

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the year 1 September 2013 to 31 August 2014


Friends Provident International Limited, Singapore Branch


Index	Page
Statement by Directors	1
Independent Auditors' Report	2
Capital and Income Account	5
Statement of Assets and Liabilities	5
Notes to the Financial Statements	10

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Statement by Directors

In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on page 5 to 12 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 31 August 2014 and the capital movements for the year 1 September 2013 to 31 August 2014, in accordance with the stated accounting policies.

Director  JOHN VAN DER WIEGEN

Director  MARCUS ADAMS

28 November 2014

**Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014**

Independent Auditors' Report to Friends Provident International Limited, Singapore Branch

We have audited the accompanying financial statements of the Investment-Linked Funds (as set out on page 4) of Friends Provident International Limited, Singapore Branch (the "Singapore Branch"), which comprise the Statement of Assets and Liabilities as at 31 August 2014, the Capital and Income Account for the year from 1 September 2013 to 31 August 2014, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 12.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the stated accounting policies, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Capital and Income Account and Statement of Assets and Liabilities and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Investment-Linked Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014**

Independent Auditors' Report to Friends Provident International Limited, Singapore Branch

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 31 August 2014 and the capital movements for the year 1 September 2013 to 31 August 2014, in accordance with the stated accounting policies.

Our report is intended solely for the use of the Singapore Branch and our duties are owed solely to the Singapore Branch. We do not accept responsibility and we expressly disclaim liability for loss occasioned to any third party acting or refraining from acting as a result of our report.

This report relates solely to the financial statements of the Investment-Linked Funds of the Singapore Branch and does not extend to the financial statements of the Singapore Branch taken as a whole.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 November 2014

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Independent Auditors' Report to Friends Provident International Limited, Singapore Branch

The Statements of Assets and Liabilities, Capital and Income Accounts and a summary of significant accounting policies and other explanatory notes of the following Investment-Linked Funds are covered in this report:

<u>Funds</u>	<u>Commencement Date</u>
Baring Korea Feeder (J46)	30 September 2010
BlackRock New Energy (R140)	29 August 2012
BlackRock US Flexible Equity (R130)	27 June 2012
BlackRock World Gold (R106)	24 August 2011
BlackRock World Gold (SGD HDG) (R122)	29 March 2012
BlackRock World Mining (R105)	24 August 2011
BlackRock World Mining (SGD HDG) (R121)	29 March 2012
M&G Global Basics (R146)	17 July 2013
M&G Global Leaders (R23)	31 August 2008

With the exception of the BlackRock New Energy, BlackRock US Flexible Equity, BlackRock World Gold, BlackRock World Gold (SGD HDG), BlackRock World Mining, BlackRock World Mining (SGD HDG) and M&G Global Basics (R140, R130, R106, R122, R105, R121 and R146) which are segregated Investment-Linked Funds, the funds are invested as one part of the sub-fund of Friends Provident International Limited (the Company). These represent the elements of the sub-funds that are dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds and sub-funds are, in turn, invested in the underlying funds.

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Financial Statements

	Baring Korea Feeder (J46)	BlackRock New Energy (R140)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2013 to 31 August 2014		
Value of Fund as at 1 September 2013	25,612	993,847
Amounts received by the Fund for creation of units	43,055	410,154
Amounts paid by the Fund for liquidation of units	(15,504)	(424,486)
Net amounts received/ (paid) by the Fund	27,551	(14,332)
Unrealised appreciation in value of investments	5,357	80,242
Gain on sale of investments	1,665	65,802
Other income	15	-
Management fees	(495)	(13,209)
Other expenses	(3)	(1,638)
Increase in net asset value for the year	6,539	131,197
Value of Fund		
As at 31 August 2014	59,702	1,110,712
Statement of Assets and Liabilities		
As at 31 August 2014		
<u>Assets</u>		
Investments in funds	59,804	1,110,194
Cash and bank balances	353	518
Other debtors	859	-
Total assets	61,016	1,110,712
<u>Liabilities</u>		
Other creditors	1,314	-
Total liabilities	1,314	-
Value of Fund		
As at 31 August 2014	59,702	1,110,712

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Financial Statements

	BlackRock US Flexible Equity (R130)	BlackRock World Gold (R106)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2013 to 31 August 2014		
Value of Fund as at 1 September 2013	3,477,687	5,240,467
Amounts received by the Fund for creation of units	3,085,841	2,247,980
Amounts paid by the Fund for liquidation of units	(1,033,484)	(1,209,573)
Net amounts received by the Fund	2,052,357	1,038,407
Unrealised appreciation in value of investments	776,037	182,381
Gain/ (loss) on sale of investments	82,693	(336,271)
Other income	-	-
Management fees	(61,628)	(63,312)
Other expenses	(706)	(621)
Increase/ (decrease) in net asset value for the year	796,396	(217,823)
Value of Fund		
As at 31 August 2014	6,326,440	6,061,051
Statement of Assets and Liabilities		
As at 31 August 2014		
<u>Assets</u>		
Investments in funds	6,331,448	6,064,845
Cash and bank balances	-	26,157
Other debtors	58,653	-
Total assets	6,390,101	6,091,002
<u>Liabilities</u>		
Other creditors	63,661	29,951
Total liabilities	63,661	29,951
Value of Fund		
As at 31 August 2014	6,326,440	6,061,051

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Financial Statements

	BlackRock World Gold (SGD HDG) (R122)	BlackRock World Mining (R105)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2013 to 31 August 2014		
Value of Fund as at 1 September 2013	387,484	5,117,696
Amounts received by the Fund for creation of units	389,561	2,053,764
Amounts paid by the Fund for liquidation of units	(223,346)	(1,338,770)
Net amounts received by the Fund	166,215	714,994
Unrealised appreciation in value of investments	39,792	340,449
Loss on sale of investments	(35,913)	(186,880)
Other income	-	-
Management fees	(5,272)	(66,353)
Other expenses	(2,356)	(670)
(Decrease)/ increase in net asset value for the year	(3,749)	86,546
Value of Fund		
As at 31 August 2014	549,950	5,919,236
Statement of Assets and Liabilities		
As at 31 August 2014		
<u>Assets</u>		
Investments in funds	552,566	5,906,417
Cash and bank balances	3,384	46,513
Other debtors	-	-
Total assets	555,950	5,952,930
<u>Liabilities</u>		
Other creditors	6,000	33,694
Total liabilities	6,000	33,694
Value of Fund		
As at 31 August 2014	549,950	5,919,236

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Financial Statements

	BlackRock World Mining (SGD HDG) (R121)	M&G Global Basics (R146)
	S\$	S\$
Capital and Income Account		
For the year 1 September 2013 to 31 August 2014		
Value of Fund as at 1 September 2013	386,070	641,983
Amounts received by the Fund for creation of units	553,067	165,279
Amounts paid by the Fund for liquidation of units	(162,285)	(255,101)
Net amounts received/ (paid) by the Fund	390,782	(89,822)
Unrealised appreciation in value of investments	33,678	7,618
(Loss)/ gain on sale of investments	(9,401)	1,135
Other income	695	11,856
Management fees	(7,311)	(7,050)
Other expenses	(456)	(287)
Increase in net asset value for the year	17,205	13,272
Value of Fund		
As at 31 August 2014	794,057	565,433
Statement of Assets and Liabilities		
As at 31 August 2014		
<u>Assets</u>		
Investments in funds	796,230	564,082
Cash and bank balances	10,827	1,351
Other debtors	-	-
Total assets	807,057	565,433
<u>Liabilities</u>		
Other creditors	13,000	-
Total liabilities	13,000	-
Value of Fund		
As at 31 August 2014	794,057	565,433

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Financial Statements

	M&G Global Leaders (R23)
	S\$
Capital and Income Account	
For the year 1 September 2013 to 31 August 2014	
Value of Fund as at 1 September 2013	169,208
Amounts received by the Fund for creation of units	107,106
Amounts paid by the Fund for liquidation of units	(28,083)
Net amounts received by the Fund	79,023
Unrealised diminution in value of investments	(12,875)
Gain on sale of investments	20,736
Other income	2,734
Management fees	(2,712)
Other expenses	(35)
Increase in net asset value for the year	7,848
Value of Fund	
As at 31 August 2014	256,079
 Statement of Assets and Liabilities	
As at 31 August 2014	
<u>Assets</u>	
Investments in funds	256,385
Cash and bank balances	-
Other debtors	1,707
Total assets	258,092
<u>Liabilities</u>	
Other creditors	2,013
Total liabilities	2,013
Value of Fund	
As at 31 August 2014	256,079

Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014

Notes to the Financial Statements

1. Units in issue and net asset value

1.1 The Units in issue and the Net Asset Value per unit of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") as at 31 August 2014 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 31 August 2014</u>	<u>Net asset value per unit S\$</u>
Baring Korea Feeder (J46)	30 September 2010	21,130	2.83
BlackRock New Energy (R140)	29 August 2012	1,185,949	0.94
BlackRock US Flexible Equity (R130)	27 June 2012	3,959,646	1.60
BlackRock World Gold (R106)	24 August 2011	3,727,485	1.63
BlackRock World Gold (SGD HDG) (R122)	29 March 2012	1,013,406	0.54
BlackRock World Mining (R105)	24 August 2011	6,154,675	0.96
BlackRock World Mining (SGD HDG) (R121)	29 March 2012	1,209,503	0.66
M&G Global Basics (R146)	17 July 2013	497,713	1.14
M&G Global Leaders (R23)	31 August 2008	256,306	1.00

**Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014**

Notes to the Financial Statements

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Investment-Linked Funds of the Singapore Branch are presented in Singapore dollars. The financial statements have been prepared on the historical cost basis, except for investments which are carried at fair value.

Where Singapore policy holders are not the only investors in a fund, an apportionment method is applied. This apportionment method is based on Singapore policy holders' unit holdings as a percentage of the total unit holdings of the fund. In the instance that the fund is wholly owned by Singapore investors there is no apportionment method applied.

Customers invested in the fund that went through segregation will have been informed by the Company's customer services department.

2.2 *Investments*

All purchases of investments, which include unit trusts, quoted equities and bonds, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. Subsequent to initial recognition, the investments are recorded at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end date.

2.3 *Amounts received by the funds for creation of units*

The amounts received by the funds comprise the gross premiums received by the Singapore Branch (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

2.4 *Amounts paid by the funds for liquidation of units*

The amounts paid by the funds for liquidation of units comprise the sale of units in the Investment-Linked Funds for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

2.5 *Gains/losses from sale of investments*

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

2.6 *Income and expenses*

Income and expenses are accounted for on an accrual basis. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments is recognised on an accrual basis. Income and expense balances are apportioned monthly based on the Singapore Branch's unit holding at the month end.

**Friends Provident International Limited, Singapore Branch
Investment-Linked Funds
For the year 1 September 2013 to 31 August 2014**

Notes to the Financial Statements

2. Summary of significant accounting policies (cont)

2.7 *Foreign Currencies*

Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Foreign currency transactions are translated at exchange rates on transaction dates. Differences in exchange are taken to the Capital and Income Account.