187
Attributable to the Group's 50% shareholding in Tioxide Group PLC prior to acquisition of remaining shareholding					101
Net assets of subsidiary undertakings acquired					86
Goodwill					210
Fair value of consideration for subsidiary undertakings					296
Investment in participating interests					201
Acquisitions and new investments					497
Consideration for acquisitions and new investments:					
Shares allotted and to be allotted including share premium					79
Cash					418
					497

Statutory share premium relief under Section 141 of the Companies Act 1985 has been taken in respect of the acquisition of Tyler Corporation; goodwill written off to reserves has been reduced by \$65m being the premium on the shares issued in 1990 (see note 21).

Fixed and current assets are adjusted to fair value based on external valuations and internal reviews; provisions for closure are made where appropriate. Other acquisition provisions reflect the projected costs of reorganisation, integration of the businesses acquired and provisions for environmental improvements.

Disposals

Proceeds from disposals of businesses and subsidiary undertakings in 1990 amounted to \$17m (1989 \$458m) and of participating interests amounted to \$700m (\$131m) of which \$679m related to the disposal of Enterprise Oil plc.

NOTES RELATING TO THE ACCOUNTS

23 LEASES

The total rentals under operating leases, charged as an expense in the profit and loss account, are disclosed below.

	Group	
	1990 £m	1989 £m
Hire of plant and machinery	87	116
Other	52	38
	139	154

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which each lease expires.

	Group		Company	
	1990 £m	1989 £m	1990 £m	1989 £m
Land and buildings:				
Expiring within 1 year	9	4		
Expiring in years 2 to 5	10	18		
Expiring thereafter	14	15	4	2
	33	37	4	2
Other assets:				
Expiring within 1 year	24	17	3	2
Expiring in years 2 to 5	46	61	11	3
Expiring thereafter	5	8	1	1
	75	86	16	6

Obligations under finance leases comprise:

Rentals due within 1 year	24	6	1	1
Rentals due in years 2 to 5	100	17	4	4
Rentals due thereafter	38	48	2	3
Less: interest element	(64)	(63)	(2)	(3)
	98	82	5	5

Obligations under finance leases are included in other creditors (note 17)

The Group had no commitments under finance leases at the balance sheet date which were due to commence thereafter

NOTES RELATING TO THE ACCOUNTS

24 EMPLOYEE COSTS

The average number of people employed by the Group in 1990 was 132,100 (1989 133,800) and the staff costs incurred during the year in respect of those employees were:

	1990 £m	1989 £m
Salaries	2,270	2,094
Social security costs	218	189
Pension costs	151	143
Severance costs	69	46
Other employment costs	73	68
Employees' profit-sharing bonus	39	62
	2,818	2,602
Less: amounts allocated to capital expenditure, etc.	(50)	(44)
Charged in arriving at trading profit	2,768	2,558
Severance payments made during the year relating to extraordinary items	*	6
		-
Total employee costs in respect of people employed by the Group	2,774	2,558

* Included in this item is an amount to bring severance costs shown above, which include accrued costs, to payments made in the year.

25 EMOLUMENTS OF DIRECTORS

The total emoluments of the directors of the Company for the year were £2,686,000 (1989 £3,071,000) including directors' fees of £266,000 (£269,000). Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £4,716,000 (1989 £4,811,000).

The table which follows shows the number of directors of the Company whose emoluments during the year were within the bands stated.

Some directors were also granted options to subscribe for Ordinary Shares under the Company's share option schemes (notes 19 and 26).

Emoluments £	Number		Emoluments £	Number	
	1990	1989		1990	1989
15,001- 20,000	3	3	270,001- 275,000	2	
20,001- 25,000	1	1	275,001- 280,000		1
25,001- 30,000		1	280,001- 285,000	1	
30,001- 35,000	1		285,001- 290,000		1
35,001- 40,000	1	2	290,001- 295,000		1
40,001- 45,000	1	1	295,001- 300,000	1	1
45,001- 50,000	1		300,001- 305,000		1
50,001- 55,000		1	305,001- 310,000		1
55,001- 60,000	1		310,001- 315,000	1	
60,001- 65,000			315,001- 320,000		1
65,001- 70,000	1		320,001- 325,000		
70,001- 75,000			325,001- 330,000		
75,001- 80,000	1		330,001- 335,000		
80,001- 85,000	1		335,001- 340,000		
85,001- 90,000	1		340,001- 345,000		
90,001- 95,000	1		345,001- 350,000		
95,001- 100,000	1		350,001- 355,000		
100,001- 105,000	1		355,001- 360,000		
105,001- 110,000	1		360,001- 365,000		
110,001- 115,000	1		365,001- 370,000		
115,001- 120,000	1		370,001- 375,000		
120,001- 125,000	1		375,001- 380,000		
125,001- 130,000	1		380,001- 385,000		
130,001- 135,000	1		385,001- 390,000		
135,001- 140,000	1		390,001- 395,000		
140,001- 145,000	1		395,001- 400,000		
145,001- 150,000	1		400,001- 405,000		
150,001- 155,000	1		405,001- 410,000		
155,001- 160,000	1		410,001- 415,000		
160,001- 165,000	1		415,001- 420,000		
165,001- 170,000	1		420,001- 425,000		
170,001- 175,000	1		425,001- 430,000		
175,001- 180,000	1		430,001- 435,000		
180,001- 185,000	1		435,001- 440,000		
185,001- 190,000	1		440,001- 445,000		
190,001- 195,000	1		445,001- 450,000		
195,001- 200,000	1		450,001- 455,000		
200,001- 205,000	1		455,001- 460,000		
205,001- 210,000	1		460,001- 465,000		
210,001- 215,000	1		465,001- 470,000		
215,001- 220,000	1		470,001- 475,000		
220,001- 225,000	1		475,001- 480,000		
225,001- 230,000	1		480,001- 485,000		
230,001- 235,000	1		485,001- 490,000		
235,001- 240,000	1		490,001- 495,000		
240,001- 245,000	1		495,001- 500,000		
245,001- 250,000	1		500,001- 505,000		
250,001- 255,000	1		505,001- 510,000		
255,001- 260,000	1		510,001- 515,000		
260,001- 265,000	1		515,001- 520,000		
265,001- 270,000	1		520,001- 525,000		
270,001- 275,000	1		525,001- 530,000		
275,001- 280,000	1		530,001- 535,000		
280,001- 285,000	1		535,001- 540,000		
285,001- 290,000	1		540,001- 545,000		
290,001- 295,000	1		545,001- 550,000		
295,001- 300,000	1		550,001- 555,000		
300,001- 305,000	1		555,001- 560,000		
305,001- 310,000	1		560,001- 565,000		
310,001- 315,000	1		565,001- 570,000		
315,001- 320,000	1		570,001- 575,000		
320,001- 325,000	1		575,001- 580,000		
325,001- 330,000	1		580,001- 585,000		
330,001- 335,000	1		585,001- 590,000		
335,001- 340,000	1		590,001- 595,000		
340,001- 345,000	1		595,001- 600,000		
345,001- 350,000	1		600,001- 605,000		
350,001- 355,000	1		605,001- 610,000		
355,001- 360,000	1		610,001- 615,000		
360,001- 365,000	1		615,001- 620,000		
365,001- 370,000	1		620,001- 625,000		
370,001- 375,000	1		625,001- 630,000		
375,001- 380,000	1		630,001- 635,000		
380,001- 385,000	1		635,001- 640,000		
385,001- 390,000	1		640,001- 645,000		
390,001- 395,000	1		645,001- 650,000		
395,001- 400,000	1		650,001- 655,000		
400,001- 405,000	1		655,001- 660,000		
405,001- 410,000	1		660,001- 665,000		
410,001- 415,000	1		665,001- 670,000		
415,001- 420,000	1		670,001- 675,000		
420,001- 425,000	1		675,001- 680,000		
425,001- 430,000	1		680,001- 685,000		
430,001- 435,000	1		685,001- 690,000		
435,001- 440,000	1		690,001- 695,000		
440,001- 445,000	1		695,001- 700,000		
445,001- 450,000	1		700,001- 705,000		
450,001- 455,000	1		705,001- 710,000		
455,001- 460,000	1		710,001- 715,000		
460,001- 465,000	1		715,001- 720,000		
465,001- 470,000	1		720,001- 725,000		
470,001- 475,000	1		725,001- 730,000		
475,001- 480,000	1		730,001- 735,000		
480,001- 485,000	1		735,001- 740,000		
485,001- 490,000	1		740,001- 745,000		
490,001- 495,000	1		745,001- 750,000		
495,001- 500,000	1		750,001- 755,000		
500,001- 505,000	1		755,001- 760,000		
505,001- 510,000	1		760,001- 765,000		
510,001- 515,000	1		765,001- 770,000		
515,001- 520,000	1		770,001- 775,000		
520,001- 525,000	1		775,001- 780,000		
525,001- 530,000	1		780,001- 785,000		
530,001- 535,000	1		785,001- 790,000		
535,001- 540,000	1		790,001- 795,000		
540,001- 545,000	1		795,001- 800,000		
545,001- 550,000	1		800,001- 805,000		
550,001- 555,000	1		805,001- 810,000		
555,001- 560,000	1		810,001- 815,000		
560,001- 565,000	1		815,001- 820,000		
565,001- 570,000	1		820,001- 825,000		
570,001- 575,000	1		825,001- 830,000		
575,001- 580,000	1		830,001- 835,000		
580,001- 585,000	1		835,001- 840,000		
585,001- 590,000	1		840,001- 845,000		
590,001- 595,000	1		845,001- 850,000		
595,001- 600,000	1		850,001- 855,000		
600,001- 605,000	1		855,001- 860,000		
605,001- 610,000	1		860,001- 865,000		
610,001- 615,000	1		865,001- 870,000		
615,001- 620,000	1		870,001- 875,000		
620,001- 625,000	1		875,001- 880,000		
625,001- 630,000	1		880,001- 885,000		
630,001- 635,000	1		885,001- 890,000		
635,001- 640,000	1		890,001- 895,000		
640,001- 645,000	1		895,001- 900,000		
645,001- 650,000	1		900,001- 905,000		
650,001- 655,000	1		905,001- 910,000		
655,001- 660,000	1		910,001- 915,000		
660,001- 665,000	1		915,001- 920,000		
665,001- 670,000	1		920,001- 925,000		
670,001- 675,000	1		925,001- 930,000		
675,001- 680,000	1		930,001- 935,000		
680,001- 685,000	1		935,001- 940,000		
685,001- 690,000	1		940,001- 945,000		
690,001- 695,000	1		945,001- 950,000		
695,001- 700,000	1		950,001- 955,000		
700,001- 705,000	1		955,001- 960,000		
705,001- 710,000	1		960,001- 965,000		
710,001- 715,000	1		965,001- 970,000		
715,001- 720,000	1		970,001- 975,000		
720,001- 725,000	1		975,001- 980,000		
725,001- 730,000	1		980,001- 985,000		
730,001- 735,000	1		985,001- 990,000		
735,001- 740,000	1		990,001- 995,000		
740,001- 745,000	1		995,001- 1,000,000		

One of the directors whose emoluments are shown above for 1990 was a director for part of the year only. The emoluments of the Chairman were £148,000 (1989 £514,000).

NOTES RELATING TO THE ACCOUNTS

26 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests at 31 December 1990 of the persons who on that date were directors (including the interests of their families) in shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1990 (or, if appointed during 1990, at their date of appointment) are shown in parentheses where these differ from the holdings at the year end.

	ICI Ordinary Shares
J. D. F. Barnes	2,813
Lord Chilver	1,000
A. W. Clements	12,038 (11,038)
P. Doyle	2,530
R. C. Hampel	5,492 (4,492)
C. Hampson	922
Sir Denys Henderson	20,000
T. O. Hutchison	4,616 (2,616)
Sir Alex Jarratt: beneficial	562
non-beneficial	118
W. G. L. L. Kiep	500
Sir Patrick Meaney	1,325
Sir Jeremy Morse	1,819
S. Soba	500
C. M. Short	500
P. A. Volcker	500
F. Whiteley	2,000
T. H. Wyman	13,170 (11,579)
	500

C. Hampson has a beneficial interest in 1,430 ICI Australia Ltd A\$1 Ordinary Shares

Options to subscribe for Ordinary Shares granted to and exercised by directors during 1990 are included in the table below:

	At 1 January 1990	Options anted	Price £	Options exercised	At 31 December 1990
J. D. F. Barnes	68,000	13,800	10.90	-	81,800
A. W. Clements	77,700	-	-	1,000	76,700
P. Doyle	58,347	12,700	10.90	-	71,223
		176	8.14	-	
R. C. Hampel	60,592	14,300	10.90	-	83,565
		193	8.14	-	
C. Hampson	69,981	13,200	10.90	-	80,299
		138	8.14	-	
Sir Denys Henderson	118,000	26,700	10.90	-	154,700
T. O. Hutchison	69,800	14,000	10.90	-	83,800
C. M. Short	-	87,000	9.65	-	87,000

The options outstanding are exercisable at prices between \$6.00 and \$15.12. During the period 1 January 1991 to 19 February 1991 Dr P. Doyle exercised an option over 268 shares (granted under the Savings Related Share Option Scheme) at a price of \$6.06.

NOTES RELATING TO THE ACCOUNTS

27 COMMITMENTS AND CONTINGENT LIABILITIES

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Commitments for capital expenditure not provided for in these accounts (including acquisitions):				
Contracts placed for future expenditure	357	261	37	60
Expenditure authorized but not yet contracted	569	910	126	174
	926	1,171	163	234

Contingent liabilities existed at 31 December 1990 in connection with guarantees and uncalled capital relating to subsidiary and other undertakings and guarantees relating to pension funds, including the solvency of pension funds. The maximum contingent liability in respect of guarantees of borrowings and uncalled capital at 31 December 1990 was £72m (1989 £44m) for the Group. The maximum contingent liability for the Company, mainly on guarantees of borrowings by subsidiaries, was £902m (1989 £1 085m).

Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

A subsidiary company has entered into a take-or-pay contract to purchase electric power commencing 1 April 1993 for fifteen years. The subsidiary is obligated to make monthly payments including a fixed capacity charge and a variable energy charge. The present value of the commitment to purchase electric power over the period of the agreement is estimated at £530m.

At 31 December 1989, the Group had outstanding forward foreign exchange contracts to purchase \$499m equivalent and to sell \$1,144m equivalent. These contracts are taken out with commercial banks for the purpose of hedging currency exposures. The majority of the contracts had a maturity of six months or less from the balance sheet date.

The Group has entered into currency swap, interest rate swap and forward rate agreements to manage the interest rate and currency exposure of its borrowings. At 31 December 1990, the Group had agreements outstanding with commercial banks which had principal amounts of \$600m equivalent at the exchange rate on that date. The principal amounts under the cross-currency agreements are revalued from contract rate to balance sheet rates with any exchange gains or losses arising treated in accordance with the Group's accounting policy on foreign currencies.

NOTES RELATING TO THE ACCOUNTS

28 PENSION COSTS

The Company and most of its subsidiaries operate retirement plans which cover the majority of employees (including directors) in the Group. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and average final remuneration and are funded through separate trustee-administered funds.

The total pension cost for the Group for 1990 was £151m (1989 £143m). Formal actuarial valuations of the Group's main plans are undertaken triennially. Actuarial valuations of these funds have been undertaken on varying dates. The actuarial assumptions used to calculate the projected benefit obligation of the Group's pension plans vary according to the economic conditions of the country in which they are situated. The weighted average discount rate used in determining the actuarial present values of the benefit obligations was 9.2 per cent. The weighted average expected long-term rate of return on investments was 9.3 per cent. The weighted average rate of increase of future earnings was 5.8 per cent. The actuarial value of the fund assets of these plans was sufficient to cover 109 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings.

The market value of the assets of the major plans in the Group at the date of the latest valuations was \$5,902m (1989 \$5,582m). Accrued pension costs amounted to \$28m (1989 \$52m) and are included in other creditors (note 17); provisions for the benefit obligation of a small number of unfunded plans amounted to \$128m (1989 \$81m) and are included in provisions for employee benefits (note 18). Prepaid pension costs amounting to \$49m (1989 \$33m) are included in other debtors (note 14).

29 STATUTORY AND OTHER INFORMATION

Included in debtors are interest-free loans of \$205,000 (1989 \$225,000) to officers of the Company. Amounts of \$10,000 each from Dr P. Boyle and Mr T. G. Hutchison were outstanding on 1 January 1990 and throughout the year until they were repaid in December 1990. The loans to directors were made prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The loans to the other officers were also in respect of housing assistance.

Remuneration of auditors charged in the Group accounts for 1990 was \$1.4m (1989 \$1.1m).

PRINCIPAL SUBSIDIARY UNDERTAKINGS

At 31 December 1990	Class of capital	Held by ICI %	Principal activities
EUROPE			
Deutsche ICI GmbH (Federal Republic of Germany)	Ordinary	100+	Manufacture of nylon fibre, paints, pharmaceuticals, chlorine, advanced materials, polyurethanes and specialty chemicals; merchandising of other ICI products
ICI Chemicals & Polymers Ltd (England)	Ordinary	100+	Manufacture of chemicals, plastics, nylon and polyester fibres and fertilizers, merchandising of ICI and other products
ICI Finance PLC (England)	Ordinary	100+	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of bulk and specialty plasticisers, ethylene/propylene oxide derivatives, pharmaceuticals, acrylics and polyurethanes; merchandising of other ICI products
ICI Holland BV (Holland)	Ordinary	100+	Manufacture of bulk and specialty plastics, films, nylon and polyester polymers and polyurethane chemicals; merchandising of other ICI products
Imperial Chemicals Insurance Ltd (England)	Ordinary	100+	Insurance
Tioxide Group PLC (England)	Ordinary	100+	Manufacture of titanium pigments
THE AMERICAS			
Duperial SAIC (Argentina)	Ordinary	100	Manufacture of chemicals, plastics, seeds, polyurethanes, pharmaceuticals, agrochemicals and sporting ammunition; merchandising of ICI and other products
ICI American Holdings Inc (USA)	Common	100	Manufacture of pharmaceuticals, agrochemicals, seeds, colours, films, paints, advanced materials, polyurethanes, specialty and other chemicals, merchandising of other ICI products
ICI Brasil SA (Brazil)	Ordinary	81 11	Manufacture of agrochemicals, colours, seeds, polyester polymers and films, specialty and other chemicals; merchandising of ICI and other products
ICI Canada Inc (Canada)	Common Preference	100/100	Manufacture of polymers, urethane derivatives, paints and chemicals; merchandising of other ICI products
OTHER COUNTRIES			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	2 99	Manufacture of fertilizers, ether-alkaline chemicals, specialty chemicals and paints; merchandising of ICI and other products
ICI Australia Ltd (Australia) (Accounting date 31 September)	Ordinary*	60	Manufacture of chemicals, fertilizers, industrial explosives, paints, plastics and pharmaceuticals
ICI (China) Ltd (Hong Kong) (Accounting date 31 March)	Ordinary	100	Merchandising of ICI and other products
ICI India Ltd (India) (Accounting date 31 March; reporting date 31 December)	Ordinary*	51	Manufacture of fertilizers, industrial explosives and accessories, polyester fibre, paints, agrochemicals, pharmaceuticals, rubber chemicals and specialty chemicals
ICI Japan Ltd (Japan)	Ordinary	14 87	Merchandising of ICI and other products; manufacture of advanced materials and polyester films

PRINCIPAL SUBSIDIARY UNDERTAKINGS

At 31 December 1990	Class of capital	Held by ICI %	Principal activities
OTHER COUNTRIES (continued)			
ICI Pakatan Ltd (Pakistan)	Ordinary*	61	Manufacture of polyester fibre, soda ash, paints and specialty chemicals; merchanting of agrochemicals, general chemicals and pharmaceutical products
ICI-Pharma Ltd (Japan)	Ordinary	60	Marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchanting of ICI and other products, manufacture of pharmaceuticals

*Listed *Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company.
The accounting dates of principal subsidiary undertakings are 31 December unless otherwise stated

PRINCIPAL ASSOCIATED UNDERTAKINGS

At 31 December 1990	Isued share and loan capital at date of latest available audited accounts		Held by ICI %	Principal activities
	(Class of capital	£m		
AECI Ltd (Republic of South Africa) (accounting date 31 December; reporting date 30 September)	Ordinary* Preference Loan	31 1 104	33% - -	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints and plastics
European Vinyls Corporation (Holdings) BV (Holland) (accounting and reporting date 31 December)	Ordinary	148	50%	Manufacture of vinyl chloride monomer, polyvinyl chloride and fabricated PVC products

*Listed

*Held wholly or partly by subsidiaries of the Group as follows: 33 per cent shareholding in AECI Ltd controlled by 26 per cent held through Aven Holdings (Pty) Ltd in which the Group's interest is 70 per cent.
The country of registration or incorporation is stated after each company. The principal operations of AECI Ltd are carried out in the Republic of South Africa and those of European Vinyls Corporation (Holdings) BV in the UK, Italy, Federal Republic of Germany and Switzerland.
Where and how accounts are not available, the results are taken from available financial statements.

AUDITORS' REPORT

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 32 to 57 in accordance with Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1990 and of the profit and sources and applications of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
11 March 1991

KPMG Peat Marwick McLintock
Chartered Accountants

GROUP FINANCIAL RECORD

<i>For the years ended 31 December</i>	1986 £m	1987 £m	1988 £m	1989 £m	1990 £m
Balance sheet					
Tangible fixed assets	3,912	3,750	4,002	4,856	4,947
Investments	333	417	524	767	483
Current assets					
Stocks	1,734	1,812	2,004	2,380	2,214
Debtors	2,015	2,162	2,324	2,886	2,590
Cash and short-term investments	692	646	456	383	565
	4,441	4,620	4,784	5,648	5,369
Total assets	8,686	8,787	9,400	11,271	10,799
Creditors due within one year:					
Short-term borrowings	(441)	(559)	(289)	(771)	(447)
Current instalments of loans	(74)	(6)	(50)	(109)	(78)
Other creditors	(2,022)	(2,365)	(2,671)	(2,738)	(2,881)
Total assets less current liabilities	6,149	5,817	6,390	7,653	7,393
Creditors due after more than one year:					
Loans	1,538	1,711	1,627	1,627	1,670
Other creditors	83	79	127	86	154
Provisions and deferred income	459	434	397	591	612
Minority interests	401	357	304	335	286
Capital and reserves attributable to parent company	3,667	3,415	3,925	5,014	4,671
	6,149	5,817	6,390	7,653	7,393
Turnover and profits					
Turnover	10,130	11,123	11,630	13,171	12,996
Trading profit (after depreciation)	1,019	1,297	1,470	1,467	1,029
Depreciation	191	161	484	536	525
Share of profits less losses of associated undertakings	95	167	162	279	154
Interest other than loan interest (net)	7	8	(2)	(44)	(51)
Profit before loan interest	1,111	1,402	1,630	1,702	1,132
Loan interest	(155)	(150)	(169)	(175)	(155)
Profit before taxation	956	1,252	1,461	1,527	977
Taxation	(650)	(794)	(549)	(731)	(338)
Attributable to minorities	(64)	(45)	(49)	(69)	(22)
Net profit attributable to parent company, before extraordinary items	(46)	769	881	939	617
Extraordinary items	(45)	-	(14)	127	53
Dividends	(255)	(277)	(311)	(281)	(389)
Profit retained, transferred to reserves	399	483	496	676	281
Sources and applications of funds					
Source: net of interest and taxation	1,002	1,008	1,265	1,150	1,061
Dividends	(249)	(283)	(317)	(406)	(421)
Fixed asset expenditure:					
Tangible assets	(606)	(629)	(766)	(1,019)	(853)
Investments less disposals	(588)	(429)	(416)	206	250
Working capital changes	91	(154)	(77)	(538)	367
Surplus/(Deficit)	(254)	(274)	(41)	(593)	407
Return on assets					
Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	13.1	21.4	26.7	24.2	15.0

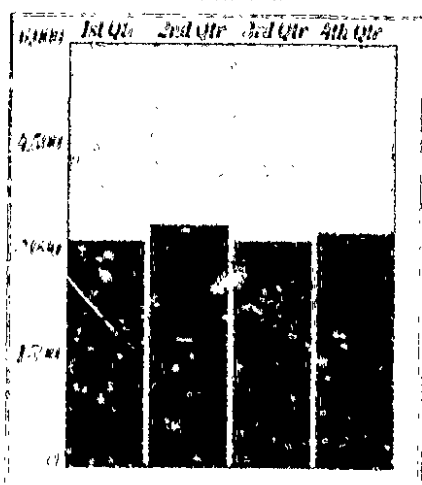
ICI ORDINARY SHARE COMPARISONS

	1986	1987	1988	1989	1990
Millions					
Shares in issue					
At year-end	657	676	683	694	708
Weighted average for year	652	669	679	689	702
£ per £1 Ordinary Share					
Stock Market price					
Highest	11.16	16.45	11.84	13.35	12.51
Lowest	7.27	9.65	9.50	10.13	8.08
Year-end	10.68	10.82	10.13	11.34	8.66
Earnings per £1 Ordinary Share	92p	114p	130p	135p	88p
Dividends					
Dividends (net)	36p	41p	50p	55p	55p
Dividends grossed up for imputed tax credit	51p	56p	67p	73p	73p*
Dividends (net) in 1990 money (adjusted by RPI)	46p	51p	59p	60p	55p
Balance sheet value of Ordinary shareholders' equity at end of year - £ per £1 Ordinary Share	5.58	5.10	5.75	7.22	6.60
Indexed value of the £, expressed in average 1990 £s, based on RPI	1.20	1.24	1.18	1.09	1.00

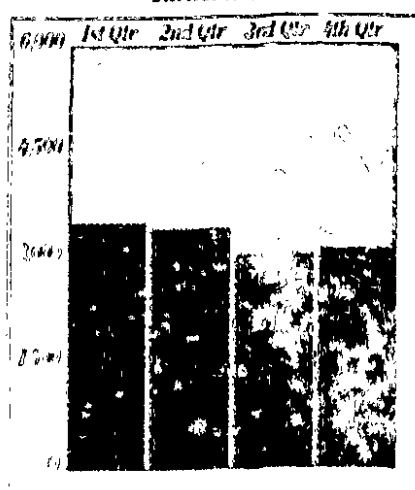
*Assumes a basic rate of income tax of 25 per cent.

Charts of Quarterly Results

1980
Turnover £m



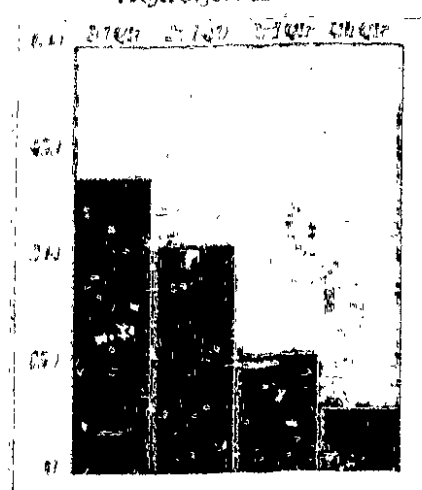
1990
Turnover £m



Profit before Tax £m



Profit before Tax £m



SOURCES AND DISPOSAL OF VALUE ADDED

	Notes	1990 £m	1989 £m	Change %
SOURCES OF INCOME				
Sales turnover		12,906	13,171	-2%
Royalties and other trading income		150	153	-2%
Less: materials and services used		(8,764)	(8,790)	
Value added by manufacturing and trading activities		4,292	4,534	-5%
Share of profits less losses of associated undertakings		154	279	-45%
Total value added		4,446	4,813	-8%
DISPOSAL OF TOTAL VALUE ADDED				
Employees	1			
Pay, plus national insurance contributions, pension costs and severance payments		2,735	2,496	
Profit-sharing bonus	2	39	62	
Total employee costs		2,774	2,558	+8%
Severance payments made during the year relating to extraordinary items	3	(6)	-	
Governments	4	2,768	2,558	+8%
Corporate taxes				
Less: grants	5	338	531	
		(30)	(27)	
Providers of capital		308	501	-39%
Interest cost of net borrowings				
Dividends to shareholders		206	219	
Minority shareholders in subsidiary undertakings		289	381	
		22	66	
Re-investment in the business		917	666	38%
Depreciation		525	536	
Extraordinary items		(53)	(127)	
Profit retained		281	676	
Total disposal		553	1,087	-49%
Net s		4,446	4,813	8%

Net s

1 The average number of employees in the Group would have been 1,200 by 1 per cent.

2 The 1989 UK bonus rate was 4.5p per £1 of remuneration (1989 & 1990).

3 See note 21 on page 52.

4 Employee costs charged in arriving at trading profit (see note 21).

5 Does not include tax deducted from the pay of employees' income tax deducted from the pay of UK employees under PAYE amounted to £18.7m in 1990 (£17.1m).

This table, which is used in calculating the bonus under the Employee Profit-Sharing Scheme, is based on the audited accounts, it shows the total value added to the cost of materials and services purchased from outside the Group and indicates the ways this net value has been disposed.

This document is important. If you are in any doubt about its contents you should consult your financial adviser.



IMPERIAL CHEMICAL INDUSTRIES PLC

(Registered in England No. 218019)

Imperial Chemical House
Millbank
London SW1P 3JF
19 March 1991

To:
The Holders of the Company's Ordinary Shares.

Dear Shareholder,

ANNUAL GENERAL MEETING

I am writing to you to explain the background to Resolutions 4 to 6 (inclusive) set out in the Notice convening the Company's Annual General Meeting on 26 April 1991 which is contained on pages 3 to 8 of this document.

I SHARE CAPITAL - PRE-EMPTION RIGHTS

Resolution 4 is to enable the Directors to continue to exercise their existing power to allot unissued shares in the capital of the Company and to allow the Directors to allot shares for cash otherwise than to existing Ordinary shareholders pro rata to their holdings.

The Resolution replaces that passed at the 1990 Annual General Meeting of the Company and is expressed to run until 31 July 1992. The intention is to seek to renew it and roll it forward by one year at each future Annual General Meeting of the Company.

Paragraphs (b) and (c) of the Resolution impose conditions on the Directors as to the extent to which they may allot equity shares for cash otherwise than pro rata to existing Ordinary shareholders. Paragraph (b) is required so that, in the event of it being illegal or unduly costly or impracticable to offer to certain overseas shareholders the equity securities to which they would be entitled in a rights issue, the Directors can sell these securities for the benefit of those shareholders; it also allows fractions of shares arising in a rights issue to be sold, as in the past, for the benefit of the Company. Paragraph (c) replaces the authority given at each Annual General Meeting since 1973.

II PURCHASE OF OWN SHARES BY THE COMPANY

At the Annual General Meeting in 1990 a resolution was passed for the first time authorizing the Directors to purchase, in the market, the Company's own shares, as is permitted under Article 45 of the Company's Articles of Association. No such purchases have been made, but the Directors consider it appropriate for the authority to be renewed. The authority, set out in Resolution 5 in unchanged terms, is expressed to run for the period until the Company's next Annual General Meeting, and limits total purchases to ten per cent of the Company's issued share capital. The price paid for any share must not exceed 105 per cent of the average of the middle market prices obtained from the quotation for the Ordinary shares of the Company in the Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the Ordinary share is purchased. The Directors undertake that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time.

III AMENDMENTS TO ARTICLES OF ASSOCIATION

The present Articles of Association of the Company were adopted in 1983 and were amended in respect of borrowing powers in 1989. Resolution 6 provides for certain further amendments to the Articles of Association which the Directors consider should be made. These arise primarily as a result

of the Companies Act 1989 and changes to the Listing Rules of the Stock Exchange. The Schedule to the Notice of Meeting specifies the proposed changes and a summary of the principal changes is set out below.

Article 64 (b) Disclosure of Interests

The existing Article 64 (b) complied with the previous Listing Rules of the Stock Exchange relating to Section 212 of the Companies Act 1985, but the Stock Exchange has made changes to its Listing Rules extending the sanctions available to listed companies in this regard.

This new Article provides the Company with increased powers to impose sanctions in the event that any information required by a notice served under Section 212 of the Companies Act 1985 ("Section 212 Notice") is not given. A Section 212 Notice requires the disclosure of interests in shares of the Company.

The new Article would allow the Directors to impose further sanctions where there is a failure to comply with a Section 212 Notice within 14 days from the date of service of this notice if the shareholding concerned represents at least 0.25 per cent of the issued shares of that class. These sanctions include the withholding of payment of sums due in respect of those shares and a restriction on the transfer of those shares. In respect of small shareholdings, each of which represents less than 0.25 per cent of the issued shares of that class, disenfranchisement from voting will continue to be the only sanction provided for in the Articles and the current 28 day notice period will still apply.

Articles 64 (c), 83 and 88 - Subsidiary Undertakings

The Companies Act 1989 sets out a new definition of "subsidiary undertaking" which is broader than other definitions of "subsidiary" and "subsidiary company", and the Directors consider it appropriate to incorporate this new definition into the Articles of Association of the Company.

Article 100A - Attendance at Board Meetings

This new Article allows the Directors, or any committee of the Directors, to hold meetings by means, for example, of a conference telephone call.

Article 114A - Summary Financial Statements

As a result of Regulations made under the Companies Act 1989, it is now possible for listed companies to issue summary financial statements to their shareholders. This proposed new Article will enable the Company to take advantage of these Regulations, if the Directors consider it desirable to do so.

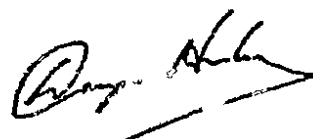
Article 142 - Insurance

The Companies Act 1989 clarified the position regarding the payment by a company of premiums for directors' and officers' liability insurance. The Company does provide such insurance and the Directors consider it would be prudent to add the proposed new Article 142 in this regard. The proposed addition of Article 88 (ii) (g) is a consequential change specifically authorizing a Director to vote at a Board meeting on any proposal concerning an insurance policy which might cover the Directors.

The Directors unanimously recommend that you vote in favour of the aforementioned Resolutions.

You will find enclosed the form of proxy for use at the Annual General Meeting. You are asked to complete and return it to the Company's Transfer Office as soon as possible. The return of the proxy form will not prevent you from attending the Meeting and voting in person should you wish to do so.

Yours sincerely



CHAIRMAN

NOTICE OF MEETING

Notice is hereby given that the sixty-fourth Annual General Meeting of Imperial Chemical Industries PLC will be held at the Royal Lancaster Hotel, Lancaster Terrace, London W2 on Friday, 26 April 1991 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To consider the Company's Accounts and the Reports of the Directors and Auditors for the year ended 31 December 1990, and to confirm dividends.
2. To elect Directors in place of those retiring.
3. To re-appoint KPMG Peat Marwick McLintock as Auditors, and to authorize the Directors to agree their remuneration.

*See page 28 of the
1990 Annual Report
See page 29 of the
1990 Annual Report*

SPECIAL BUSINESS

4. To consider and, if thought fit, pass the following resolution as a Special Resolution:

*See page 1 of the
Chairman's letter
dated 19 March 1991*

"That the Directors of the Company be and are hereby generally authorized and empowered for the purposes of Section 80 and pursuant to Section 95 of the Companies Act 1985 during the period expiring on 31 July 1992 both to exercise all powers of the Company to allot relevant securities (as defined in the said Section 80) and to make an offer or agreement which would or might require relevant securities to be allotted after that date, provided that:

- (a) the nominal value of the relevant securities allotted under this authority shall not exceed the nominal value of the present unissued share capital of the Company;
- (b) allotments of equity securities (as defined in Section 91 of the aforesaid Act) in connection with a rights issue to Ordinary shareholders shall be made in the manner set out in sub-section (1) of Section 89 of the aforesaid Act but subject to the Directors having the right:
 - (i) to sell, for the benefit of those Ordinary shareholders who are citizens of or resident in any overseas territory where in the opinion of the Directors it would at the time of the offer be illegal or unduly costly or impracticable for the Company to make or for those Ordinary shareholders to accept an offer of equity securities to which they would otherwise be entitled; and
 - (ii) to aggregate and sell for the benefit of the Company all fractions of a share which may arise in apportioning the equity securities among the Ordinary shareholders; and
- (c) allotments of equity securities for cash (otherwise than pursuant to sub-paragraph (b) above) shall be limited in total to five per cent of the nominal value of the Ordinary share capital of the Company at present in issue, and for this purpose an issue of securities convertible into Ordinary shares shall be deemed to be an allotment of the number of shares which would be required to satisfy the conversion rights attached to those securities in full at the initial conversion price provided for in the terms and conditions of the issue.

and that any allotment under the authority hereby conferred shall be as if sub-section (1) of the said Section 89 did not apply thereto.

And that the foregoing shall be in substitution for the authority conferred on the Directors of the Company in that regard at the Annual General Meeting of the Company held on 1 May 1990."

5. To consider and, if thought fit, pass the following resolution as a Special Resolution:

*See page 1 of the
Chairman's letter
dated 19 March
1991*

"That the Directors of the Company be and are hereby generally authorized and empowered to make market purchases (within the meaning of Section 163 (3) of the Companies Act 1985) of Ordinary shares of £1 each in the Company upon and subject to the following conditions:

- (a) the maximum number of Ordinary shares hereby authorized to be acquired is ten per cent of the Company's share capital then in issue,
 - (b) the minimum price, exclusive of any expenses and advance corporation tax payable by the Company, which may be paid for such shares is £1 per share, being the nominal value;
 - (c) the maximum price, exclusive of any expenses and advance corporation tax payable by the Company, which may be paid for such share is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the upper and lower prices shown in the quotations for the Ordinary shares of the Company in the Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the share is contracted to be purchased;
 - (d) the authority hereby conferred shall expire at the close of the next annual general meeting of the Company to be held after the date hereof; and
 - (e) a contract to purchase shares under the authority hereby conferred may be made prior to the expiry of such authority, and a purchase of shares may be made in pursuance of any such contract, even though it may be executed wholly or partly after the expiry of such authority."
6. To consider and, if thought fit, pass the following resolution as a Special Resolution:

*See pages 1 and 2
of the Chairman's
letter dated
19 March 1991*

"That the Articles of Association of the Company be and are hereby amended as set out in the Schedule to the Notice"

Imperial Chemical House
Millbank
London SW1P 3JF
19 March 1991

By Order of the Board
D J Allen
Secretary

Only holders of Ordinary shares are entitled to attend or vote at the Meeting. A Member of the Company may appoint one or more proxies (whether Members or not) to attend, and, on a poll, to vote instead of him. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, must be deposited at the Company's Transfer Office, PO Box 274, Wexham Road, Slough SL2 5DP, not less than 48 hours before the time for holding the Meeting.

The following information, which is available for inspection during business hours at the Company's Registered Office, will, on the day of the Annual General Meeting, be available for inspection at the Royal Lancaster Hotel from 10.45 am until the conclusion of the Meeting:

- (1) A statement of transactions of Directors (and their family interests) in the share capital and debentures of the Company and any of its subsidiaries;
- (2) copies of all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries.

SCHEDULE TO THE NOTICE OF MEETING (Resolution 6)

Proposed amendments to the Articles of Association of the Company:

1. The following shall be inserted as Article 64 (b) in substitution for the existing Article 64 (b) which shall be deleted:

"64(b)(1) For the purposes of this Article unless the context otherwise requires:

(i) "disclosure notice" means a notice issued by the Company requiring the disclosure of interests in shares pursuant to the Statutes;

(ii) "restrictions" means one or more, as the case may be, of the restrictions referred to in paragraph (3) of this Article as determined by the Directors;

(iii) "specified shares" means the shares specified in a disclosure notice; and

(iv) "Approved Depository" means a custodian or other person (or a nominee for such custodian or other person) appointed under contractual arrangements with the Company or other arrangements approved by the Directors whereby such custodian or other person or nominee holds or is interested in shares of the Company or rights or interests in shares of the Company and issues securities or other documents of title or otherwise evidencing the entitlement of the holder thereof to or to receive such shares, rights or interests, provided and to the extent that such arrangements have been approved by the Directors for the purpose of these Articles and shall include, where approved by the Directors, the trustees (acting in their capacity as such) of any employees' share scheme established by the Company or any other scheme or arrangements principally for the benefit of employees of the Company or its subsidiary undertakings, which have been approved by the Company in general meeting;

(v) a person shall be treated as appearing to be interested in shares if:

(aa) such person has been named in response to a disclosure notice as being so interested;

(bb) in response to a disclosure notice, the member holding such shares or any other person appearing to be interested in such shares has failed to establish the identities of all those who are interested in such shares and (taking into account the response and any other relevant information) the Company has reasonable cause to believe that the person in question is or may be interested in the shares; or

(cc) the member holding such shares is an Approved Depository and the person in question has notified the Approved Depository that he is so interested.

(2) Notwithstanding anything in these Articles to the contrary, if:

(i) a disclosure notice has been served on a member or a person appearing to be interested in shares; and

(ii) the Company has not received the information required therein in respect of the specified shares within fourteen days (subject as provided in paragraph (7) of this Article) after the service of such disclosure notice

then the Directors may determine that the member holding the specified shares shall be subject to the restrictions (and such member shall thereupon be so subject). The Company shall, as soon as practicable after

such determination, give notice thereof to the relevant member stating, or substantially to the effect that, (until such time as the Directors determine otherwise pursuant to paragraph (4) of this Article) the specified shares referred to therein shall be subject to the restrictions stated therein.

(3) Subject to paragraphs (7) and (9) of this Article, the restrictions which the Directors may determine shall apply to specified shares shall be one or more of the following:

(i) that the member holding the specified shares shall not be entitled, in respect of such specified shares, to be present or to vote either personally or by proxy or otherwise at any general meeting or at any separate general meeting of the holders of any class of shares or upon any poll or to exercise any other right in relation to any general meeting or any separate class meeting;

(ii) that no transfer of such specified shares by the member holding the specified shares shall be effective or shall be recognised by the Company;

(iii) that no dividend or other moneys which would otherwise be payable on or in respect of the specified shares shall be paid to the member holding the specified shares.

(4) The Directors may determine that one or more restrictions imposed on specified shares shall cease to apply (whereupon they shall cease to so apply) at any time. If the Company receives the information required in the relevant disclosure notice in respect of the specified shares the Directors shall determine within seven days of such receipt, that all restrictions imposed on specified shares shall cease to apply (whereupon they shall cease so to apply). In addition, the Directors shall determine forthwith that all restrictions imposed on specified shares shall cease to apply (whereupon they shall cease to so apply) if:

(i) the Company receives an executed instrument of transfer in respect of the specified shares, which would otherwise be given effect to, pursuant to:

(aa) a sale of the specified shares on a recognised investment exchange as defined in the Financial Services Act 1986 (as from time to time amended, consolidated or re-enacted) or on any stock exchange or which the Company's shares are normally dealt in; or

(bb) an offer made for the shares of the class of which the specified shares form part by any persons acting in concert (as such expression is defined from time to time by The City Code on Takeovers and Mergers) which, if it were to become or were to be declared unconditional in all respects, would result in such person or persons having acquired or agreed to acquire (either pursuant to such offer or otherwise) shares carrying over 50 per cent of the total votes ordinarily exercisable at general meetings of the Company; or

(ii) The Company receives any other executed instrument of transfer in respect of the specified shares, which would otherwise be given effect to, and the Directors have not determined, within ten days after such receipt, not to give effect thereto on the grounds that they have reasonable cause to believe that the change in the member holding the specified shares would not be as a result of an arm's length sale resulting in a material change in beneficial interests in the specified shares.

- (5) Where dividends or other moneys payable on specified shares are not paid as a result of restrictions having been imposed, such dividends or other moneys shall accrue and shall be payable (without interest) upon the relevant restrictions ceasing to apply.
- (6) Where the Directors make a determination under paragraph (4) of this Article they shall notify the purported transferee as soon as practicable thereafter and any person may make representations in writing to the Directors concerning any such determination. Neither the Company nor the Directors shall in any event be liable to any person as a result of the Directors having imposed restrictions or failed to determine that restrictions shall cease to apply if the Directors have acted in good faith.
- (7) Where the specified shares represent less than 0.25 per cent (in nominal value) of the shares of the same class as the specified shares in issue at the date of issue of the relevant disclosure notice then:
 - (i) the period of fourteen days referred to in paragraph (2) (ii) of this Article shall be deemed to be a reference to a period of twenty eight days; and
 - (ii) any determination made by the Directors in respect of the specified shares pursuant to paragraph (2) of this Article may only impose the restriction referred to in paragraph (3) (i) of this Article.
- (8) Shares issued in right of specified shares which are for the time being subject to particular restrictions shall on issue become subject to the same restrictions whilst held by the member holding the specified shares in right of which they are issued. For this purpose, shares which the Company procures to be offered to shareholders pro rata (or pro rata ignoring fractional entitlements) and shares not offered to certain members by reason of legal or practical problems associated with offering shares outside the United Kingdom shall be treated as shares issued in right of specified shares.
- (9) The Directors may at any time, at their discretion, suspend, in whole or in part, the imposition of any restrictions either permanently or for any given period and may pay to a trustee any dividend or other moneys payable in respect of any shares subject to the restrictions referred to in paragraph (3) (iii) of this Article. Notice of any suspension, specifying the restrictions suspended and the period of suspension, shall be given by the Company to the relevant shareholder as soon as practicable thereafter.
- (10) Where any person appearing to be interested in shares has been duly served with a disclosure notice and the shares in which he appears to be interested are held by an Approved Depository, the provisions of this Article shall be treated as applying only to those shares held by the Approved Depository in which such person appears to be interested and not (insofar as such person's apparent interest is concerned) to any other shares held by the Approved Depository.
- (11) Where the member on which a disclosure notice is served is an Approved Depository acting in its capacity as such, the obligations of the Approved Depository as a member of the Company shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by it pursuant to the arrangements entered into by the Company or approved by the Directors pursuant to which it was appointed as an Approved Depository.
- (12) Nothing contained in this Article shall limit or in any way restrict the powers of the Company or the Directors under the Statutes.

2. The following shall be inserted as new Article 64 (c):

"64 (c) For the purpose of this Article 64 and Articles 83 and 88 "subsidiary undertaking" shall have the meaning ascribed to it in Section 258 of the Act."

3. In Articles 83 and 88 all references to "subsidiary" shall be deleted and replaced by "subsidiary undertaking", and all references to "subsidiaries" and "subsidiary companies" shall be deleted and replaced by "subsidiary undertakings".

4. The following shall be inserted as new Article 88 (ii) (g):

"88 (ii) (g) any proposal concerning any insurance which the Company is empowered to purchase or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company;"

5. The following shall be inserted as new Article 100A:

"100A All or any of the Directors or any committee of the Directors may participate in a meeting of the Directors or that committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is."

6. The following shall be inserted as new Article 114A:

"114A The requirements of Article 114 shall be deemed satisfied in relation to any member by sending to that member, where permitted by the Statutes, a summary financial statement prepared in the form and containing the information prescribed by the Statutes."

7. The following shall be inserted as new Article 142:

"142 The Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the Company or of any other company in which the Company has any interest whether direct or indirect, or who are or were at any time trustees of any pension fund or employees' share scheme or any other scheme or arrangements principally for the benefit of employees in which employees of the Company or of any such other company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise of their powers or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company or pension fund, employees' share scheme or any other such scheme or arrangements."

FINANCIAL CALENDAR

DIVIDEND PAYMENTS

A second interim dividend for the year 1990, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 25 April 1991 to Ordinary Shareholders registered in the books of the Company on 21 March 1991.

Dividends are normally paid as follows:

FIRST INTERIM: Announced on the last Thursday in July and paid early in October.

SECOND INTERIM: Announced on the last Thursday in February and paid late in April.

QUARTERLY RESULTS

Unaudited trading results of the ICI Group for 1991 are expected to be announced as follows:

First quarter	25 April 1991
Half year	25 July 1991
Nine months	31 October 1991
Full year	27 February 1992

TAXATION

In certain circumstances, when a shareholder in the UK sells shares, his liability to tax in respect of capital gains is computed by reference to the market value of the shares on 31 March 1982 (adjusted for inflation between that date and the date of disposal). The market value of ICI Ordinary Shares at 31 March 1982, for the purposes of the capital gains tax, was 92p.

The Company is not, and has not been, a close company within the meaning of the Income and Corporation Taxes Act 1988.

This Report is circulated to shareholders and copies of the Report are provided for those employees of the Company who are not shareholders.

About 40,000 copies of the Report are despatched worldwide. To facilitate delivery of this very large number of copies, posting of the Report will be phased over a period. Reports of the Chairman's speech at the Annual General Meeting will be published in the Press. A copy of the speech will be sent to any shareholder on request.

The Company from time to time files reports with the United States Securities and Exchange Commission. As a standing arrangement, a copy of each such report filed within the preceding twelve months can be inspected by any shareholder as and when at any time during normal business hours at the offices of ICI at Imperial Chemical House, Millbank, London SW6 2JF and at Citicorp Tower, 645 Fifth Avenue, New York.

Printed by 6167 London Ltd, New York, Los Angeles

Printed by 6167 London Ltd, New York, Los Angeles

Company Works Ltd

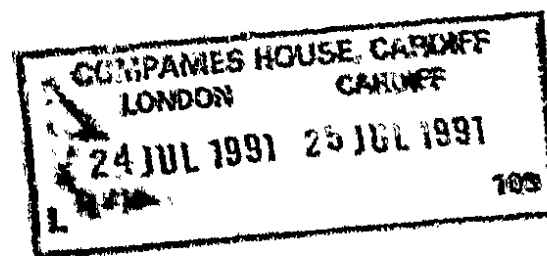
Printed in England by Steven Knight & Trussell Ltd

IMPERIAL CHEMICAL INDUSTRIES PLC

COMPANY NO. 218,019

IMPERIAL CHEMICAL INDUSTRIES PLC
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1990

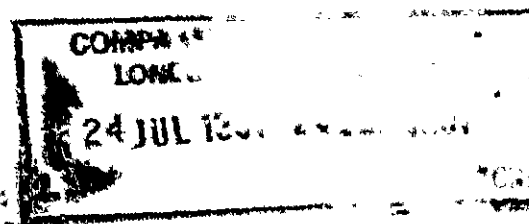


IMPERIAL CHEMICAL INDUSTRIES PLC

COMPANY NO. 218,019

IMPERIAL CHEMICAL INDUSTRIES PLC
GROUP ACCOUNTS



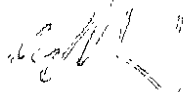
For the year ended 31 December 1990



IMPERIAL CHEMICAL INDUSTRIES PLC
PROFIT AND LOSS ACCOUNT

<i>For the year ended 31 December 1990</i>	<i>Notes</i>	1990 £m	1989 £m
Turnover		2,225	2,146
Operating costs	1	(2,399)	(2,247)
Other operating income	1	109	115
Trading loss (1989 profit)	1	(65)	14
Income from fixed asset investments	2	110	441
Net interest payable	3	(72)	(40)
Loss (1989 profit) on ordinary activities before taxation		(27)	406
Tax on loss (1989 profit) on ordinary activities		32	-
Profit on ordinary activities after taxation		5	406
Extraordinary items	4	765	-
Net profit for the financial year		770	406
Dividends		(389)	(381)
Profit retained for the year		381	25

The Profit and Loss Account and accompanying notes were approved by the Board of Directors on 11 March 1991 and were signed on its behalf by:

 **Director**
 **Director**
 **General Manager - Finance**

IMPERIAL CHEMICAL INDUSTRIES PLC
NOTES RELATING TO PROFIT AND LOSS ACCOUNT

1 TRADING PROFIT

	1990 \$m	1989 \$m
Turnover	2,225	2,146
Operating costs		
Cost of sales	(1,213)	(1,172)
Distribution costs	(114)	(106)
Research and development (\$351m (1989 \$342m)) and technical service (\$22m (1989 \$19m))	(373)	(361)
Administrative and other expenses	(682)	(581)
Employees' profit-sharing bonus	(17)	(27)
	(2,399)	(2,247)
Other operating income		
Government grants	2	14
Royalties	95	80
Other income	12	21
	109	115
Trading loss (1989 profit)	(65)	14
Total charge for depreciation included above	124	99
Gross profit as defined by the Companies Act 1985	1,012	974

2 INCOME FROM FIXED ASSET INVESTMENTS

Income from shares in subsidiary undertakings	58	390
Income from participating interests	13	17
Income from other fixed asset investments	1	1
Gains less losses on disposals of investments		
Subsidiary undertakings	32	31
Other	9	4
Net amounts written off investments		
Subsidiary undertakings	(3)	(17)
Other	-	15
	110	441

3 NET INTEREST PAYABLE

Interest payable and similar charges		
Subsidiary undertakings	176	130
Other	69	70
	245	200
Interest receivable and similar income from current asset investments		
Subsidiary undertakings	(168)	(150)
Other	(5)	(4)
	(173)	(154)
	72	49

IMPERIAL CHEMICAL INDUSTRIES PLC
NOTES RELATING TO PROFIT AND LOSS ACCOUNT

4 EXTRAORDINARY ITEM

	1990 £m	1989 £m
Gain on disposal of the investment in Enterprise Oil plc (net of charge for taxation of £0m).	155	
Charge for reshaping the Company's business portfolio, comprising withdrawals through business divestments, closures, other restructuring measures and including amounts written off investments. The charge is net of estimated disposal proceeds and includes the expense of obtaining substantial cost reductions which are a significant part of the objective (net of deferred tax relief of £8m)	(187)	
Gain on disposal of subsidiary undertakings to another subsidiary undertaking	497	
	765	—

ACCOUNTS

CONTENTS

GROUP PROFIT AND LOSS ACCOUNT	32
GROUP RESERVES ATTRIBUTABLE TO PARENT COMPANY	32
BALANCE SHEETS	33
STATEMENT OF SOURCES AND APPLICATIONS OF GROUP FUNDS	34
ACCOUNTING POLICIES	35
NOTES RELATING TO THE ACCOUNTS	
<i>Note 1 Composition of the Group</i>	36
2 <i>Trading Profit</i>	36
3 <i>Share of Profits Less Losses of Associated Undertakings</i>	37
4 <i>Net Interest Payable</i>	37
5 <i>Tax on Profit on Ordinary Activities</i>	37
6 <i>Segment Information</i>	38
7 <i>Extraordinary Items</i>	40
8 <i>Dividends</i>	40
9 <i>Earnings before Extraordinary Items per £1 Ordinary Share</i>	40
10 <i>Tangible Fixed Assets</i>	41
11 <i>Investments in Subsidiary Undertakings</i>	42
12 <i>Investments in Participating Interests</i>	43
13 <i>Stocks</i>	44
14 <i>Debtors</i>	44
15 <i>Current Asset Investments and Short-Term Deposits</i>	45
16 <i>Short-Term Borrowings</i>	45
17 <i>Other Creditors</i>	45
18 <i>Provisions for Liabilities and Charges</i>	46
19 <i>Called-Up Share Capital of Parent Company</i>	46
20 <i>Loans</i>	47
21 <i>Reserves</i>	48
22 <i>Acquisitions, New Investments and Disposals</i>	49
23 <i>Leases</i>	51
24 <i>Employee Costs</i>	52
25 <i>Emoluments of Directors</i>	52
26 <i>Directors' Interests in Shares and Debentures</i>	53
27 <i>Commitments and Contingent Liabilities</i>	54
28 <i>Pension Costs</i>	55
29 <i>Statutory and Other Information</i>	55
PRINCIPAL SUBSIDIARY UNDERTAKINGS	56
PRINCIPAL ASSOCIATED UNDERTAKINGS	57
AUDITORS' REPORT	57
GROUP FINANCIAL RECORD	58
ICI ORDINARY SHARE COMPARISONS	59
SOURCES AND DISPOSAL OF VALUE ADDED	60

GROUP PROFIT AND LOSS ACCOUNT

<i>For the year ended 31 December 1990</i>	<i>Notes</i>	<i>1990 £m</i>	<i>1989 £m</i>
Turnover		12,906	13,171
Operating costs	2	(12,057)	(11,881)
Other operating income	2	180	180
Trading profit	2	1,029	1,467
Share of profits less losses of associated undertakings	3	154	279
Net interest payable	4	(206)	(219)
Profit on ordinary activities before taxation		977	1,527
Tax on profit on ordinary activities	5	(338)	(531)
Profit on ordinary activities after taxation		639	996
Attributable to minorities		(22)	(66)
Net profit attributable to parent company		617	930
Extraordinary items	7	53	127
Net profit for the financial year		670	1,057
Dividends	8	(389)	(381)
Profit retained for year		281	676
Earnings before extraordinary items per £1 Ordinary Share	9	57.8p	135.0p

GROUP RESERVES ATTRIBUTABLE TO PARENT COMPANY

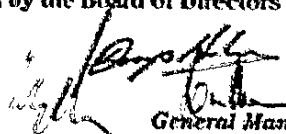
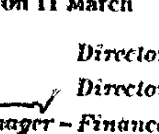

	<i>Note</i>	<i>1990 £m</i>	<i>1989 £m</i>
At beginning of year		4,320	3,242
Profit retained for year			
Company		381	25
Subsidiary undertakings		(52)	621
Associated undertakings		(17)	50
Amounts taken direct to reserves		291	676
		(638)	402
At end of year	21	3,963	4,320

£m means millions of pounds sterling.

BALANCE SHEETS

At 31 December 1990	Notes	Group		Company	
		1990 £m	1989 £m	1990 £m	1989 £m
ASSETS EMPLOYED					
Fixed assets					
Tangible assets	10	4,947	4,856	1,074	999
Investments:					
Subsidiary undertakings	11			4,189	4,375
Participating interests	12	483	767	220	223
		5,430	5,623	5,483	5,597
Current assets					
Stocks	13	2,214	2,380	395	421
Debtors	14	2,590	2,885	1,221	702
Investments and short-term deposits	15	388	250	—	18
Cash	15	177	133	7	20
		5,369	5,648	1,623	1,161
Total assets		10,799	11,271	7,106	6,758
Creditors due within one year					
Short-term borrowings	16	(447)	(771)	(5)	(48)
Current instalments of loans	20	(78)	(109)		
Other creditors	17	(2,881)	(2,735)	(814)	(1,555)
		(3,406)	(3,615)	(819)	(1,603)
Net current assets (liabilities)		1,963	2,030	804	(742)
Total assets less current liabilities		7,393	7,653	6,287	4,855
FINANCED BY					
Creditors due after more than one year					
Loans	20	1,670	1,627	555	574
Other creditors	17	154	86	1,698	540
		1,824	1,713	2,253	1,114
Provisions for liabilities and charges	18	549	497	39	(35)
Deferred income: Grants not yet credited to profit		63	91	6	8
Minority interests		286	335		
Capital and reserves attributable to parent company					
Called-up share capital	19	708	694	708	694
Reserves					
Share premium account		446	384	446	384
Revaluation reserve		56	56		
Other reserves		381	486	533	768
Profit and loss account		3,014	3,006	2,302	1,925
Associated undertakings' reserves		72	298		
Total reserves	21	3,963	4,320	3,281	3,077
Total capital and reserves attributable to parent company		4,671	5,014	3,989	3,771
		7,393	7,653	6,287	4,855

The accounts on pages 32 to 57 were approved by the Board of Directors on 11 March 1991 and were signed on its behalf by:

 Director
 Director
 General Manager - Finance

STATEMENT OF SOURCES AND APPLICATIONS OF GROUP FUNDS

<i>For the year ended 31 December 1990</i>	<i>Notes</i>	<i>1990 £m</i>	<i>1989 £m</i>
SOURCES			
Funds generated from operations			
Trading profit		1,029	1,467
Depreciation		526	536
Dividends from associated undertakings		69	135
Extraordinary charges	‡	(7)	-
Miscellaneous items, including exchange		77	(165)
		1,603	1,973
Less: Interest and taxation paid during year			
Interest (net)		(205)	(221)
Taxation		(424)	(593)
Sources net of interest and taxation		1,064	1,159
APPLICATIONS			
Dividends paid during year			
Parent company		384	364
Subsidiary undertakings to minority shareholders		37	42
		421	406
Fixed assets			
Tangible assets		1,013	1,080
Disposals of tangible assets		(160)	(61)
Acquisitions and new investments	22	497	373
Disposals of businesses and undertakings	22	(747)	(579)
		603	813
Working capital changes			
Stocks decrease (1989 increase)		(74)	219
Debtors decrease (1989 increase)		(186)	450*
Creditors increase (excluding dividends, interest and taxation)		(107)	(131)
		(367)	538
Total applications		657	1,757
Surplus (1989 Deficit)		407	(598)
FINANCED BY			
Issues of ICI Ordinary Shares		141	101
Movement in other external finance		94	(5)
Increase in loans (1989 decrease)		17	(53)
Decrease in short-term borrowings (1989 increase)		(477)	462
Increase in cash, current asset investments and short-term deposits (1989 decrease)	*	(182)	73
		(407)	598

* Includes an amount of \$239m received on 2 January 1990 in respect of the disposal of ICI's over-the-counter pharmaceuticals business in the USA.

‡ Represents the cash effect of extraordinary items (Note 7) other than those relating to disposals.

* Represents the difference between amounts shown in the opening and closing balance sheets. Other items do not correspond to the change in balance sheet amounts, due to effects of acquisitions and disposals of subsidiary undertakings and effects of retranslating opening currency balances of overseas subsidiary undertakings at closing exchange rates.

ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and with Accounting Standards issued by the Accounting Standards Board. The following paragraphs describe the main policies. The accounting policies of some overseas subsidiaries do not conform with UK Accounting Standards and, where appropriate, adjustments are made on consolidation in order to present the Group accounts on a consistent basis.

DEPRECIATION

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 20 years for buildings and 15 years for plant and equipment. Depreciation of assets qualifying for grants is calculated on their full cost.

FOREIGN CURRENCIES

Profit and loss accounts in foreign currencies are translated into sterling at average rates for the relevant accounting period. Assets and liabilities are translated at exchange rates ruling at the date of the Group balance sheet.

Exchange differences on short-term currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except foreign currency loans, are taken to trading profit. In the Group accounts exchange differences arising on consolidation of the net investments in overseas subsidiary undertakings and associated undertakings are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on foreign currency loans are taken to reserves and offset against the differences on net investments.

GOODWILL

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. UK Accounting Standards require that purchased goodwill be eliminated from the balance sheet either upon acquisition against reserves or by amortisation over a period. Elimination against reserves has been selected as appropriate to the goodwill purchases made during recent years.

LEASES

Assets held under finance leases are capitalized and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within or creditors due after one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to profit and loss account as incurred.

PENSION COSTS

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which it is intended should remain a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans.

Retirement plans of non-UK subsidiary undertakings are accounted for in accordance with local conditions and practice. With minor exceptions, these subsidiaries recognize the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries.

ASSOCIATED UNDERTAKINGS

The Group's share of the profits less losses of all significant associated undertakings is included in the Group profit and loss account on the equity accounting basis.

The holding value of significant associated undertakings in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such undertakings, as shown by the most recent accounts available, adjusted where appropriate.

ACCOUNTING POLICIES *(continued)*

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profit in the year in which it is incurred.

STOCK VALUATION

Finished goods are stated at the lower of cost and net realizable value, raw materials and other stocks at the lower of cost and replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses are excluded.

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the future.

NOTES RELATING TO THE ACCOUNTS

1 COMPOSITION OF THE GROUP

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiary undertakings, of which there were 628 at 31 December 1990. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 105 subsidiaries, representing 10 per cent of Group total assets, made up their accounts to dates earlier than 31 December, but not earlier than 30 September

2 TRADING PROFIT

	1990 £m	1989 £m
Turnover	12,906	13,171
Operating costs		
Cost of sales	(7,885)	(7,901)
Distribution costs	(883)	(881)
Research and development (£591m (1989 £559m)) and technical service (£58m (1989 £50m))	(679)	(639)
Administrative and other expenses	(2,571)	(2,401)
Employees' profit-sharing bonus	(39)	(62)
	(12,057)	(11,884)
Other operating income		
Government grants	30	27
Royalties	32	31
Other income	118	122
	180	180
Trading profit	1,029	1,467
Total charge for depreciation included above	525	536
Gross profit, as defined by the Companies Act 1985	5,021	5,270

NOTES RELATING TO THE ACCOUNTS

3 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED UNDERTAKINGS

	1990 £m	1989 £m
Share of profits less losses		
Dividend income	60	135
Share of undistributed profits less losses	66	89
Share of profits less losses before tax	135	223
Gains less losses on disposals of investments	22	51
Amounts written off investments (including provisions raised £3m (1989 £5m) and released £nil (£10m))	(3)	5
	164	279

Total dividend income from shares in associated undertakings comprised £24m (1989 £27m) from listed companies and £45m (£108m) from unlisted companies.

The Group's 50 per cent share of the results of European Vinyls Corporation (Holdings) BV (EVC) has been included in trading profit as the Group retained ownership of certain fixed assets of the business. These assets were transferred to EVC on 31 December 1990.

4 NET INTEREST PAYABLE

	1990 £m	1989 £m
Interest payable and similar charges		
Loan interest	155	175
Interest on short-term borrowings and other financing costs	125	112
	280	287
Interest receivable and similar income from current assets		
Investments		
Listed redeemable securities	(9)	(8)
Short-term deposits	(64)	(57)
	(73)	(65)
Exchange gains on short-term currency borrowings and deposits	(1)	(5)
	206	219

Loan interest includes £96m (1989 £105m) on loans not wholly repayable within 5 years

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1990 £m	1989 £m
ICI and subsidiary undertakings		
United Kingdom taxation: Corporation tax	109	206
Double taxation relief	(42)	(43)
Deferred taxation	2	19
	69	182
Overseas taxation: Overseas taxes	186	250
Deferred taxation	39	22
	225	272
	293	454
Associated undertakings	45	77
Tax on profit on ordinary activities	338	531

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 35 per cent (1989 35 per cent).

NOTES RELATING TO THE ACCOUNTS

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred taxation

The amounts of deferred taxation accounted for at the balance sheet date and the potential amounts of deferred taxation are disclosed below.

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Accounted for at balance sheet date (see note 18)				
Timing differences on UK capital allowances and depreciation	63	53		
Miscellaneous timing differences	10	125	10	17
Advance corporation tax recoverable	(80)	(79)	(80)	(79)
	(7)	99	(70)	(62)
Not accounted for at balance sheet date				
UK capital allowances utilized in excess of depreciation charged	330	324	151	157
Miscellaneous timing differences	(65)	16	11	1
	265	340	162	158
Full potential deferred taxation	258	439	92	96

6 SEGMENT INFORMATION

Industry segments

The table below sets out information, on a worldwide basis, for each of the Group's industry segments. The Group's policy is to transfer products internally at external market prices.

	Total assets less current liabilities		Turnover		Profit	
	1990	1989	1990	1989	1990	1989
	£m	£m	£m	£m	£m	£m
Consumer and Specialty Products	2,534	2,756	5,351	5,297	600	568
Industrial Products	2,703	2,614	5,640	5,722	324	789
Agriculture	1,137	1,308	2,190	2,257	122	141
Miscellaneous			199	242	(20)	(33)
			13,380	13,518	1,026	1,465
Net operating assets	6,374	6,668				
Inter-segment eliminations			(474)	(347)	3	2
Non-operating and miscellaneous assets	1,019	975				
	7,393	7,653	12,906	13,171		
Trading profit					1,029	1,467
Share of profits less losses of associated undertakings					164	279
Net interest payable					(206)	(219)
Profit on ordinary activities before taxation					977	1,527
Non-operating and miscellaneous assets include assets in course of construction, investments in associated undertakings and other participating interests, current asset investments, short-term deposits and cash, less short-term borrowings.						
	Capital expenditure		Depreciation			
	1990	1989	1990	1989		
	£m	£m	£m	£m		
Consumer and Specialty Products	405	517	198	177		
Industrial Products	475	368	196	230		
Agriculture	109	154	92	103		
Other	24	21	39	26		
	1,013	1,060	525	536		

NOTES RELATING TO THE ACCOUNTS

6 SEGMENT INFORMATION (continued)

Geographic areas

The information opposite is re-analysed in the table below by geographic area. The figures for each geographic area show the net operating assets owned by and the turnover and profits made by companies located in that area; export sales and related profits are included in the areas from which those sales were made.

	Net operating assets		Turnover		Profit	
	1990 £m	1989 £m	1990 £m	1989 £m	1990 £m	1989 £m
United Kingdom						
Sales in the UK			2,966	2,872		
Sales overseas			3,160	3,359		
	2,801	2,680	6,126	6,231	295	612
Continental Europe	1,061	1,026	3,152	2,928	157	225
The Americas	1,494	1,830	3,651	3,876	382	382
Asia Pacific	863	1,058	2,047	2,100	136	236
Other countries	155	175	403	451	29	45
	6,374	6,678	15,379	15,586	999	1,500
Inter-area eliminations			(2,473)	(2,415)	30	(33)
			12,906	13,171		
Trading profit					1,029	1,467

Employees

	1990	1989
Average number of people employed by the Group in:		
United Kingdom	53,700	54,700
Continental Europe	17,400	16,700
The Americas	32,600	33,900
Asia Pacific	16,800	16,700
Other countries	11,600	11,800
Total employees	132,100	133,800

Geographic markets

	1990 £m	1989 £m
Turnover in each geographic market in which customers are located:		
United Kingdom	2,996	2,917
Continental Europe	3,352	3,258
The Americas	3,656	3,867
Asia Pacific	2,251	2,378
Other countries	651	751
Total turnover	12,906	13,171

NOTES RELATING TO THE ACCOUNTS

7 EXTRAORDINARY ITEMS

	Group	
	1990 £m	1989 £m
Gain on disposal of the investment in Enterprise Oil plc (net of charge for taxation of £9m)	520	
Charge for reshaping the ICI Group business portfolio, comprising withdrawals through business divestments, closures and other restructuring measures. The charge is net of estimated disposal proceeds and includes the expense of obtaining substantial cost reductions which are a significant part of the objective (net of tax relief of £50m of which £46m is deferred).	(300)	
Charge for the withdrawal from UK compound fertilizer manufacture and restructuring, with a view to ultimate divestment, of the ammonium nitrate business (net of tax relief of £12m of which £9m is deferred)	(128)	
ICI's share of an extraordinary item in Tioxide Group PLC, whilst an associated undertaking, relating to its fundamental restructuring (net of tax relief of £2m)	(39)	
Disposal of over-the-counter pharmaceuticals business in the USA (net of deferred tax of £83m)		127
	53	127
The gain on disposal of the investment in Enterprise Oil plc is the difference between the proceeds on disposal and the holding value of the investment. The holding value of the investment and associated undertakings' reserves had been reduced by £13.4m in the Group accounts reflecting ICI's share of goodwill adjustments to reserves made in the accounts of Enterprise Oil plc.		

8 DIVIDENDS

	1990 pence per £1 Share	1989 pence per £1 Share	1990 £m	1989 £m
Interim, paid 1 October 1990	21p	21p	148	145
Second Interim, to be confirmed as final, payable 26 April 1991	34p	34p	241	236
	55p	55p	389	381

9 EARNINGS BEFORE EXTRAORDINARY ITEMS PER £1 ORDINARY SHARE

	1990	1989
Earnings for Ordinary Shareholders, before extraordinary items (£m)	617	930
Average Ordinary Shares in issue during year, weighted on a time basis (millions)	702	689
Earnings per £1 Ordinary Share	87.9p	135.0p
The effect on earnings per £1 Ordinary Share of the issue of shares under option (note 19) would not be material.		

NOTES RELATING TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS

	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
GROUP				
Cost or as revalued				
At beginning of year	1,744	6,983	919	9,646
Exchange adjustments	(168)	(472)	(86)	(726)
Revaluations and adjustments	2	8		10
New subsidiary undertakings	68	244	69	381
Capital expenditure			1,013	1,013
Transfers	162	834	(996)	-
Disposals and other movements	(61)	(676)		(737)
At end of year	1,747	6,921	919	9,587
Depreciation				
At beginning of year	628	4,162		4,790
Exchange adjustments	(18)	(232)		(280)
Revaluations and adjustments	1	4		5
Disposals and other movements	(34)	(531)		(565)
Charge for year	67	623		690
At end of year	614	4,026		4,640
Net book value at end 1990	1,133	2,895	919	4,947
Net book value at end 1989	1,116	2,821	919	4,856

The Group depreciation charge of £690m shown above comprises £525m charged in arriving at trading profit and £165m charged under extraordinary items.

The net book value of the tangible fixed assets of the Group includes capitalized finance leases of £66m comprising cost of £123m and depreciation thereon of £67m. The depreciation charge for the year in respect of capitalized leases was £6m and finance charges £12m.

COMPANY

Cost or as revalued				
At beginning of year	341	1,144	255	1,740
Capital expenditure			234	234
Transfers	42	243	(285)	-
Disposals and other movements	(1)	(25)	1	(25)
At end of year	382	1,362	205	1,949
Depreciation				
At beginning of year	101	640		741
Disposals and other movements	(1)	(22)		(23)
Charge for year	14	143		157
At end of year	114	761		875
Net book value at end 1990	268	601	205	1,074
Net book value at end 1989	240	504	255	999

The net book value of the tangible fixed assets of the Company includes capitalized finance leases of £5m comprising cost of £7m and depreciation thereon of £2m. The depreciation charge for the year in respect of capitalized leases was £1m and finance charges £1m.

NOTES RELATING TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS (continued)

	Group		Company	
	1990 \$m	1989 \$m	1990 \$m	1989 \$m
The net book value of land and buildings comprised:				
Freeholds	1,077	1,063	263	235
Long leases (over 50 years unexpired)	40	39	5	5
Short leases	16	14		
	1,133	1,116	268	240

	Group		Company	
	Land and buildings	Plant and equipment	Land and buildings	Plant and equipment
	1990 \$m	1989 \$m	1990 \$m	1989 \$m
Revalued assets included in tangible fixed assets:				
At revalued amount	128	159	175	240
Depreciation	51	65	140	185
Net book value	77	94	35	55
At historical cost	67	83	149	211
Depreciation	33	42	127	178
Net book value	34	41	22	33

11 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares \$m	Loans \$m	Total \$m
Cost			
At beginning of year	2,632	1,866	4,498
Exchange adjustments	(199)	(212)	(411)
Additions	549	615	1,164
Disposals	(4)		(4)
Transfers to subsidiary undertakings	(667)		(667)
Repayments		(222)	(222)
At end of year	2,311	2,047	4,358
Provisions			
At beginning of year	(111)	(12)	(123)
Exchange adjustments	5		5
Additions	(66)	(3)	(69)
Releases	12	6	18
At end of year	(160)	(8)	(168)
Balance sheet value at end 1990	2,151	2,038	4,189
Balance sheet value at end 1989	2,521	1,854	4,375

Cost includes scrip issues capitalized \$38m (1989 \$38m).

Shares in subsidiary undertakings which are listed Investments:	1990 \$m	1989 \$m
Balance sheet value	63	77
Market value	341	610

Information on principal subsidiary undertakings is given on pages 56 and 57.

NOTES RELATING TO THE ACCOUNTS

12 INVESTMENTS IN PARTICIPATING INTERESTS

	Associated undertakings Shares £m	Loans £m	Other participating interests £m	Total £m
GROUP				
Cost				
At beginning of year	475	5	15	495
Exchange adjustments	(25)	(1)		(26)
Additions	214	8	3	225
Reclassified as subsidiary undertakings	(29)			(29)
Disposals and repayments	(236)	(2)	(1)	(239)
At end of year	399	10	17	426
Share of post-acquisition reserves less losses				
At beginning of year	300			300
Exchange adjustments	(33)			(33)
Retained profits less losses	(47)			(47)
Reclassified as subsidiary undertakings	(86)			(86)
Disposals	(53)			(53)
Other movements	(7)			(7)
At end of year	74			74
Provisions				
At beginning of year	(24)	(3)	(1)	(28)
Exchange adjustments	2			2
Other movements	10	(1)		9
At end of year	(12)	(4)	(1)	(17)
Balance sheet value at end 1990	461	6	16	483
Balance sheet value at end 1989	751	2	14	767
Cost includes scrip issues capitalized \$5m (1989 \$9m).				
The above investments included:				
1990				
Investments listed on				
The International Stock Exchange, London	21		2	23
Other listed investments	111			111
Balance sheet value	132		2	134
Market value	192		10	202
1989				
Investments listed on				
The International Stock Exchange, London	295		2	297
Other listed investments	120			120
Balance sheet value	415		2	417
Market value	1,020		16	1,036

Information on principal associated undertakings is given on page 57.

NOTES RELATING TO THE ACCOUNTS

12 INVESTMENTS IN PARTICIPATING INTERESTS (continued)

	Associated undertakings		Total
	Shares £m	Loans £m	£m
COMPANY			
Cost			
At beginning of year	223	3	226
Additions	158		158
Transfer from subsidiary undertakings	55		55
Disposals and repayments	(216)		(216)
At end of year	220	3	223
Provisions			
At beginning and end of year	(1)	(2)	(3)
Balance sheet value at end 1990	219	1	220
Balance sheet value at end 1989	222	1	223
Cost includes scrip issues capitalized £1m (1989 £1m).			
Balance sheet value of investments listed on The International Stock Exchange, London	1990	-	-
	1989	214	214
Market value of listed investments	1990	-	-
	1989	745	745

13 STOCKS

	Group		Company	
	1990 £m	1989 £m	1990 £m	1989 £m
Raw materials and consumables	652	669	106	110
Stocks in process	237	277	78	86
Finished goods and goods for resale	1,325	1,434	211	225
	2,214	2,380	395	421

14 DEBTORS

Amounts due within one year				
Trade debtors	1,922	2,071	-	3
Amounts owed by subsidiary undertakings			1,102	620
Amounts owed by associated undertakings	33	21	1	1
Other debtors*	373	572	79	63
Prepayments and accrued income	151	126	36	14
	2,479	2,790	1,218	701
Amounts due after more than one year*	111	95	3	1
	2,590	2,885	1,221	702

*Includes prepaid pension costs (note 28).

NOTES RELATING TO THE ACCOUNTS

15 CURRENT ASSET INVESTMENTS AND SHORT-TERM DEPOSITS

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Redeemable securities listed on				
The International Stock Exchange, London	30	45		
Other listed investments	1	1		
Total listed investments	31	46		
Unlisted investments	5	4		
	36	50		
Short-term deposits	352	200	-	18
	388	250	-	18
Market value of listed investments	31	46		

Included in current asset investments, short-term deposits and cash are amounts totalling £243m (1989 £204m) held by the Group's insurance subsidiaries.

16 SHORT-TERM BORROWINGS

Bank borrowings	3	1		
Secured by- fixed charge	14	25		
- floating charge	353	618	4	48
Unsecured	370	674	4	48
	77	97	1	
Other borrowings (unsecured)	447	771	5	48

17 OTHER CREDITORS

Amounts due within one year	1,083	1,108	143	132
Trade creditors			145	1,271
Amounts owed to subsidiary undertakings	9	25	-	4
Amounts owed to associated undertakings	284	333	118	71
Corporate taxation	101	93	-	7
Value added and payroll taxes and social security	797	660	107	70
Other creditors*	366	283	60	61
Accruals	241	236	241	236
Dividends to Ordinary Shareholders	2,881	2,738	814	1,855
Amounts due after more than one year				
Amounts owed to subsidiary undertakings	154	86	1,686	531
Other creditors*	154	86	12	6
	154	86	1,698	540

* Includes costs charged as extraordinary in 1990, obligations under finance leases (note 23) and accrued pension costs (note 28).

NOTES RELATING TO THE ACCOUNTS

18 PROVISIONS FOR LIABILITIES AND CHARGES

	At beginning of year £m	Profit and loss account £m	Amounts paid or becoming current £m	Acquisition and other movements £m	At end of year £m
GROUP					
Deferred taxation:					
Advance corporation tax recoverable	(79)		(1)		(80)
Other tax†	178	(14)	(67)	(24)	73
	99	(14)	(68)	(24)	(7)
Employee benefits*	178	40	(10)	4	212
Reshaping, environmental and other provisions	220	185	(76)	15	344
	497	211	(154)	(5)	549
COMPANY					
Deferred taxation	17	(7)			10
Advance corporation tax recoverable	(79)		(1)		(80)
Other provisions	24	86	(1)		109
	(38)	79	(2)		39

†The movement in the year includes taxation arising on the extraordinary items.

*Includes provisions for unfunded pension costs (note 26).

19 CALLED-UP SHARE CAPITAL OF PARENT COMPANY

	Authorized £m	Allotted, called-up and fully paid 1990 £m	1989 £m
Ordinary Shares (£1 each)	708	708	691
Unclassified shares (£1 each)	142		
	850	708	691

The number of Ordinary Shares issued during the year totalled 13.7m comprising issues in respect of the acquisition of Tyler Corporation 6.7m, the Employees' Profit-Sharing Scheme 4.0m, and conversions of loan stock and exercise of warrants and options 3.0m.

At 31 December 1990 there were options outstanding in respect of 14,856,235 Ordinary Shares of £1 under the Company's share option schemes for staff (1989 12,531,595) normally exercisable in the period 1991 to 2000 (1990 to 1999) at subscription prices of \$5.95 to \$15.12 (\$5.33 to \$15.12). The weighted average subscription price of options outstanding at 31 December 1990 was \$10.03.

Options granted to directors are shown in note 26.

During 1990 movements in the number of shares under option comprised new options issued 3,618,458, options exercised 628,526 and options lapsed or waived 635,622. At the end of 1990 there were 18,996,192 shares available for the granting of options (1989 21,569,264).

Warrants granting options to subscribe for 711,711 Ordinary Shares of £1 each at 540p were exercised during the year; no warrants remain outstanding.

NOTES RELATING TO THE ACCOUNTS

20 LOANS

	Repayment dates	Group		Company	
		1990 £m	1989 £m	1990 £m	1989 £m
Secured loans					
US dollars (5½ to 10¾ %)	1991/2012	38	51		
Australian dollars (10¼ to 15¾ %)	1991/97	39	56		
Other currencies (15.3 to 17.1 %)	1991/99	71	49		
Total secured		148	156		
Secured by fixed charge		142	146		
Secured by floating charge		6	10		
Unsecured loans					
Sterling:					
9¾ to 11¼ % bonds	1992/2005	400	400	400	400
9¾ % Notes	1993	75	75	75	75
8½ % convertible bonds	1999	-	13		
Others	1991/96	128	41		
		603	529	475	475
US dollars:					
9¾ % bonds	1990		28		
7½ to 8% Eurodollar bonds	1991/96	54	66		
8½ to 9.05% bonds	1991/2006	268	333		
8.85 to 8.9% medium-term notes	1991/2002	26	31		
9½ % Notes	2000	156			
Others	1991/2013	73	51		
		577	509		
Australian dollars (9.6 to 15¼ %)	1991/93	86	106	80	99
Canadian dollars (10½ to 14½ %)	1991/96	68	87		
Swiss francs (3½ to 4½ %)	1991/99	175	180		
Other currencies	1991/2002	91	94		
Multi-currency credit facility†			75		
Total unsecured		1,600	1,590	555	574
Total loans		1,748	1,736	555	574

†Variable interest; repayable and redrawable at borrower's option.

Loans from banks included in the table above amounted to \$311m (1989 \$229m) in the Group of which \$88m (\$75m) was secured. New borrowings during the year by subsidiary undertakings included US \$300m 9½ % Notes due 2000 to be used for the general purposes of the ICI Group.

NOTES RELATING TO THE ACCOUNTS

20 LOANS (continued)

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Loans or instalments thereof are repayable:				
After 5 years from balance sheet date:				
Lump sums	617	608	200	200
Instalments	222	210	-	62
	839	827	200	262
From 2 to 5 years	603	643	200	312
From 1 to 2 years	228	157	155	-
Total due after more than one year	1,670	1,627	555	574
Total due within one year	78	109	-	-
	1,748	1,736	555	574
Aggregate amount of loans repayable by instalments any of which fall due after 5 years	489	462	-	125

21 RESERVES

	Share premium account £m	Revaluation £m	Other £m	Profit and loss account £m	Associated undertakings £m	1990 Total £m	1989 Total £m
GROUP							
Reserves attributable to parent company							
At beginning of year	384	56	486	3,096	298	4,320	3,242
Profit retained for year				328	(47)	281	676
Amounts taken direct to reserves							
Share premiums	62		65†			127	40
Goodwill			(65)†	(14†)	(145)*	(355)	(41)
Exchange adjustments		(8)	(138)	(231)	(33)	(410)	367
Other movements			3		(3)	-	(14)
	62	(8)	(135)	(376)	(181)	(638)	402
Other movements between reserves		2	30	(34)	2		
At end of year	446	50	381	3,014	72	3,963	4,320

* Includes ICI's share of goodwill adjustments to reserves made in the accounts of Enterprise Oil plc.

In the Group accounts, \$116m of net exchange gains on foreign currency loans (1989 losses \$69m) have been offset in reserves against exchange losses on the net investment in overseas subsidiary and associated undertakings.

The cumulative amount of goodwill resulting from acquisitions during 1990 and prior years, net of goodwill attributable to subsidiary undertakings or businesses disposed of prior to 31 December 1990, amounted to \$1,705m (1989 \$1,504m).

NOTES RELATING TO THE ACCOUNTS

21 RESERVES (continued)

	Share premium account £m	Other £m	Profit and loss account £m	1990 Total £m	1989 Total £m
COMPANY					
Reserves					
At beginning of year	384	768	1,925	3,077	2,663
Profit retained for year			381	381	25
Amounts taken direct to reserves					
Share premiums	62			62	90
Exchange adjustments		(300)		(300)	332
Purchased goodwill			(4)	(4)	(37)
Other movements		65†		65	4
	62	(235)	(4)	(177)	389
At end of year	446	533	2,302	3,281	3,077

† In accordance with Section 131 of the Companies Act 1985, the Company transferred to a merger reserve, which forms part of other reserves, the premium of £65m arising on shares issued as consideration for a subsidiary acquired during the year. This merger reserve has been applied in eliminating part of the goodwill arising on acquisitions.

By virtue of S230(4) of the Companies Act 1985, the Company is exempt from presenting a profit and loss account.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiary or associated undertakings; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. The undistributed profits of Group companies overseas may be liable to overseas taxes and/or UK taxation (after allowing for double taxation relief) if they were to be distributed as dividends. No provision has been made in respect of potential taxation liabilities on realization of assets at restated or revalued amounts or on realization of associated undertakings at equity accounted value.

For the purpose of calculating the basis of the borrowing limits in accordance with the Articles of Association, the total of the sums standing to the credit of capital and revenue reserves of the Company and its subsidiary undertakings, to be added to the nominal amount of the share capital of the Company, was £5,082m at 31 December 1990.

22 ACQUISITIONS, NEW INVESTMENTS AND DISPOSALS

During the year the Group acquired interests in the following undertakings all of which have been accounted for by the acquisition method of accounting. The effect of these acquisitions on the Group results was not material.

Tioxide Group PLC – remaining 50% ordinary shareholding not already owned
 Tyler Corporation (parent company of Atlas Powder Company and its subsidiary undertakings)
 Edward J. Funk & Sons, Inc
 CXA Ltd – remaining 30% shareholding not already owned
 'Novacote' Division of Weserland-Farbenfabrik von Höveling GmbH

NOTES RELATING TO THE ACCOUNTS

22 ACQUISITIONS, NEW INVESTMENTS AND DISPOSALS (continued)

Net assets acquired:

The fair value adjustments made to the net assets and liabilities acquired are set out in the table below:

	Book value at acquisition £m	Re- valuations £m	Provisions £m	Accounting policy alignments £m	Fair value to the Group £m
Fixed assets	404	13		(15)	402
Current assets	336	(3)		6	339
Total assets	740	10		(9)	741
Deferred income	5				5
Provisions for liabilities and charges	8		38	(3)	43
Creditors					
Loans	172				172
Short-term borrowings	152				152
Other	158		18	1	177
Total liabilities	495		56	(2)	549
Minorities	5				5
Net assets	240	10	(56)	(7)	187
Attributable to the Group's 50% shareholding in Tioxide Group PLC prior to acquisition of remaining shareholding					101
Net assets of subsidiary undertakings acquired					86
Goodwill					210
Fair value of consideration for subsidiary undertakings					296
Investment in participating interests					201
Acquisitions and new investments					497
Consideration for acquisitions and new investments:					
Shares allotted and to be allotted, including share premium					79
Cash					418
					497

Statutory share premium relief under Section 131 of the Companies Act 1965 has been taken in respect of the acquisition of Tyler Corporation; goodwill written off to reserves has been reduced by £65m being the premium on the shares issued in 1990 (see Note 21).

Fixed and current assets are adjusted to fair value based on external valuations and internal reviews; provisions for closure are made where appropriate. Other acquisition provisions reflect the projected costs of reorganisation, integration of the businesses acquired and provisions for environmental improvements.

Disposals

Proceeds from disposals of businesses and subsidiary undertakings in 1990 amounted to £47m (1989 £458m) and of participating interests amounted to £700m (£121m) of which £679m related to the disposal of Enterprise Oil plc.

NOTES RELATING TO THE ACCOUNTS

23 LEASES

The total rentals under operating leases, charged as an expense in the profit and loss account, are disclosed below.

	Group	
	1990 £m	1989 £m
Hire of plant and machinery	87	116
Other	52	38
	139	154

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which each lease expires.

	Group		Company	
	1990 £m	1989 £m	1990 £m	1989 £m
Land and buildings:				
Expiring within 1 year	9	4		
Expiring in years 2 to 5	10	18		
Expiring thereafter	14	15	4	2
	33	37	4	2
Other assets:				
Expiring within 1 year	24	17	3	2
Expiring in years 2 to 5	46	61	12	3
Expiring thereafter	5	8	1	1
	75	86	16	6

Obligations under finance leases comprise:

Rentals due within 1 year	24	6	1	1
Rentals due in years 2 to 5	100	17	4	4
Rentals due thereafter	36	48	2	3
Less: interest element	(64)	(39)	(2)	(3)
	96	32	5	5

Obligations under finance leases are included in other creditors (note 17).

The Group had no commitments under finance leases at the balance sheet date which were due to commence thereafter.

NOTES RELATING TO THE ACCOUNTS

24 EMPLOYEE COSTS

The average number of people employed by the Group in 1990 was 132,100 (1989 133,800) and the staff costs incurred during the year in respect of those employees were:

	1990 \$m	1989 \$m
Salaries	2,270	2,004
Social security costs	216	189
Pension costs	151	143
Severance costs	69	46
Other employment costs	73	68
Employees' profit-sharing bonus	39	62
Less: amounts allocated to capital expenditure, etc.	2,818 (50)	2,602 (44)
Charged in arriving at trading profit	2,768	2,558
Severance payments made during the year relating to extraordinary items	*	6
Total employee costs in respect of people employed by the Group	2,774	2,558

* Included in this item is an amount to bring severance costs shown above, which include accrued costs, to payments made in the year.

25 EMOLUMENTS OF DIRECTORS

The total emoluments of the directors of the Company for the year were \$2,686,000 (1989 \$3,071,000) including directors' fees of \$266,000 (\$269,000). Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to \$4,716,000 (1989 \$4,811,000).

The table which follows shows the number of directors of the Company whose emoluments during the year were within the bands stated.

Some directors were also granted options to subscribe for Ordinary Shares under the Company's share option schemes (notes 10 and 26).

Emoluments \$	Number		Emoluments \$	Number	
	1990	1989		1990	1989
15,001- 20,000	3	3	250,001-255,000	2	
20,001- 25,000	1	1	255,001-260,000		1
25,001- 30,000		1	265,001-270,000	1	
35,001- 40,000	1		270,001-275,000		1
40,001- 45,000	1	2	290,001-295,000		1
50,001- 55,000	1	1	305,001-310,000	1	1
70,001- 75,000	1		315,001-320,000		1
75,001- 80,000		1	335,001-340,000		1
125,001-130,000	1		345,001-350,000		1
205,001-210,000	1		445,001-450,000	1	
220,001-225,000	1		510,001-515,000		1
240,001-245,000	1				

One of the directors whose emoluments are shown above for 1990 was a director for part of the year only. The emoluments of the Chairman were \$448,000 (1989 \$514,000).

NOTES RELATING TO THE ACCOUNTS

26 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests at 31 December 1990 of the persons who on that date were directors (including the interests of their families) in shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1990 (or, if appointed during 1990, at their date of appointment) are shown in parentheses where these differ from the holdings at the year end.

	ICI Ordinary Shares
J. D. F. Barnes	2,813
Lord Chilver	1,000
A. W. Clements	12,038 (11,038)
P. Doyle	2,530
R. C. Hampel	5,492 (4,492)
C. Hampson	922
Sir Denys Henderson	20,000
T. O. Hutchison	4,616 (2,616)
Sir Alex Jarratt: beneficial	562
non-beneficial	118
W. G. L. L. Klep	500
Sir Patrick Meaney	1,325
Sir Jeremy Morse	1,819
S. Saba	500
C. M. Short	500
P. A. Volcker	2,000
F. Whiteley	13,170 (11,579)
T. H. Wyman	500

C. Hampson has a beneficial interest in 1,430 ICI Australia Ltd A\$1 Ordinary Shares.

Options to subscribe for Ordinary Shares granted to and exercised by directors during 1990 are included in the table below:

	At 1 January 1990	Options granted	Price £	Options exercised	At 31 December 1990
J. D. F. Barnes	68,000	13,800	10.90	—	81,800
A. W. Clements	77,700	—		1,000	76,700
P. Doyle	68,347	12,700 176	10.90 8.14	—	71,223
R. C. Hampel	69,092	14,300 193	10.90 8.14	—	83,585
C. Hampson	66,961	13,200 138	10.90 8.14	—	80,299
Sir Denys Henderson	128,000	26,700	10.90	—	154,700
T. O. Hutchison	69,800	14,000	10.90	—	83,800
C. M. Short	—	87,000	9.65	—	87,000

The options outstanding are exercisable at prices between \$6.06 and \$15.12. During the period 1 January 1991 to 19 February 1991 Dr P. Doyle exercised an option over 268 shares (granted under the Savings Related Share Option Scheme) at a price of \$6.06.

NOTES RELATING TO THE ACCOUNTS

27 COMMITMENTS AND CONTINGENT LIABILITIES

	Group		Company	
	1990	1989	1990	1989
	£m	£m	£m	£m
Commitments for capital expenditure not provided for in these accounts (including acquisitions):				
Contracts placed for future expenditure	357	261	37	60
Expenditure authorized but not yet contracted	569	910	126	174
	926	1,171	163	234

Contingent liabilities existed at 31 December 1990 in connection with guarantees and uncalled capital relating to subsidiary and other undertakings and guarantees relating to pension funds, including the solvency of pension funds. The maximum contingent liability in respect of guarantees of borrowings and uncalled capital at 31 December 1990 was £72m (1989 \$44m) for the Group. The maximum contingent liability for the Company, mainly on guarantees of borrowings by subsidiaries, was £902m (1989 \$1,085m).

Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

A subsidiary company has entered into a take-or-pay contract to purchase electric power commencing 1 April 1993 for fifteen years. The subsidiary is obligated to make monthly payments including a fixed capacity charge and a variable energy charge. The present value of the commitment to purchase electric power over the period of the agreement is estimated at \$530m.

At 31 December 1990, the Group had outstanding forward foreign exchange contracts to purchase \$430m equivalent and to sell £1,144m equivalent. These contracts are taken out with commercial banks for the purpose of hedging currency exposures. The majority of the contracts had a maturity of six months or less from the balance sheet date.

The Group has entered into currency swap, interest rate swap and forward rate agreements to manage the interest rate and currency exposure of its borrowings. At 31 December 1990, the Group had agreements outstanding with commercial banks which had principal amounts of \$608m equivalent at the exchange rate on that date. The principal amounts under the cross-currency agreements are revalued from contract rate to balance sheet rates with any exchange gains or losses arising treated in accordance with the Group's accounting policy on foreign currencies.

NOTES RELATING TO THE ACCOUNTS

28 PENSION COSTS

The Company and most of its subsidiaries operate retirement plans which cover the majority of employees (including directors) in the Group. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and average final remuneration and are funded through separate trustee-administered funds.

The total pension cost for the Group for 1990 was £151m (1989 £143m). Formal actuarial valuations of the Group's main plans are undertaken triennially. Actuarial valuations of these funds have been undertaken on varying dates. The actuarial assumptions used to calculate the projected benefit obligation of the Group's pension plans vary according to the economic conditions of the country in which they are situated. The weighted average discount rate used in determining the actuarial present values of the benefit obligations was 9.2 per cent. The weighted average expected long-term rate of return on investments was 9.3 per cent. The weighted average rate of increase of future earnings was 6.8 per cent. The actuarial value of the fund assets of these plans was sufficient to cover 109 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings.

The market value of the assets of the major plans in the Group at the date of the latest valuations was £5,902m (1989 £5,582m). Accrued pension costs amounted to £28m (1989 £52m) and are included in other creditors (note 17); provisions for the benefit obligation of a small number of unfunded plans amounted to £128m (1989 £81m) and are included in provisions for employee benefits (note 18). Prepaid pension costs amounting to £49m (1989 £33m) are included in other debtors (note 14).

29 STATUTORY AND OTHER INFORMATION

Included in debtors are interest-free loans of £205,000 (1989 £225,000) to officers of the Company. Amounts of £10,000 each from Dr P. Doyle and Mr T. O. Hutchison were outstanding on 1 January 1990 and throughout the year until they were repaid in December 1990. The loans to directors were made prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The loans to the other officers were also in respect of housing assistance.

Remuneration of auditors charged in the Group accounts for 1990 was £4.1m (1989 £4.1m).

PRINCIPAL SUBSIDIARY UNDERTAKINGS

At 31 December 1990	Class of capital	Held by ICI %	Principal activities
EUROPE			
Deutsche ICI GmbH (Federal Republic of Germany)	Ordinary	100†	Manufacture of nylon fibre, paints, pharmaceuticals, chlorine, advanced materials, polyurethanes and specialty chemicals; merchanting of other ICI products
ICI Chemicals & Polymers Ltd (England)	Ordinary	100†	Manufacture of chemicals, plastics, nylon and polyester fibres and fertilizers; merchanting of ICI and other products
ICI Finance PLC (England)	Ordinary	100†	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of bulk and specialty plasticisers, ethylene/propylene oxide derivatives, pharmaceuticals, acrylics and polyurethanes; merchanting of other ICI products
ICI Holland BV (Holland)	Ordinary	100†	Manufacture of bulk and specialty plastics, films, nylon and polyester polymers and polyurethane chemicals; merchanting of other ICI products
Imperial Chemicals Insurance Ltd (England)	Ordinary	100†	Insurance
Tioxide Group PLC (England)	Ordinary	100†	Manufacture of titanium pigments
THE AMERICAS			
Imperial SAIC (Argentina)	Ordinary	100	Manufacture of chemicals, plastics, seeds, polyurethanes, pharmaceuticals, agrochemicals and sporting ammunition; merchanting of ICI and other products
ICI American Holdings Inc (USA)	Common	100	Manufacture of pharmaceuticals, agrochemicals, seeds, colours, films, paints, advanced materials, polyurethanes, specialty and other chemicals; merchanting of other ICI products
ICI Brasil SA (Brazil)	Ordinary	80 11†	Manufacture of agrochemicals, colours, seeds, polyester polymers and films, specialty and other chemicals; merchanting of ICI and other products
ICI Canada Inc (Canada)	Common Preference	100† 100†	Manufacture of fertilizers, industrial explosives, paints and chemicals; merchanting of other ICI products
OTHER COUNTRIES			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	2 50†	Manufacture of fertilizers, chlor-alkali chemicals, agrochemicals and paints; merchanting of ICI and other products
ICI Australia Ltd (Australia) (Accounting date 30 September)	Ordinary*	63†	Manufacture of chemicals, fertilizers, industrial explosives, paints, plastics and pharmaceuticals
ICI (China) Ltd (Hong Kong and China)	Ordinary	100	Merchanting of ICI and other products
ICI India Ltd (India) (Accounting date 31 March; reporting date 31 December)	Ordinary*	51	Manufacture of fertilizers, industrial explosives and accessories, polyester fibre, paints, agrochemicals, pharmaceuticals, rubber chemicals and specialty chemicals
ICI Japan Ltd (Japan)	Ordinary	13 87†	Merchanting of ICI and other products; manufacture of advanced materials and polyester films

PRINCIPAL SUBSIDIARY UNDERTAKINGS

At 31 December 1990	Class of capital	Held by ICI %	Principal activities
OTHER COUNTRIES (continued)			
ICI Pakistan Ltd (Pakistan)	Ordinary*	61	Manufacture of polyester fibre, soda ash, paints and specialty chemicals; merchandising of agrochemicals, general chemicals and pharmaceutical products
ICI-Pharma Ltd (Japan)	Ordinary	60	Marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchandising of ICI and other products; manufacture of pharmaceuticals

*Listed †Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company. The accounting dates of principal subsidiary undertakings are 31 December unless otherwise stated.

PRINCIPAL ASSOCIATED UNDERTAKINGS

At 31 December 1990	Class of capital	Issued share and loan capital at date of latest available audited accounts £m	Held by ICI %	Principal activities
AECI Ltd (Republic of South Africa) (accounting date 31 December; reporting date 30 September)	Ordinary* Preference Loan	31 1 104	38† — —	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints and plastics
European Vinyls Corporation (Holdings) BV (Holland) (accounting and reporting date 31 December)	Ordinary	148	50†	Manufacture of vinyl chloride monomer, polyvinyl chloride and fabricated PVC products

*Listed

†Held wholly or partly by subsidiaries (the Group's 38 per cent shareholding in AECI Ltd includes 29 per cent held through Afex Holdings (Pty) Ltd in which the Group's interest is 50 per cent).

The country of registration or incorporation is stated after each company. The principal operations of AECI Ltd are carried out in the Republic of South Africa and those of the European Vinyls Corporation (Holdings) BV in the UK, Italy, Federal Republic of Germany and Switzerland.

Where audited accounts are not available, the results are taken from unaudited management accounts.

AUDITORS' REPORT

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 32 to 57 in accordance with Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1990 and of the profit and sources and applications of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock

London
11 March 1991

KPMG Peat Marwick McLintock
Chartered Accountants

GROUP FINANCIAL RECORD

<i>For the years ended 31 December</i>	1986 £m	1987 £m	1988 £m	1989 £m	1990 £m
Balance sheet					
Tangible fixed assets	3,912	3,750	4,092	4,856	4,947
Investments	333	417	524	767	483
Current assets					
Stocks	1,734	1,812	2,004	2,380	2,214
Debtors	2,015	2,162	2,324	2,885	2,590
Cash and short-term investments	692	646	456	383	555
	4,441	4,620	4,784	5,648	5,369
Total assets	8,686	8,787	9,400	11,271	10,799
Creditors due within one year:					
Short-term borrowings	(441)	(559)	(289)	(771)	(447)
Current instalments of loans	(74)	(46)	(50)	(109)	(78)
Other creditors	(2,022)	(2,365)	(2,671)	(2,738)	(2,881)
Total assets less current liabilities	6,149	5,817	6,390	7,653	7,393
Creditors due after more than one year:					
Loans	1,538	1,511	1,627	1,627	1,670
Other creditors	83	70	137	86	154
Provisions and deferred income	459	434	397	591	612
Minority interests	404	357	304	335	286
Capital and reserves attributable to parent company	3,665	3,445	3,925	5,014	4,671
	6,149	5,817	6,390	7,653	7,393
Turnover and profits					
Turnover	10,136	11,123	11,699	13,171	12,906
Trading profit (after depreciation)	1,049	1,297	1,470	1,467	1,029
Depreciation	491	461	484	536	525
Share of profits less losses of associated undertakings	95	157	162	279	154
Interest other than loan interest (net)	7	8	(2)	(44)	(51)
Profit before loan interest	1,151	1,462	1,630	1,702	1,132
Loan interest	(136)	(150)	(160)	(175)	(155)
Profit before taxation	1,016	1,312	1,470	1,527	977
Taxation	(362)	(501)	(510)	(531)	(338)
Attributable to minorities	(34)	(45)	(49)	(66)	(22)
Net profit attributable to parent company, before extraordinary items	620	766	891	930	617
Extraordinary items	(43)	-	(44)	127	63
Dividends	(238)	(277)	(341)	(381)	(389)
Profit retained, transferred to reserves	319	489	506	676	291
Sources and applications of funds					
Sources net of interest and taxation	1,062	1,308	1,235	1,159	1,06
Dividends	(249)	(283)	(317)	(406)	(421)
Fixed asset expenditure:					
Tangible assets	(608)	(682)	(766)	(1,019)	(853)
Investments less disposals	(348)	(430)	(116)	205	250
Working capital changes	94	(187)	(77)	(538)	367
Surplus/(Deficit)	(249)	(274)	(41)	(598)	407
Return on assets					
Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	19.4	21.4	26.7	24.2	15.0

ICI ORDINARY SHARE COMPARISONS

	1986	1987	1988	1989	1990
Millions					
Shares in issue					
At year-end	657	676	683	694	708
Weighted average for year	652	669	679	689	702
£ per £1 Ordinary Share					
Stock Market price					
Highest	11.16	16.45	11.84	13.35	12.51
Lowest	7.27	9.65	9.50	10.13	8.08
Year-end	10.68	10.82	10.13	11.34	8.66
Earnings per £1 Ordinary Share	92p	114p	130p	135p	88p
Dividends					
Dividends (net)	36p	41p	50p	55p	55p
Dividends grossed up for imputed tax credit	51p	56p	67p	73p	73p*
Dividends (net) in 1990 money (adjusted by RPI)	46p	51p	59p	60p	55p
Balance sheet value of Ordinary shareholders' equity at end of year – £ per £1 Ordinary Share	5.58	5.10	5.75	7.22	6.60
Indexed value of the £, expressed in average 1990 £s, based on RPI	1.29	1.24	1.18	1.09	1.00

*Assumes a basic rate of income tax of 25 per cent.

SOURCES AND DISPOSAL OF VALUE ADDED

	Notes	1990 £m	1989 £m	Change %
SOURCES OF INCOME				
Sales turnover		12,906	13,171	-2%
Royalties and other trading income		150	153	-2%
Less: materials and services used		(8,764)	(8,700)	
Value added by manufacturing and trading activities		4,292	4,534	-5%
Share of profits less losses of associated undertakings		154	279	-15%
Total value added		4,446	4,813	-8%
DISPOSAL OF TOTAL VALUE ADDED				
Employees	1			
Pay, plus national insurance contributions, pension costs and severance payments		2,735	2,496	
Profit-sharing bonus	2	39	62	
Total employee costs		2,774	2,558	+8%
Severance payments made during the year relating to extraordinary items	3	(6)	-	
	4	2,768	2,558	
Governments				
Corporate taxes	5	338	531	
Less: grants		(30)	(27)	
		308	504	-39%
Providers of capital				
Interest cost of net borrowings		206	219	
Dividends to shareholders		389	381	
Minority shareholders in subsidiary undertakings		22	66	
		617	666	-7%
Re-investment in the business				
Depreciation		525	536	
Extraordinary item		(53)	(127)	
Profit retained		281	676	
		753	1,085	-31%
Total disposal		4,446	4,813	-8%

Notes

1 The average number of employees in the Group worldwide decreased by 1 per cent. The average number employed in the UK decreased by 2 per cent.

2 The 1990 UK bonus rate was 4.7p per £1 of remuneration (1989 5.3p).

3 See note 24 on page 52.

4 Employee costs charged in arriving at trading profit (see note 24).

5 Does not include tax deducted from the pay of employees. Income tax deducted from the pay of UK employees under PAYE amounted to £185m in 1990 (1989 £171m).

This table, which is used for calculating the bonus under the Employees' Profit-Sharing Scheme, is based on the audited accounts; it shows the total value added to the cost of materials and services purchased from outside the Group and indicates the ways this increase in value has been disposed.