#### CUSTOMERS PER ENTITY





Life i oneynoraero											
	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Individual	440,747	429,817	423,707	413,346	407,402	399,715	395,078	398,731	391,104	379,152	377,487
Invest								118,366	109,914	100,445	91,858
Invest - DRO*	120,253	115,670	111,258	105,722	101,168	98,238	94,098				
Invest - Other	179,975	172,929	164,878	153,804	147,960	139,341	129,989				
Group (lives)	539,552	512,715	506,141	502,258	466,172	435,168	432,930	425,991	406,678	393,800	381,019
Group schemes	2,635	2,585	2,552	2,503	2,453	2,401	2,403	2,332	2,186	2,063	1,960

\*Discovery Retirement Optimiser (DRO) product has been moved from the Individual category to Invest - DRO from December 2015 onwards

This count is the full number of DRO policies (underlying Endowments and Retirement Annuities counted individually), including Paid-up policies.

Prior period comparatives have been restated to be consistent with this approach, since paid-up policies were not previously included in the counts disclosed before June 2017.

#### Life NB APE

	6 months to	12 months to	6 months to	Year ended	6 months to						
	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Individual	1,157	2,042	1,038	1,970	1,001	1,762	909	2,124	1,097	1,899	986
Group	55	146	79	205	52	105	61	108	54	114	70
Invest - Recurring	661	1,205	632	1,219	658	1,194	589	597	295	492	243
Invest - Single APE**	726	1,248	588	1,277	620	1,218	579	1,049	502	904	409
Total Life APE**	2,599	4,641	2,337	4,671	2,331	4,279	2,138	3,878	1,948	3,409	1,708

\*\* APE shown at 10% of Single premium

#### **Health Members** June 2018 December 2017 December 2015 December 2014 June 2014 December 2013 June 2017 December 2016 June 2016 June 2015 DHMS - Kevcare 251.951 247.357 254,165 248,430 256.591 247.825 249,605 240.324 235,559 227,298 232.865 DHMS - Non-Kevcare 1.098.903 1.093.745 1.069.492 1.062.964 1.041.166 1.034.833 1.018.612 1.013.864 995.572 985.228 959,138 In-House Schemes 311,879 144,227 142,750 132,160 315,875 310,773 299,353 275,293 265,205 153,935 153,486 Total 1,666,729 1,651,875 1,635,536 1,610,747 1,547,863 1,422,152 1,407,674 1,375,358 1,324,163 Health Lives December 2017 December 2016 December 2015 December 2014 December 2013 June 2018 lune 2017 lune 2016 lune 2015 June 2014 415,093 DHMS - Keycare 436,543 440,722 430,363 443,485 434,487 419,364 402,047 428,103 428,817 411,525 DHMS - Non-Kevcare 2.382.596 2.374.976 2.337.485 2.327.651 2.292.201 2.281.630 2.257.759 2,250,081 2.219.753 2,199,601 2,152,815 In-House Schemes 677.530 667,116 663.807 635.178 581.821 550.943 326.806 323,416 297.805 293,690 268.854 Total 3,470,195 3,442,014 3,393,192 3,317,507 3,261,390 3,019,052 2,992,861 2,932,651 2,895,338 2,833,194 3,496,669 Vitality SA December 2017 December 2015 December 2014 June 2014 ber 2018 June 2018 June 2017 December 2016 June 2016 June 2015 December 2013 825,531 828,216 823,826 832,365 824,196 734,718 734,529 735,725 733,732 729,682 Members\* 833,276 \*Includes Balance members (Balance is Vitality for Bankmed) VitalityHealth Members June 2018 December 2017 June 2017 December 2016 June 2016 December 2015 June 2015 December 2014 June 2014 December 2013 Individual 96,277 90,375 85,942 84,070 82,171 80,910 75,969 74,570 75,566 76,896 73,078 SMF 190,835 181,795 174,376 168,844 165,813 165,341 162,711 158,702 159,546 162,473 157,666 Corporate 59,954 56,762 53,472 56,773 58,756 56.880 54,696 53,924 50,634 47,893 61,970 Trust and Cost Plus 5,496 17,345 17,547 18,224 17,972 23,068 Total 349,082 332,124 317,080 306,486 304,757 310,503 312,905 305,515 307,260 307,975 301,705 VitalityHealth Lives June 2018 December 2017 June 2017 December 2016 June 2016 December 2015 June 2015 December 2014 lune 2014 December 2013 nber 2018 Individual 168,609 156,488 148,309 145,379 142,044 139,519 131,188 128,543 130,945 131,113 127,805 SMF 327,594 314,773 304,280 297,186 292,506 293,037 290,593 284,937 288,287 294,575 290,505 107,570 105,083 100,242 94,662 101,104 103,897 100,216 85,718 Corporate 97,516 95,241 91,173 Trust and Cost Plus 33,830 36,437 48,660 9,245 33,879 36,053 Total 603,773 576,344 552,831 537,227 535,654 545,698 544,875 552,914 552,688 VitalityLife Policies December 2018 June 2018 June 2017 December 2016 June 2016 December 2015 June 2015 December 2014 June 2014 December 2013 Policies 357,704 408,728 385,818 337,900 322,364 299,315 274,929 250,834 224,987 199,901 176,839 VitalityLife Lives ber 2018 lune 2018 December 2017 lune 2017 December 2016 lune 2016 December 2015 lune 2015 December 2014 lune 2014 December 2013 Lives 542,720 506,823 467,750 438,862 415,169 385,978 351,473 317,855 285,308 248,523 215,310 **Discovery Insure Policies** December 2018 June 2018 December 2017 June 2017 December 2016 June 2016 December 2015 June 2015 December 2014 June 2014 December 2013 152,947 Policies 144,072 137,412 121,785 111,605 100,034 91,945 79,847 70,622 54,067 39,409



#### NAV BY ENTITY

#### The NAV by legal entity (net of non-controlling interests)

R million	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Holdings and other (including consolidation effects)	8,689	8,827	5,022	4,519	4,192	4,704	4,993	2,753	510	1,138	1,388
Health	1,403	901	2,416	1,917	1,612	1,486	2,025	2,153	982	821	753
Life	25,982	24,551	22,774	20,922	19,203	17,735	16,455	15,076	13,724	13,383	12,191
Vitality	220	215	719	841	858	53	46	22	(13)	(17)	(39)
TVG	990	663	584	573	485	514	498	346	398	327	174
VitalityHealth	4,956	4,817	5,348	5,025	4,275	5,248	6,397	4,246	3,705	3,629	3,450
VitalityLife	5,205	4,594	3,393	3,314	2,692	2,313	1,886	(30)	(194)	(398)	(483)
Insure	1,638	1,551	1,260	1,076	958	934	754	623	410	366	233
Connect	(367)	(320)	(267)	(219)	(163)	(112)					
Goodwill and intangibles from business combinations	2,268	2,247	2,416	2,496	2,511	2,972	3,589	3,060	2,955	3,058	2,976
Puttable non-controlling interest	-	-	-		-	-	-	-	-	(4,494)	(3,909)
Loan	(11,030)	(10,452)	(9,453)	(8,174)	(6,332)	(5,240)	(5,332)	(893)	(1,902)	(402)	(402)
Total	39,954	37,594	34,212	32,290	30,291	30,607	31,311	27,356	20,575	17,411	16,332

In November 2014, Discovery acquired the remaining 25% share of the VitalityHealth and VitalityLife joint venture.



# VALUE OF NEW BUSINESS AT POINT OF SALE VS VALUATION DATE

#### December 2018

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(183)	(1,356)	(605)	(797)
Value of In Force	611	2,024	724	1,027
Cost of Capital	(14)	(41)	(26)	(64)
	414	627	93	166

### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	611	1,890	536	1,031
Cost of Capital	(14)	(41)	(14)	(105)
	597	1.849	522	926

#### June 2018

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(364)	(2,388)	(1,030)	(1,387)
Value of In Force	1,349	3,764	1,293	1,794
Cost of Capital	(29)	(74)	(44)	(58)
	956	1,302	219	349

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	1,364	3,536	1,017	1,876
Cost of Capital	(29)	(74)	(29)	(109)
	1,335	3,462	988	1,767

#### December 2017

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(176)	(1,225)	(492)	(607)
Value of In Force	578	1,941	504	854
Cost of Capital	(14)	(37)	(23)	(28)
	388	679	(11)	219

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	579	1,864	375	850
Cost of Capital	(14)	(37)	(14)	(24)
	565	1,827	361	826



## June 2017

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(349)	(2,394)	(873)	(1,438)
Value of In Force	1,169	3,698	1,030	1,870
Cost of Capital	(31)	(73)	(46)	(126)
	789	1,231	111	306

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	1,176	3,437	824	1,842
Cost of Capital	(30)	(73)	(30)	(185)
	1,146	3,364	794	1,657

#### December 2016

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Acquisition Costs and Initial strain	(170)	(1,220)	(423)	(760)
Value of In Force	503	1,909	450	1,003
Cost of Capital	(15)	(37)	(17)	(67)
	318	652	10	176

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	504	1,783	326	955
Cost of Capital	(14)	(37)	(14)	(135)
	490	1,746	312	820

#### June 2016

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife <sup>1</sup>
Acquisition Costs and Initial strain	(347)	(2,316)	(918)	(2,450)
Value of In Force	1,191	3,579	1,027	3,043
Cost of Capital	(48)	(67)	(47)	(315)
	796	1,196	62	278

1) The acquisition cost and initial strain is now negative to reflect the zeroisation of the negative reserves on VitalityLife and the Discovery funded VitalityLife business on the Prudential license, which no longer offsets acquisition costs.

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	1,205	3,276	757	2,807
Cost of Capital	(47)	(67)	(47)	(295)
	1,158	3,209	710	2,512



#### December 2015

### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife <sup>1</sup>
Acquisition Costs and Initial strain	(147)	(1,178)	(458)	36
Value of In Force	417	1,829	492	481
Cost of Capital	(11)	(30)	(15)	(30)
	259	621	19	487

1) The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife
Value of In Force	419	1,756	403	525
Cost of Capital	(11)	(30)	(11)	(33)
	408	1,726	392	492

### June 2015

#### VNB at Point of Sale

R million	Health and Vitality	Life and Invest	VitalityHealth <sup>2</sup>	VitalityLife <sup>1, 2</sup>
Acquisition Costs and Initial strain	(332)	(2,191)	(586)	329
Value of In Force	938	3,459	631	521
Cost of Capital	(22)	(56)	(20)	(57)
	584	1,212	25	793

The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.
 The VitalityHealth and VitalityLife figures in the table above have been prorated to allow for Discovery's ownership increasing from

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	VitalityHealth *	VitalityLife *
Value of In Force	940	3,219	542	319
Cost of Capital	(22)	(56)	(22)	(56)
	918	3,163	520	263

\* The VitalityHealth and VitalityLife figures in the table above represent Discovery's 100% ownership.

#### December 2014

#### VNB at Point of Sale - SVM

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect*
Acquisition Costs and Initial strain	(132)	(1,137)	(178)	178
Value of In Force	401	1,817	200	133
Cost of Capital	(9)	(29)	(6)	(17)
	260	651	16	294

\* The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect
Value of In Force	401	1,700	262	162
Cost of Capital	(8)	(29)	(7)	(20)
	393	1,671	255	142



### June 2014 VNB at Point of Sale - SVM

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect*
Acquisition Costs and Initial strain	(297)	(1,908)	(431)	290
Value of In Force	867	3,099	548	203
Cost of Capital	(19)	(52)	(20)	(32)
	551	1,139	97	461

\* The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect
Value of In Force	866	2,891	461	257
Cost of Capital	(19)	(52)	(18)	(30)
	847	2,839	443	227

#### December 2013

#### VNB at Point of Sale - SVM

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect*
Acquisition Costs and Initial strain	(109)	(983)	(202)	44
Value of In Force	353	1,539	272	230
Cost of Capital	(8)	(26)	(10)	(14)
	236	530	60	260

\* The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.

#### New business contribution to value of in force at valuation date

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect
Value of In Force	352	1,454	235	176
Cost of Capital	(8)	(26)	(10)	(15)
	344	1,428	225	161

#### June 2013

#### VNB at Point of Sale - SVM

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect*
Acquisition Costs and Initial strain	(286)	(1,853)	(294)	99
Value of In Force	682	2,886	348	381
Cost of Capital	(16)	(44)	(20)	(23)
	380	988	34	457

\* The acquisition cost and initial strain is positive due to a negative reserve created in month 1 that more than offsets initial costs.

R million	Health and Vitality	Life and Invest	PruHealth	PruProtect
Value of In Force	677	2,714	266	316
Cost of Capital	(16)	(44)	(21)	(25)
	661	2,670	245	291



**EV BUILD-UP PER ENTITY** for the six months ended 31 December 2018

R million	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2018	20,666	27,157	6,721	5,747	-	60,291
Expected return (in-force business)	1,235	1,270	151	116	-	2,772
Release of profits (in-force business)	(1,144)	(982)	(535)	(544)	-	(3,205)
Value of new business	597	1,983	698	963	-	4,241
Expected return (new business)	14	51	11	10	-	86
Release of profits (new business)	(17)	(179)	(203)	(80)	-	(479)
Experience variances	(95)	(450)	148	13	-	(384)
Methodology changes	(373)	(4,108)	35	(68)	-	(4,514)
Other	-	1	64	56	-	121
Value of in-force business at 31 December 2018	20,883	24,743	7,090	6,213	-	58,929
Shareholders' funds per Balance Sheet	1,623	25,982	4,956	5,205	2,188	39,954
Adjustment to shareholders' funds	-	(19,413)	(2,498)	(5,440)	(3,507)	(30,858)
Embedded value at 31 December 2018	22,506	31,312	9,548	5,978	(1,319)	68,025



# EV RECONCILIATION TO INCOME STATEMENT for the six months ended 31 December 2018

Total profit from new business         1,200         3,907         (145)         (2,462)         -           - Heath and Vitality         414         524         (14)         (160)         -           - Vitality/Health         53         221         (2.6)         (422)         -           - Vitality/Health         53         221         (2.6)         (420)         -           - Vitality/Health         58         (285)         (2.2)         3         1,144         -           - Recetter ander from VF to net worth         1,249         1,226         3         -         -           - Houth and Vitality         1,249         1,226         3         -         -         -           - Bopected transfer from VF to net worth         1,247         1,327         (330)         -	R million	Embedded Value Earnings	Value of In- Force	Cost of required Capital	Impact on Income Statement	Adjustment to Shareholders Funds	Statement of Changes in Equity
-Health and Violity         444         594         (1/4)         (1/6)         -           - Life         627         1,845         (41)         (1,17)         -           - Violity/Health         93         5,21         (26)         (40,2)         -           - Violity/Health         166         947         (46)         (7,7)         -           - Intenth and Violity         1,249         102         3         1,144         -           - Expected return         1,239         1,247         3         -         -           - Life         intensifier from UF to net worth         1,221         3,77         (38)         962         -           - Life         1,231         3,77         (38)         962         -         -           - Unite missifer from UF to net worth         1,221         1,335         680         -         -           - Violity/staft         162         (33)         -         35         -         -           - Violity/staft         162         1323         (44,15)         -         -         -           - Violity/staft         133         (370)         3         -         -         -	Total profit from new business		3,907		(2,462)	-	-
•Valuity/elaith         93         521         (26)         (402)         -           •Valuity/le         166         947         (64)         (717)         -           • Expected running bulanes.         288         (255)         (52)         1.14         -           • Expected runninger from VF to net worth dwinning of the risk discount rate         1.249         1.237         3         -           • Unit of the risk discount rate         1.249         1.237         3         -         -           • Unit of the risk discount rate         1.221         1.233         -						-	-
•.VitalityLife         196         947         (64)         (7.1)         -           Profit from witsing business         2858         (285)         (62)         3,205         -           • Health and Waatry         1,249         102         3         1,144         -           • Health and Waatry         1,249         12,245         3         -         -           • Life         1,221         1,737         138,80         982         -           Expected transfer from WF to net worth         -         1,821         377         138,80         982         -           • Unwinding of the risk discount rate         1,221         1,339         339         -         -         -           • VitatityHealth         162         (394)         211         535         -         -           • VitatityHealth         162         (147)         21         -         -         -           • VitatityHealth         162         (147)         (141)         -         -         -           • VitatityHealth         163         (527)         (111)         4,97         -         -           • VitatityHealth         163         (527)         (111)         4,97						-	-
Profit from existing business         2.858         (285)         (62)         3.205           * Expected return         1.249         102         3         1,144         -           Predict and Viating W         Flow in a division         1,249         102         3         1,144         -           - Life         1,249         1,244         3         -	-					-	-
* Expected return         2.858         (28.)         (6.2)         3.205         -           - Health and Violity         1.249         102         3         1.144         -           Bayeted transfer from Vis to net worth         -         (1.144)         -         1.144         -           - Ule         1.321         3.77         (39)         982         -         -           - Ule         1.321         3.77         (39)         982         -         -           - Ule discount rate         1.321         3.77         (39)         982         -         -           - Valley/tealth         162         (394)         -		166	947	(64)	(/1/)	-	-
Health and Vitality         1249         102         3         1.144         -           Expected manyler from VIF on etworth Umwinding of the risk discount rate         1249         1,246         3         -         -           Life         1249         1,246         3         -         -         -           Ute         1221         377         (38)         962         -         -           - VitalityHeath         162         (290)         21         525         -         -           - VitalityHeath         162         (290)         21         525         -         -           - VitalityHeath         162         (370)         (48)         544         -         -           - VitalityHeath         126         (141)         1         -	-	2 959	(29E)	(62)	2 20E		
Expected transfer from WF to net worth Unwinding of the risk discount rate         (1,144)         .         .           - Life         1,249         1,246         3         .         .           Expected transfer from WF to net worth Unwinding of the risk discount rate         1,821         1,323         .         .           - VialityHealth         162         (384)         21         535         .           Expected transfer from WF to net worth         -         61530         .         .           Unwinding of the risk discount rate         126         (370)         (48)         544         .           VialityHealth         126         1371         (31)         .         .         .         .           - VialityHealth         126         (373)         (376)         3         .         .         .           - VialityHealth         35         .5         .	•						
University         1.246         3         .         .           Expected transfer fram W16 to net worth Unwending of the risk discount rate         1.211         377         (38)         982         .           • Vitallythealth         1.221         (384)         .         .         .           • Vitallythealth         1.221         (384)         .         .         .           • Vitallythealth         1.221         (370)         (48)         .         .           • Vitallythealth         1.221         (170)         (48)         .         .           • Vitallythealth         1.221         (171)         .         .         .           • Vitallythe         1.221         (171)         .         .         .         .           • Vitallythe         1.221         (171)         . <td< td=""><td>5</td><td>-</td><td></td><td></td><td></td><td>-</td><td>-</td></td<>	5	-				-	-
Expected transfer from VF to net worth Unwinding of the risk discount rate         .         (982)         .         982         .           . VitallyHealth         152         (33)         .         .         .           Expected transfer from VF to net worth Unwinding of the risk discount rate         162         (334)         2.1         5.35         .           . VitallyUtle         126         (370)         (48)         5.44         .           . VitallyUtle         126         (370)         (48)         5.44         .           . Unwinding of the risk discount rate         126         1.40         (14)         .         .           . VitallyUtle         126         1.40         (14)         .         .         .         .           . VitallyUtle         (373)         3         .         .         .         .         .           . VitallyUtle         (11)         (3.97)         3         .         .         .         .           . VitallyUtle         (11)         (3.97)         .         .         .         .         .         .         .         .         .         .         .         .         .         .         .         .         .		1,249	1,246		-	-	-
Unwinding of the risk discount rate         1,321         1,359         (38)         .           • Vealup/tealth         162         (394)         21         535         .           Unwinding of the risk discount rate         162         111         21         .         .           Vealup/tealth         1726         (370)         (48)         544         .           Expected transfer from VF to net worth         -         (510)         (24)         544         .           Unwinding of the risk discount rate         1726         140         (14)         .         .           * Change in methodology and assumptions         (332)         (4,415)         (59)         4,182         .           • Health and Viality         (373)         (376)         3         .         .         .           • Viality/tealth         35         35         .         .         .         .           • Viality/tealth         36         (373)         (11)         (271)         .         .           • Viality/tealth         288         157         (9)         120         .         .           • Viality/tealth         288         157         (9)         120         . <t< td=""><td></td><td></td><td></td><td></td><td></td><td>-</td><td>-</td></t<>						-	-
ViailyHealth         162         (394)         21         535         .           Deprect and strong from KP at worth         162         141         27         .						-	-
Experience transfer from VF to net worth Unwinding of the risk discount rate         .         (152)         141         21         .           • VitalityLife         126         (370)         (48)         544         .           • VitalityLife         126         (370)         (34)         544         .           • Change in methodology and assumptions         (332)         (44.15)         (99)         4,182         .           • Health and Vitality         (373)         (376)         3         .         .         .           • UtalityHealth         35         35         .         .         .         .         .           • VitalityHealth         35         (373)         (11)         (271)         .         .           • VitalityLife         7(7)         9         85         .         .         .           • Utality         56         (91)         (4)         151         .         .           • UtalityLife         (100)         19         (6)         (113)         .         .           • VitalityLife         (100)         19         (6)         (113)         .         .           • VitalityLife         (22)         . <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>-</td></td<>							-
Unwinding of the risk discount rate         162         141         2.7         .           • VrailtyUre         126         (370)         (48)         544         .           • Expected transfer from VIF to net worth         176         140         (14)         .         .           • Haugin muthoding of the risk discount rate         176         140         (14)         .         .           • Health and VItality         (373)         (376)         3         .         .         .           • Ure in thood logy and assumptions         (332)         (44.15)         (9)         4,182         .           • Ure in thood logy and assumptions         (373)         (376)         3         .         .         .           • VitalityUre         (373)         (376)         3         .         .         .           • VitalityUre         (373)         (11)         (27)         .							-
Expected transfer from Viet on etworth Unwinding of the risk discount rate         ·         6 f(1)         (64)         544         ·           * Change in methodology and assumptions         (332)         (4,415)         (99)         4,182         -           - Health and Vitality         (373)         (376)         3         -         -           - Urie         (11)         (3,97)         (11)         4,097         -           - VitalityHealth         35         35         -         -         -           * VitalityHealth         35         33         -         -         -           - Life         (11)         (3,97)         (11)         (271)         -           * Health and Vitality         56         (91)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityHeath         268         13         -         (21)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (22)         (1)         -         (21)         -           Requisition costs         (230)         -         <		162		21	-	-	-
Unwinding of the risk discount rate         126         140         (14)           * Chang in methodology and assumptions         (332)         (4,415)         (99)         4,182           - Health and Vitality         (373)         (376)         3         -           - Ule         (11)         (3.979)         (111)         4,097         -           - VitalityLife         17         (77)         9         85         -           * UsinglyLife         17         (77)         9         85         -           * UsinglyLife         17         (77)         9         85         -           - Health and Vitality         56         (911)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityLife         (100)         19         (6)         133         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (228)         3         -         (21)         -           Non-recurring expenses         (102)         -         (102)         -         (102)           Non-recurring expenses <td>- VitalityLife</td> <td>126</td> <td>(370)</td> <td>(48)</td> <td>544</td> <td>-</td> <td>-</td>	- VitalityLife	126	(370)	(48)	544	-	-
* Change in methodology and assumptions         (332)         (4,415)         (99)         4,182           - Health and Vitality         (373)         (376)         3         -         -           - Uife         (11)         (3,997)         (111)         4,097         -           - VitalityUife         17         (77)         9         85         -           - VitalityUife         17         (77)         9         85         -           - Health and Vitality         56         (91)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityLife         (100)         19         (6)         (113)         -           - Ure curving expenses         (113)         -         -         (113)           - VitalityUife         (100)         19         (6)         (113)           - Curving expenses         (102)         -         -         (102)           - Acquisition costs         (22)         (1)         -         (33)           - Innance cost         (494)         -         -         (30)           - Cotter         57         57         -		-				-	-
Health and Vitality         (373)         (376)         3         -         -           - Life         (11)         (3,997)         (111)         4,097         -           - VitalityLife         17         (777)         9         85         -           - VitalityLife         17         (777)         9         85         -           - Experience variances         (655)         (373)         (11)         (271)         -           - Health and Vitality         56         (91)         (4)         151         -           - VitalityLife         (100)         19         (6)         (113)         -         -           - VitalityLife         (100)         19         (6)         (113)         -         -           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         -         (102)         -           Finance costs         (494)         -         -         (494)         -           Other         57         (1)         -         -         (5)           Putzable NCI Liability         -         -         -         (6)	Unwinding of the risk discount rate	126	140	(14)	-	-	-
- Life         (11)         (3.997)         (11)         4.097         -           - VitalityHealth         35         35         -         -         -           - VitalityLife         17         (77)         9         85         -           - Health and Vitality         56         (91)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (102)         -           Recurs on seconds         (22)         (11)         -         (27)         -         (102)         -           Other         57         10         -         -         (102)         -         -           Other         133         11         -	* Change in methodology and assumptions	(332)	(4,415)	(99)	4,182	-	-
Statistical state intervention of the state int	- Health and Vitality	(373)	(376)	3	-	-	-
- VitalityLife         17         (77)         9         85         -           * Experience variances         (655)         (373)         (11)         (271)         -           - Health and Vitality         56         (91)         (4)         151         -           - Utal ityHealth         268         (458)         8         (429)         -           - VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intangibles         05         -         -         (30)         -         -         (30)           DAC         (5)         -         -         171         -         -         171         -           Uther         131				(111)	4,097	-	-
Experience variances         (655)         (373)         (11)         (271)         -           - Health and Vitality         56         (91)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityHealth         268         157         (9)         120         -           - VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (288)         3         -         (291)         -           Increase in goodwill and intangibles         (102)         -         (102)         -         (102)         -           Non-recurring expenses         (102)         -         -         (102)         -         (102)         -         Group         -         (102)         -         -         (102)         -         -         (102)         -         -         (102)         -         -         (102)         -         -         -         -         -         -         -         -         -         -         -         -         <	-				-	-	-
Health and Vitality         56         (91)         (4)         151         -           - Life         (879)         (458)         8         (429)         -           - VitalityHealth         268         157         (9)         120         -           - VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (102)         -           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Finance costs         (494)         -         -         (494)         -           Other         57         (1)         -         -         57           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intrangibles         (30)         -         -         -         (5)           Puttable NCI Liability         -         -         -         -         (10)						-	-
Life         (879)         (458)         8         (429)         -           - VitalityLeath         268         157         (9)         120         -           - VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         .         (102)         -           Acquisition costs         (122)         (1)         -         (21)         -           Finance costs         (494)         -         .         (494)         -         .         (30)           Duter         57         5         .	•					-	-
· VitalityHealth · VitalityLife         268         157         (9)         120         -           · VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Finance costs         (22)         (1)         -         (24)         -         (494)         -         -         (494)         -         57           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)         -         -         (5)         -         -         (5)         -         -         (5)         -         -         (5)         -         -         (10)         -         10         -         10         -         10         -         10         -         10         -         10         -         10         -         10         -         10         -						-	-
- VitalityLife         (100)         19         (6)         (113)         -           Increase in goodwill and intangibles         (113)         -         -         (113)           Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Finance costs         (494)         -         -         (494)         -           Other         189         131         (11)         (66)         (35)           Intangibles         (30)         -         -         (30)           DAC         (5)         -         -         (5)           Puttable NCI Liability         -         -         11         -           Other         224         131         (11)         (66)         -           Urrealised gain on investments and realised gain on investments and realised gain on investment income         8         -         -         35         -           Urrealised gain on investment income         35         -         -         11         -           VitalityHea						-	-
Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Finance costs         (24)         -         (21)         -           Other         57         (1)         -         (23)         -           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intragibles         (30)         -         -         -         (30)           DAC         (5)         -         -         -         (5)           Puttable NCI Liability         -         -         -         -         -           Other         224         131         (11)         (66)         -           Return on shareholders' funds         171         -         -         -         -           Unrealised gain on investments transferred to income statement         8         -         -         8         -           Health and Vitality investment income         1         -         -         1         -	-					-	-
Other initiatives         (288)         3         -         (291)         -           Non-recurring expenses         (102)         -         -         (102)         -           Acquisition costs         (22)         (1)         -         (21)         -           Finance costs         (24)         -         (21)         -           Other         57         (1)         -         (23)         -           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intragibles         (30)         -         -         -         (30)           DAC         (5)         -         -         -         (5)           Puttable NCI Liability         -         -         -         -         -           Other         224         131         (11)         (66)         -           Return on shareholders' funds         171         -         -         -         -           Unrealised gain on investments transferred to income statement         8         -         -         8         -           Health and Vitality investment income         1         -         -         1         -	Increase in goodwill and intangibles	(113)	-	-	-	(113)	-
Acquisition costs       (22)       (1)       -       (21)       -         Finance costs       (494)       -       -       (494)       -         Other       57       (1)       -       (494)       -         Foreign Exchange Rate Movements       189       131       (11)       (66)       (35)         Intangibles       (30)       -       -       -       (30)         DAC       15       -       -       -       (5)         Puttable NCI Liability       -       -       -       -       (5)         Other       224       131       (11)       (66)       -       -         Return on shareholders' funds       171       -			3	-	(291)	-	-
Finance costs       (494)       -       -       (494)       -         Other       57       (1)       -       -       57         Foreign Exchange Rate Movements       189       131       (11)       (66)       (35)         Intangibles       (30)       -       -       -       (30)         DAC       (5)       -       -       (5)         Putable NCI Liability       -       -       -       (5)         Other       224       131       (11)       (66)       -         Return on shareholders' funds       171       -       -       171       -         Unrealised gain on investments and realised gain on investments transferred to income statement       8       -       -       8       -         Health and Vitality investment income       93       -       -       93       -       -         VitalityHealth investment income       34       -       -       1       -       -         Amortisation of intangibles       (31)       -       -       (168)       137         Amortisation of systems intangibles       -       -       (113)       113         VitalityHealth and VitalityLife DAC and unemployment reserv	Non-recurring expenses	(102)	-	-	(102)	-	-
Other         57         (1)         -         -         57           Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intangibles         (30)         -         -         -         (30)           DAC         (5)         -         -         (5)           Puttable NCI Liability         -         2         131         (11)         (66)         -           Other         224         131         (11)         (66)         -         -           Other         224         131         (11)         (66)         -         -           Unrealised gain on investments and realised gain on investments transferred to income statement         8         -         -         8         -           Unrealised gain on investment income         335         -         -         8         -         -           UtalityHealth investment income         34         -         -         93         -           VitalityHealth investment income         34         -         -         137         -           Amortisation of Intangibles from business combinations         (31)         -         -         (113)         113	•		(1)	-		-	-
Foreign Exchange Rate Movements         189         131         (11)         (66)         (35)           Intangibles         (30)         -         -         (30)         -         -         (30)           DAC         (5)         -         -         -         (5)         -         -         (5)           Puttable NCI Liability         -			-	-		-	-
Intangibles         (30)         -         -         -         (30)           DAC         (5)         -         -         -         (5)           Puttable NCI Liability         - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1</td>							1
DAC							170
Puttable NCI Liability OtherOther224131(11)(66)-Return on shareholders' funds171171-Unrealised gain on investments and realised gain on investments transferred to income statement Health and Vitality investment income88-Unrealised gain on investments and realised gain on investments transferred to income statement Health and Vitality investment income358-Uitality Health investment income939310-VitalityHealth investment income11111-Amortisation of intangibles(31)168)137-131113 <td< td=""><td></td><td></td><td></td><td>-</td><td></td><td></td><td>-</td></td<>				-			-
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Unrealised gain on investments and realised gain on investments transferred to income statement Health and Vitality investment income88-Health and Vitality investment income3535-Life investment income9393-VitalityHealth investment income11-VitalityLife investment income3434-Amortisation of Intangibles(31)(168)137Amortisation of systems intangibles(113)113VitalityHealth and VitalityLife DAC and unemployment reserve44(44)Reversal of 1 Discovery Place IAS 17 financial lease accounting(2,066)2,066VitalityLife Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts579(579)VitalityHealth FinRe229(229)229)Embedded value earnings2,538(1,034)(328)2,3261,403	Return on shareholders' funds	171	-	-	171	-	-
investments transferred to income statement Health and Vitality investment income35-35-Life investment income93-93-93-VitalityHealth investment income1-1-1-VitalityLife investment income34-34Amortisation of Intangibles(31)(168)137Amortisation of intangibles from business combinations(31)(55)24Amortisation of systems intangibles(113)113VitalityHealth and VitalityLife DAC and unemployment reserve(143)143Reversal of 1 Discovery Place IAS 17 financial lease accounting under vitalityLife Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts229(229)VitalityHealth FinRe229(229)Embedded value earnings2,538(1,034)(328)2,3261,403							
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Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts VitalityHealth FinRe-579(579)Embedded value earnings2,538(1,034)(328)2,3261,403		-	-	-			-
on the Prudential license net assets under insurance contracts-229(229)Embedded value earnings2,538(1,034)(328)2,3261,403	Vitality Life Limited and Discovery funded VitalityLife business					(EZO)	
Embedded value earnings         2,538         (1,034)         (328)         2,326         1,403		-	-	-			-
	VitalityHealth FinRe	-	-	-	229	(229)	-
	Embedded value earnings	2,538	(1,034)	(328)	2,326	1,403	171
Adjustment to Shareholders' Funds:	Adjustment to Shareholders' Funds:						
Change in:	-						
DAC (40)							
Intangibles & Goodwill 42	-						
Life negative reserve     2,066       VitalityLife negative reserve     (579)	-						
VitalityLife FinRe liability (229)							
1 DP IAS 17 financial lease accounting 143							

# COMPONENTS OF ASSETS UNDER INSURANCE CONTRACTS AND ADJUSTMENT TO SHAREHOLDERS' FUNDS ON PUBLISHED BASIS



R million	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016
1. Assets under insurance contracts						
Discovery Life positive liabilities not netted off with negative liabilities:	1,163	4,636	3,983	3,642	3,231	2,816
Discovery Life long term reserves in respect of policies with net negative	(20.786)	(21 712)	(20.449)	(27,650)	(25,620)	(22 720)
liabilities:	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)	(23,720)
Unit reserves	-	-	-	-	-	-
VitalityLife net long term reserve	(9,398)	(9,124)	(8,238)	(8,530)	(8,420)	(9,685)
Total Assets under insurance contracts:	(38,021)	(36,201)	(33,703)	(32,538)	(30,818)	(30,589)
2. Negative liabilites not included under assets under insurance contracts						
Negative reserve in respect of Invest business	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(519)	(503)	(480)	(464)	(438)	(419)
	(4,923)	(4,562)	(4,189)	(3,892)	(3,608)	(3,330)
3. Components to be zeroised based on the Method of Distributable Cashflows:						
Discovery Life long term reserves in respect of policies with net negative	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)	(23,720)
liabilities:					(23,023)	
Negative reserve in respect of Invest business	(4,404)	(4,059)	(3,709)	(3,428)	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(519)	(503)	(480)	(464)	(438)	(419)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	7,686	7,154	6,768	6,349	5,953	5,414
Liabilities off set against Negative reserve before zeroisation	7 610	7,642	7.015	6 9 2 0	6,026	EQCO
	7,610 (19,413)	(21,479)	7,015 (19,854)	6,839 (18,354)	(17,258)	5,868 (15,768)
	(10,110)	(21,173)	(15,651)	(10,001)	(17,230)	(13,700)
4. Other adjustments to published Shareholders' funds						
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts	(5,413)	(4,834)	(3,891)	(3,620)	(3,176)	(3,090)
VitalityHealth FinRe Asset	(2,127)	(1,898)	(1,568)	(1,440)	(1,279)	
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)	(371)	(331)	(254)	(252)	(233)	(290)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(27)	(27)	(26)	(27)	(32)	(41)
Goodwill	(2,268)	(2,247)	(2,060)	(2,107)	(2,093)	(2,447)
Interprise prosts (not of deferred toy) relation to the environment of the second					· · ·	
Intangible assets (net of deferred tax) relating to the acquisition of Standard Life	(811)	(874)	(839)	(979)	(965)	(1,168)
Healthcare and the Prudential joint venture			(770)	(770)	(770)	
Net preference share capital	(779)	(779)	(779)	(779)	(779)	(779)
Reversal of 1 Discovery Place IAS 17 financial lease accounting	351	208	75	-	(	
Adjustment to Shareholders' funds from published basis	(30,858)	(32,261)	(29,196)	(27,558)	(25,815)	(23,583)



#### RECON OF ASSETS UNDER INSURANCE CONTRACTS

R million	HY December 2018	FY June 2018	HY December 2017	FY June 2017	HY December 2016	FY June 2016
Balance at the beginning of the year	36,201	32,538	32,538	30,589	30,589	26,076
Movement for the year:						-
Expected Movement in Policyholder Liabilities	(1,440)	(3,280)	(1,650)	(2,917)	(1,580)	(2,863)
Unwinding of Discount Rate	1,012	2,425	1,187	2,091	1,044	1,765
New Business Written	2,347	3,984	1,986	3,843	2,145	4,416
Experience Variances	80	(546)	(466)	(588)	(508)	(636)
Economic (CPI)	21	(255)	(36)	91	33	(5)
Operational	59	(291)	(430)	(678)	(542)	(631)
Modeling and method changes	(58)	(155)	(155)	14	175	68
Benefit Enhancements	-	(31)	(44)	-	-	(16)
Changes in assumptions	(763)	(6)	403	137	262	(487)
Economic	(815)	2,750	68	(138)	(36)	(1,389)
Operational	52	(2,756)	335	275	298	902
Changes in margins	555	704	88	717	99	2,125
Margins related to Premium and Benefit Increase assumptions	-	-	-	-	-	75
Other margin changes	555	704	88	717	99	2,050
Exchange rate difference	87	568	(184)	(1,347)	(1,408)	139
Balance at the end of the year	38,020	36,201	33,703	32,538	30,818	30,589

In line with accounting policy, the best estimate and margins are reset at every valuation date to reflect the underlying profitability of the overall portfolio.

Assets under insurance contracts	46,284	43,624	39,686	37,690	34,897	33,814
Recovery from reinsurers	(8,263)	(7,423)	(5,984)	(5,152)	(4,079)	(3,226)
	38 020	36 201	33 703	32 538	30.818	30 589

#### BREAKDOWN BETWEEN DISCOVERY LIFE AND VITALITYLIFE

	HY December 2018		
R million	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	27,077	9,124	36,201
Movement for the year:			
Expected Movement in Policyholder Liabilities	(562)	(878)	(1,440)
Unwinding of Discount Rate	950	62	1,012
New Business Written	1,468	879	2,347
Experience Variances	116	(36)	80
Economic (CPI)	21		21
Operational	95	(36)	59
Modeling and method changes	(98)	40	(58)
Benefit Enhancements	-	-	
Changes in assumptions	(883)	120	(763)
Economic	(816)	1	(815)
Operational	(67)	119	52
Changes in margins	555		555
Margins related to Premium and Benefit Increase assumptions	-		-
Other margin changes	555		555
Exchange rate difference	-	87	87
Balance at the end of the year	28,622	9,398	38,020



# BREAKDOWN OF INVEST FUNDS UNDER MANAGEMENT

R million	Total
December 2012	26,615
June 2013	30,153
December 2013	36,026
June 2014	41,822
December 2014	45,619
June 2015	50,473
December 2015	56,195
June 2016	60,953
December 2016	63,985
June 2017	69,547
December 2017	77,844
June 2018	81,789
December 2018	83,060



# SEGMENTAL INFORMATION - DISCOVERY INSURE (PERSONAL LINES)

for the six months ended 31 December 2018

R million	December 2018	December 2017
Income statement		
Insurance premium revenue	1,532	1,264
Reinsurance premiums	(155)	(84)
Net insurance premium revenue	1,377	1,180
Fee income from administration business	17	15
Investment income on assets backing policyholder liabilities	71	61
Net fair value losses on financial assets at fair value through profit or loss	1	(3)
Net income	1,466	1,253
Claims and policyholders' benefits	(883)	(806)
Insurance claims recovered from reinsurers	68	116
Net claims and policyholders' benefits	(815)	(690)
Acquisition costs	(195)	(162)
Marketing and administration expenses		
- depreciation and amortisation	(32)	(28)
- other expenses	(391)	(338)
Recovery of expenses from reinsurers	36	
Transfer from assets/liabilities under insurance contracts		
<ul> <li>change in assets arising from reinsurance contracts</li> </ul>	-	-
<ul> <li>change in liabilities arising from insurance contracts</li> </ul>	(18)	(22)
Share of net profits from equity accounted investments	11	17
Normalised profit/(loss) from operations	62	29
Gain from dilution of equity accounted investments	51	
Finance costs	-	(1)
Profit/(loss) before tax	113	28
Income tax expense	(9)	-
Profit/(loss) for the year	104	28



#### VIF, APE AND VNB SPLIT BETWEEN LIFE AND INVEST

R million	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016*	December 2015*
VIF							
Life	18,242	19,810	19,484	18,065	17,313	16,096	17,067
Invest	6,502	7,348	7,032	6,258	5,794	5,592	5,468
APE**							
Life	506	933	488	985	462	862	446
Invest	1,041	1,840	894	1,856	974	1,935	920
VNB							
Life	480	911	496	885	434	756	406
Invest	147	391	183	346	218	439	215

\*Discovery Retirement Optimiser (DRO) product moved from Life to Invest in line with disclosures for December 2016 and later periods.

\*\*APE is the Annual Premium Income (or Annual Premium Equivalent in the case of Single Premium Investment business) in relation to New Business only, and excludes any addition to Existing Business premiums arising from servicing increases and ACIs.



# **RECONCILIATION TO THE REQUIRED CAPITAL**

for the six months ended 31 December 2018

R millions	Life and Invest	Health and Vitality	VitalityLife	VitalityHealth	Total
Opening - 30 June 2018	1,732	840	4,210	2,133	8,915
- Methodology changes	17,769	-	-	-	17,769
- Expected release on in-force at start of period	98	(19)	(141)	(95)	(157)
- Impact of new business written	74	35	815	154	1,078
- Other changes	-	30	218	27	275
- Exchange rate movements	-	-	43	21	64
Change in Required Capital	17,941	46	935	107	19,029
Closing - 31 December 2018	19,673	886	5,145	2,240	27,944



## IMPACT OF FINANCE LEASE ACCOUNTING

on normalised headline earnings for the six months ended 31 December 2018

R million	December 2018	December 2017	% change
Reported normalised headling earnings	2,376	2,829	-16%
Finance lease accounting impact	102	47	
Finance costs	178	47	
Market related rental	(141)	(28)	
Depreciation	105		
Tax impact of the above <sup>*</sup>	(40)	-	
Normalised headline earnings adjusted for finance lease accounting impact	2,478	2,876	-14%

#### **Group Shareholder Free Cash Movement**

R millions	H1 FY2019	FY2018	FY2017
Cash Generated from In-Force Before Financing	9,577	10,612	7,623
Tax Paid	(497)	(1,228)	(745)
Finance Cost Paid	(616)	(759)	(437)
Dividends Paid	(776)	(1,367)	(1,235)
New Business	(4,114)	(7,822)	(7,071)
New Initiatives	(3,714)	(1,996)	(1,471)
Share Issue (Net of Share Issue Costs)	1,837	-	-
Transactions with Reinsurers	98	1,107	420
Transactions with Borrowers (Excl. Finance Costs)	472	1,976	3,148
Movement in Shareholder Free Cash	2,267	522	231

#### Group Shareholder Free Cash Movement - Reconciliation to Profit for the Period

R millions	H1 FY2019	FY2018	FY2017
Profit for the period	2,326	5,735	4,495
Reverse non-cash profit items:			
Share of net profits/(losses) from equity accounted investments	(60)	(115)	(26)
Gains from dilution of equity accounted investments	(51)	-	-
Depreciation and amortisation	571	940	699
Impairment of intangible assets	18	200	-
Deferred acquisition costs (Excl. Invest DAC and exchange rate movements)	(38)	(61)	(2)
Deferred Revenue (Excl. exchange rate movements)	(27)	32	-
Amortisation of intangibles from business combinations	61	123	171
Non cash impact of Vitality Health Financial Reinsurance	(216)	(352)	(383)
Vitality Health Financial Reinsurance Recapture	-	-	(858)
UK Life IFRS reporting adjustments - Tax Accrued	34	(27)	(103)
Other non-cash adjustments to profit	180	42	(145)
Adjustments from IFRS to EV ANW:			
Tangible Asset Release on Transition to SAM	3,478		
Increase in Negative Reserves and Invest DAC (Net of tax)	(1,991)	(4,339)	- (3,116)
	(1,991) (531)	(4,559)	(935)
Add back deferred tax on Increase in Negative Reserve	(531)	286	· ,
Exchange rate movements on Vitality Life Negative Reserves			(653)
Other adjustments to arrive at EV ANW	(122)	113	47
Incurred to Cash basis:			
- Rent Paid	(141)	(128)	-
- Finance Costs Paid	(616)	(759)	(437)
- Finance Costs Accrued	681	959	478
- Taxation paid	(497)	(1,228)	(745)
- Taxation Accrued	948	1,720	1,943
Investing Activities:			
Purchase of property and equipment	(308)	(470)	(239)
Proceeds from disposal of property and equipment	17	7	5
Purchase of intangible assets	(961)	(1,940)	(1,353)
Proceeds from disposal of intangible assets	(2)	-	7
Increase in investment in associate	(212)	(20)	(530)
Card and Bank Buy-out Payment	(1,854)	-	-
Financing Activities:			
Increase in borrowings	2,133	2,654	3,514
Repayment of borrowings	(1,661)	(678)	(366)
Share Issue (Net of Share Issue Costs)	1,837	-	(000)
Dividends paid to ordinary shareholders	(736)	(1,284)	(1,152)
Dividends paid to preference shareholders	(40)	(1,204)	(1,132)
· ·	. ,	· ·	/
Movement in Shareholder Free Cash	2,267	522	231

Notes

(1) "Movement in Shareholder Free Cash" is an estimate of shareholder free cashflow. Life and Invest and VitalityLife are included based on the change in the Adjusted Net Worth in the Embedded Value. Changes in working capital are not allowed for in the estimate.