

Reg. No. T06FC6835J

**Friends Provident International Limited,  
Singapore Branch**

**Investment-Linked Funds**

**Report for the year 1 September 2012 (or the date of  
commencement of the respective Investment-Linked Funds,  
whichever is later) to 31 August 2013**

**Friends Provident International Limited, Singapore Branch**

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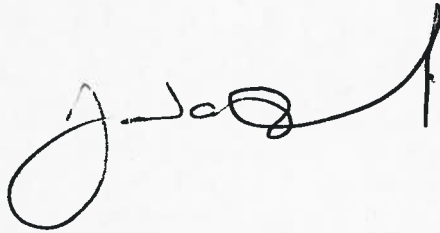
**Friends Provident International Limited, Singapore Branch**  
**Investment-Linked Funds**  
**For the year 1 September 2012 to 31 August 2013**

**Statement by Directors**

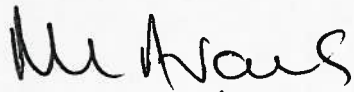
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In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch ("Singapore Branch") set out on page 5 to 13 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 31 August 2013 and the capital movements for the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013, in accordance with the stated accounting policies.

Director



Director

  
Marcus Adams

28 November 2013

**Friends Provident International Limited, Singapore Branch  
Investment-Linked Funds  
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**Independent Auditors' Report to Friends Provident International Limited, Singapore Branch**

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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 2013, the Capital and Income Account for the year from 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 13.

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

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**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 2013 and the capital movements for the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013, 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 2013

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

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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	30 September 2010
BlackRock New Energy (P69)	31 August 2008
BlackRock New Energy (R140)	29 August 2012
BlackRock US Flexible Equity Fund (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 (R22)	31 August 2008
M&G Global Basics (R146)	17 July 2013
M&G Global Leaders (previously reported as M&G Global Leaders (USD))	31 August 2008

With the exception of the BlackRock New Energy, BlackRock US Flexible Equity Fund, BlackRock World Gold, BlackRock World Mining and M&G Global Basics (R140, R130, R106, R105 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 Company's Singapore Branch (the Branch). The segregated Investment-Linked Funds and sub-funds are, in turn, invested in the underlying funds.

M&G Global Basics (R146) is part of an on-going fund segregation project and the segregation was completed during the financial year. Customers of the Company's Singapore Branch will now have their own sub-fund (R146) as opposed to being a part of a larger sub-fund.

**Friends Provident International Limited, Singapore Branch**  
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	<b>Baring Korea Feeder</b>	<b>BlackRock New Energy (P69)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>		
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	27,469	628,257
Amounts received by the Fund for creation of units	14,952	626,436
Amounts paid by the Fund for liquidation of units	(17,795)	(1,251,862)
Net amounts paid by the Fund	(2,843)	(625,426)
Unrealised appreciation in value of investments	426	479,059
Gain/ (loss) on sale of investments	871	(481,574)
Other income	-	-
Management fees	(309)	(316)
Other expenses	(2)	-
Increase/ (decrease) in net asset value for the year	986	(2,831)
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	<b>25,612</b>	<b>-</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 31 August 2013</b>		
<b>Assets</b>		
Investments in funds	25,759	-
Cash and bank balances	-	-
Other debtors	318	-
Total assets	26,077	-
<b>Liabilities</b>		
Other creditors	465	-
Total liabilities	465	-
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	<b>25,612</b>	<b>-</b>

**Friends Provident International Limited, Singapore Branch**  
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	<b>BlackRock New Energy (R140)*</b>	<b>BlackRock US Flexible Equity Fund (R130)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>		
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	-	1,164,083
Amounts received by the Fund for creation of units	1,700,408	2,572,755
Amounts paid by the Fund for liquidation of units	(858,704)	(634,937)
Net amounts received by the Fund	841,704	1,937,818
Unrealised appreciation in value of investments	151,523	394,597
Gain on sale of investments	9,509	7,425
Other income	1,067	-
Management fees	(9,653)	(25,172)
Other expenses	(303)	(1,064)
Increase in net asset value for the year	152,143	375,786
<b>Value of Fund As at 31 August 2013</b>	<b>993,847</b>	<b>3,477,687</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 31 August 2013</b>		
<b>Assets</b>		
Investments in funds	991,988	3,480,646
Cash and bank balances	1,859	-
Other debtors	-	38,302
Total assets	993,847	3,518,948
<b>Liabilities</b>		
Other creditors	-	41,261
Total liabilities	-	41,261
<b>Value of Fund As at 31 August 2013</b>	<b>993,847</b>	<b>3,477,687</b>

\* Note: The financial period for this investment-linked fund is from 29 August 2012 to 31 August 2013, as this fund was segregated from the 'BlackRock New Energy (P69)' fund on 29 August 2012.



**Friends Provident International Limited, Singapore Branch**  
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	<b>BlackRock World Gold (R106)</b>	<b>BlackRock World Gold (SGD HDG) (R122)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>		
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	4,617,400	146,287
Amounts received by the Fund for creation of units	4,512,496	460,527
Amounts paid by the Fund for liquidation of units	(2,015,290)	(112,902)
Net amounts received by the Fund	2,497,206	347,625
Unrealised diminution in value of investments (Loss)/ gain on sale of investments	(1,714,053)	(104,802)
Other income	(99,275)	2,180
Management fees	-	-
Other expenses	(60,094)	(3,183)
Decrease in net asset value for the year	(717)	(623)
	(1,874,139)	(106,428)
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	<b>5,240,467</b>	<b>387,484</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 31 August 2013</b>		
<b>Assets</b>		
Investments in funds	5,240,230	388,926
Cash and bank balances	237	4,558
Other debtors	-	-
Total assets	5,240,467	393,484
<b>Liabilities</b>		
Other creditors	-	6,000
Total liabilities	-	6,000
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	<b>5,240,467</b>	<b>387,484</b>

**Friends Provident International Limited, Singapore Branch**  
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	<b>BlackRock World Mining (R105)</b>	<b>BlackRock World Mining (SGD HDG) (R121)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>		
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	3,849,707	44,537
Amounts received by the Fund for creation of units	3,848,270	521,434
Amounts paid by the Fund for liquidation of units	(1,743,871)	(111,002)
Net amounts received by the Fund	2,104,399	410,432
Unrealised diminution in value of investments	(674,895)	(63,789)
Loss on sale of investments	(103,611)	(2,039)
Other income	-	-
Management fees	(57,152)	(2,623)
Other expenses	(752)	(448)
Decrease in net asset value for the year	(836,410)	(68,899)
<b>Value of Fund As at 31 August 2013</b>	<b>5,117,696</b>	<b>386,070</b>
<b>Statement of Assets and Liabilities As at 31 August 2013</b>		
<b>Assets</b>		
Investments in funds	5,123,748	385,230
Cash and bank balances	73,105	13,840
Other debtors	-	-
Total assets	5,196,853	399,070
<b>Liabilities</b>		
Other creditors	79,157	13,000
Total liabilities	79,157	13,000
<b>Value of Fund As at 31 August 2013</b>	<b>5,117,696</b>	<b>386,070</b>

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	<b>M&amp;G Global Basics (R22)</b>	<b>M&amp;G Global Basics (R146)*</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>		
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	504,795	-
Amounts received by the Fund for creation of units		
Amounts paid by the Fund for liquidation of units	216,069	660,511
Net amounts (paid)/ received by the Fund	(761,908)	(19,008)
	(545,839)	641,503
Unrealised appreciation in value of investments (Loss)/ gain on sale of investments	76,158	219
Other income	(29,227)	75
Management fees	8	237
Other expenses	(5,857)	(51)
Increase in net asset value for the year	(38)	-
	41,044	480
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	-	641,983
<b>Statement of Assets and Liabilities</b>		
<b>As at 31 August 2013</b>		
<u>Assets</u>		
Investments in funds		
Cash and bank balances	-	34,957
Other debtors	-	607,026
Total assets	-	-
	-	641,983
<u>Liabilities</u>		
Other creditors		
Total liabilities	-	-
<b>Value of Fund</b>		
<b>As at 31 August 2013</b>	-	641,983

\* Note: The financial period for this investment-linked fund is from 17 July 2013 to 31 August 2013, as this fund was segregated from the 'M&G Global Basics (R22)' fund on 17 July 2013.

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	<b>M&amp;G Global Leaders</b>
	<b>S\$</b>
<b>Capital and Income Account</b>	
<b>For the year 1 September 2012 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 31 August 2013</b>	
Value of Fund as at date of commencement of the respective Investment-Linked Funds or 1 September 2012, whichever is later	<u>90,421</u>
Amounts received by the Fund for creation of units	86,421
Amounts paid by the Fund for liquidation of units	<u>(27,768)</u>
Net amounts received by the Fund	58,653
Unrealised appreciation in value of investments	3,050
Gain on sale of investments	16,923
Other income	1,893
Management fees	(1,581)
Other expenses	<u>(151)</u>
Increase in net asset value for the year	20,134
<b>Value of Fund</b>	
<b>As at 31 August 2013</b>	<u><b>169,208</b></u>
<b>Statement of Assets and Liabilities</b>	
<b>As at 31 August 2013</b>	
<u><b>Assets</b></u>	
Investments in funds	169,319
Cash and bank balances	702
Other debtors	-
Total assets	<u>170,021</u>
<u><b>Liabilities</b></u>	
Other creditors	<u>813</u>
Total liabilities	813
<b>Value of Fund</b>	
<b>As at 31 August 2013</b>	<u><b>169,208</b></u>

**Friends Provident International Limited, Singapore Branch  
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**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 as at 31 August 2013 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 31 August 2013</u>	<u>Net asset value per unit S\$</u>
Baring Korea Feeder	30 September 2010	10,408	2.46
BlackRock New Energy (P69)	31 August 2008	-	-
BlackRock New Energy (R140)	29 August 2012	1,207,356	0.82
BlackRock US Flexible Equity Fund (R130)	27 June 2012	2,579,631	1.35
BlackRock World Gold (R106)	24 August 2011	3,021,024	1.73
BlackRock World Gold (SGD HDG) (R122)	29 March 2012	682,496	0.57
BlackRock World Mining (R105)	24 August 2011	5,409,954	0.95
BlackRock World Mining (SGD HDG) (R121)	29 March 2012	608,729	0.63
M&G Global Basics (R22)	31 August 2008	-	-
M&G Global Basics (R146)	17 July 2013	591,561	1.09
M&G Global Leaders (previously reported as M&G Global Leaders (USD))	31 August 2008	177,868	0.95

**Friends Provident International Limited, Singapore Branch  
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**Notes to the Financial Statements**

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**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch ("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.

M&G Global Basics (R146) is part of an on-going fund segregation project and the segregation was completed during the financial year. Customers of the Company's Singapore Branch will now have their own fund (R146) as opposed to being a part of a larger sub-fund.

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.

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**2. Summary of significant accounting policies (cont)**

**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.

**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.

