

Additional information as at 30 June 2017

Customers per Entity

for the year ended 30 June 2017

Life Policyholders

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Individual	413,346	407,402	399,715	395,078	398,731	391,104	379,152	377,487	372,288	364,887
Invest					118,366	109,914	100,445	91,858	82,847	74,327
Invest - DRO*	105,722	101,168	98,238	94,098						
Invest - Other	153,804	147,960	139,341	129,989						
Group (lives)	502,258	466,172	435,168	432,930	425,991	406,678	393,800	381,019	354,534	354,665
Group schemes	2,503	2,453	2,401	2,403	2,332	2,186	2,063	1,960	1,893	1,795

*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) and includes Paid-up policies at June 2017.

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 (Rm)	Year ended June 2017	6 months to December 2016	Year ended June 2016	6 months to December 2015	Year ended June 2015	6 months to December 2014	Year ended June 2014	6 months to December 2013	Year ended June 2013	6 months to December 2012
Total Life APE**	4671	2,331	4,279	2,138	3,877	1,948	3,409	1,707	2,966	1,468
Individual	1970	1,001	1,762	909	2,124	1,097	1,899	986	1,775	884
Group	205	52	105	61	108	54	114	70	120	65
Invest - Recurring	1219	658	1,194	589	597	295	492	243	426	228
Invest - Single APE**	1277	620	1,218	579	1,049	502	904	409	644	290

** APE shown at 10% of Single premium

Health Members

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
DHMS - Keycare	248,430	256,591	247,825	249,605	240,324	235,559	227,298	232,865	224,385	224,354
DHMS - Non-Keycare	1,062,964	1,041,166	1,034,833	1,018,612	1,013,864	995,572	985,228	959,138	947,181	915,741
In-House Schemes	299,353	275,293	265,205	153,935	153,486	144,227	142,750	132,160	130,338	124,887
Total	1,610,747	1,573,050	1,547,863	1,422,152	1,407,674	1,375,358	1,355,276	1,324,163	1,301,904	1,264,982

Health Lives

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
DHMS - Keycare	430,363	443,485	428,817	434,487	419,364	415,093	402,047	411,525	398,296	402,043
DHMS - Non-Keycare	2,327,651	2,292,201	2,281,630	2,257,759	2,250,081	2,219,753	2,199,601	2,152,815	2,127,094	2,066,984
In-House Schemes	635,178	581,821	550,943	326,806	323,416	297,805	293,690	268,854	266,988	253,147
Total	3,393,192	3,317,507	3,261,390	3,019,052	2,992,861	2,932,651	2,895,338	2,833,194	2,792,378	2,722,174

Vitality SA

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Members*	823,826	832,365	824,196	734,718	734,529	735,725	733,732	729,682	716,793	719,897

*Includes Balance members (Balance is Vitality for Bankmed)

VitalityHealth Members

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Individual	84,070	82,171	80,910	75,969	74,570	75,566	76,896	73,078	72,484	71,127
SME	168,844	165,813	165,341	162,711	158,702	159,546	162,473	157,666	154,639	144,876
Corporate	53,472	56,773	58,756	56,880	54,696	53,924	50,634	47,893	45,634	53,997
Trust and Cost Plus	-	-	5,496	17,345	17,547	18,224	17,972	23,068	25,163	28,689
Total	306,486	304,757	310,503	312,905	305,515	307,260	307,975	301,705	297,920	298,689

VitalityHealth Lives

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Individual	145,379	142,044	139,519	131,188	128,543	130,945	131,113	127,805	126,584	124,217
SME	297,186	292,506	293,037	290,593	284,937	288,287	294,575	290,505	290,772	268,731
Corporate	94,662	101,104	103,897	100,216	97,516	95,241	91,173	85,718	81,135	97,573
Trust and Cost Plus	0	-	9,245	33,830	33,879	36,437	36,053	48,660	50,100	56,061
Total	537,227	535,654	545,698	555,827	544,875	550,910	552,914	552,688	548,591	546,583

VitalityLife Policies

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Policies	337,900	322,364	299,315	274,929	250,834	224,987	199,901	176,839	153,670	136,164

Discovery Insure Policies

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Policies	121,785	111,605	100,034	91,945	79,847	70,622	54,067	39,409	28,677	23,405

Additional information as at 30 June 2017

Total number of shares outstanding

for the year ended 30 June 2017

	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013
Total shares in issue	647,427,946	647,427,946	647,427,946	647,427,946	591,872,390	591,872,390	591,872,390	591,872,390	591,872,390
Delisting of shares	(582,954)	(582,954)	-	-	-	-	-	-	-
Rights-issue	-	-	-	-	55,555,556	-	-	-	-
	646,844,992	646,844,992			647,427,946				
Less treasury shares:									
- BEE share trust	(1,205,704)	(1,210,722)	(1,324,112)	(1,331,198)	(1,438,216)	(1,508,921)	(1,560,796)	(1,568,882)	(1,583,803)
- Discovery Health	(680,268)	(680,268)	(680,268)	(680,268)	(680,268)	(680,268)	(680,268)	(680,268)	(680,268)
- BEE partners	-	-	(1,200,554)	(1,190,254)	(16,311,021)	(15,496,251)	(15,496,251)	(15,487,616)	(35,595,469)
	644,959,020	644,954,002	644,223,012	644,226,227	628,998,441	574,186,950	574,135,075	574,135,624	554,012,850

Additional information as at 30 June 2017

NAV by Entity

for the year ended 30 June 2017

In allocating the NAV, we have the following difficulties:

- The different segments overlap across legal entities. The position was particularly bad in the past when reinsurance for the Health business was done by Discovery Life Ltd. There are still some overlaps that remain.
- Discovery Health (Pty) Ltd acts as "treasury" for the group. It also houses much of the operational assets used by all the divisions.
- The Health business is cash positive. Cash from this business is extracted and invested into the other businesses, making any meaningful comparison of NAV over time difficult.

	June 2017	Dec 2016	June 2016	Dec 2015	June 2015	Dec 2014	June 2014	Dec 2013	June 2013	Dec 2012
The NAV by legal entity (net of non-controlling interests)										
Holdings (including consolidation effects)	4,519	4,192	4,704	4,993	2,753	510	1,138	1,388	923	834
Health	1,917	1,612	1,486	2,025	2,153	982	821	753	755	685
Life	20,922	19,203	17,735	16,455	15,076	13,724	13,383	12,191	11,035	10,021
Vitality	841	858	53	46	22	-13	-17	-39	-32	-37
TVG	573	485	514	498	346	398	327	174	194	123
VitalityHealth	5,025	4,275	5,248	6,397	4,246	3,705	3,629	3,450	2,937	2,970
VitalityLife	3,314	2,692	2,313	1,886	-30	-194	-398	-483	-576	-588
Insure	1,076	958	934	754	623	410	366	233	10	60
Connect	-219	-163	-112							
Goodwill and intangibles from business combinations	2,496	2,511	2,972	3,589	3,060	2,955	3,058	2,976	2,644	2,417
Puttable non-controlling interest		-	-	-	-	-	-4,494	-3,909	-3,782	-3,201
Loan	-8,174	-6,332	-5,240	-5,332	-893	-1,902	-402	-402	-402	-402
	32,290	30,291	30,607	31,311	27,356	20,575	17,411	16,332	13,706	12,882

For December 2010, VitalityHealth, VitalityLife and goodwill and intangibles are shown net of minorities.

From June 2011, VitalityHealth, VitalityLife and goodwill and intangibles are shown at 100% with minorities included in the puttable non-controlling interest liability.

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

Additional information as at 30 June 2017

Value of New Business at Point of Sale vs Valuation Date

June 2017

VNB at Point of Sale (R million)

	Health and	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	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	Life and Invest	VitalityHealth	VitalityLife
	Vitality			
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	Life and Invest	VitalityHealth	VitalityLife
	Vitality			
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	Life and Invest	VitalityHealth	VitalityLife ¹
	Vitality			
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.

New business contribution to value of in force at valuation date (R million)

	Health and	Life and Invest	VitalityHealth	VitalityLife
	Vitality			
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	VitalityLife¹
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	VitalityHealth²	VitalityLife^{1,2}
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

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

2) The VitalityHealth and VitalityLife figures in the table above have been prorated to allow for Discovery's ownership increasing from 75% to 100% in November 2014.

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.

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	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

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	677	2,714	266	316
Cost of Capital	(16)	(44)	(21)	(25)
	661	2,670	245	291

Additional information as at 30 June 2017

EV Buildup per Entity

	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife	Other	Total
Value of in-force business at 30 June 2016	16 519	21 688	4 044	3 805	0	46 056
Expected return (in-force business)	1 904	2 679	194	162	0	4 939
Release of profits (in-force business)	(1 945)	(1 667)	(164)	(706)	0	(4 482)
Value of new business	1 134	3 318	741	1 680	0	6 873
Expected return (new business)	68	184	21	38	0	311
Release of profits (new business)	(67)	(184)	(17)	(120)	0	(388)
Experience variances	621	(1)	63	(113)	0	570
Methodology changes	9	(1 702)	1 364	143	0	(186)
Other	0	7	(594)	(544)	0	(1 131)
Value of in-force business at 30 June 2017	18 243	24 322	5 652	4 345	0	52 562
Shareholders' funds per Balance Sheet	2 758	20 922	5 025	3 314	271	32 290
Adjustment to shareholders' funds	0	(18 354)	(1 692)	(3 647)	(3 865)	(27 558)
Embedded value at 30 June 2017	21 001	26 890	8 985	4 012	(3 594)	57 294

EV Reconciliation to Income Statement

R million	12 months to 30 June 2017	Value of In-Force	Cost of required Capital	Impact on Income Statement	Adjustment to Shareholders Funds	Statement of Changes in Equity
Total profit from new business (at point of sale)	2,437	7,149	(276)	(4,436)	-	-
- Health and Vitality	789	1,165	(31)	(345)	-	-
- Life	1,231	3,391	(73)	(2,087)	-	-
- VitalityHealth	111	787	(46)	(630)	-	-
- VitalityLife	306	1,806	(126)	(1,374)	-	-
Profit from existing business						
* Expected return	5,220	446	(66)	4,840	-	-
- Health and Vitality	1,972	(48)	8	2,012	-	-
Expected transfer from VIF & VNB to net worth	-	(2,012)	-	2,012	-	-
Unwinding of the risk discount rate	1,972	1,964	8	-	-	-
- Life	2,863	1,070	(58)	1,851	-	-
Expected transfer from VIF & VNB to net worth	-	(1,851)	-	1,851	-	-
Unwinding of the risk discount rate	2,863	2,921	(58)	-	-	-
- VitalityHealth	215	(26)	60	181	-	-
Expected transfer from VIF & VNB to net worth	-	(181)	-	181	-	-
Unwinding of the risk discount rate	215	155	60	-	-	-
- VitalityLife	170	(550)	(76)	796	-	-
Expected transfer from VIF & VNB to net worth	-	(747)	(79)	826	-	-
Unwinding of the risk discount rate	170	197	3	(30)	-	-
* Change in methodology and assumptions	858	(237)	51	1,044	-	-
- Health and Vitality	9	13	(4)	-	-	-
- Life	(144)	(1,752)	50	1,558	-	-
- VitalityHealth	742	1,359	5	(622)	-	-
- VitalityLife	251	143	-	108	-	-
* Experience variances	66	553	17	(504)	-	-
- Health and Vitality	869	631	(10)	248	-	-
- Life	(755)	(24)	23	(754)	-	-
- VitalityHealth	1	63	-	(62)	-	-
- VitalityLife	(49)	(117)	4	64	-	-
Acquisition of Prudential Joint Venture	-	-	-	-	-	-
Increase in goodwill and intangibles	(203)	-	-	-	(203)	-
Other initiatives	(691)	16	-	(707)	-	-
Non-recurring expenses	(103)	-	-	(103)	-	-
Acquisition costs	(196)	(0)	-	(196)	-	-
Finance costs	(500)	-	-	(500)	-	-
Intangibles no longer allocated to minorities	-	-	-	-	-	-
Other	4	(9)	-	-	9	4
Foreign Exchange Rate Movements	(1,569)	(1,283)	145	654	547	(1,632)
Intangibles	501	-	-	-	501	-
DAC	46	-	-	-	46	-
Puttable NCI Liability	-	-	-	-	-	-
Other	(2,116)	(1,283)	145	654	-	-
Return on shareholders' funds	185	-	-	169	-	16
- Unrealised gain on investments and realised gain on investments transferred to income statement	27	-	-	11	-	16
- Health and Vitality investment income	52	-	-	52	-	-
- Life investment income	68	-	-	68	-	-
- VitalityHealth investment income	16	-	-	16	-	-
- VitalityLife investment income	22	-	-	22	-	-
Amortisation of intangibles	(95)	-	-	(318)	223	-
Amortisation of intangibles from business combinations	(95)	-	-	(154)	59	-
Amortisation of systems intangibles	-	-	-	(164)	164	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	(5)	5	-
Puttable non-controlling interest fair value adjustment	-	-	-	-	-	-
Other Minority Interest (VitalityHealth and VitalityLife)	-	-	-	-	-	-
Life assets under insurance contracts	-	-	-	2,586	(2,586)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	530	(530)	-
VitalityHealth FinRe	-	-	-	1,440	(1,440)	-
Embedded value earnings	5,413	6,635	(129)	4,494	(3,975)	(1,612)

Adjustment to Shareholders' Funds:

Change in:

DAC	52
Intangibles	529
Life negative reserve	-2,586
VitalityLife negative reserve	-530
VitalityLife FinRe liability	-1,440

Components of Assets under insurance contracts and adjustment to Shareholders' funds on Published basis

	Jun-17	Dec 16	Jun 16
1. Assets under insurance contracts			
Discovery Life long term reserves in respect of policies with positive liabilities:	3,642	3,231	2,816
Discovery Life long term reserves in respect of policies with negative liabilities:	(27,650)	(25,629)	(23,720)
Unit reserves	-	-	-
VitalityLife net long term reserve	(8,530)	(8,420)	(9,685)
Total Assets under insurance contracts:	(32,538)	(30,818)	(30,589)
2. Negative liabilities not included under assets under insurance contracts			
Negative reserve in respect of Invest business	(3,428)	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(464)	(438)	(419)
	(3,892)	(3,608)	(3,330)
3. Components to be zeroised on the statutory balance sheet			
Discovery Life long term reserves in respect of policies with negative liabilities:	(27,650)	(25,629)	(23,720)
Negative reserve in respect of Invest business	(3,428)	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(464)	(438)	(419)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	6,349	5,953	5,414
Liabilities off set against Negative reserve before zeroisation	6,839	6,026	5,868
	(18,354)	(17,258)	(15,768)
4. Other adjustments to published Shareholders' funds			
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts	(3,620)	(3,176)	(3,090)
VitalityHealth FinRe Liability	(1,440)	(1,279)	-
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)	(252)	(233)	(290)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(27)	(32)	(41)
Goodwill and intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture	(3,086)	(3,058)	(3,615)
Net preference share capital	(779)	(779)	(779)
Adjustment to Shareholders' funds from published basis	(27,558)	(25,815)	(23,583)

Additional information as at 30 June 2017

Recon of Assets under Insurance Contracts

for the year ended 30 June 2017

	FY June 2017	HY December 2016	FY June 2016
Balance at the beginning of the year	30,589	30,589	26,076
Movement for the year:			
Expected Movement in Policyholder Liabilities	-2,917	-1,580	-2,863
Unwinding of Discount Rate	2,091	1,044	1,765
New Business Written	3,843	2,145	4,416
Experience Variances	-588	-508	-636
<i>Economic (CPI)</i>	91	33	-5
<i>Operational</i>	-678	-542	-631
Modeling and method changes	14	175	68
Benefit Enhancements	-	-	-16
Changes in assumptions	137	262	-487
<i>Economic</i>	-138	-36	-1,389
<i>Operational</i>	275	298	902
Changes in margins	717	99	2,125
<i>Margins related to Premium and Benefit Increase assumptions</i>	-	-	75
<i>Other margin changes</i>	717	99	2,050
Exchange rate difference	-1,347	-1,408	139
Balance at the end of the year	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	37,690	34,897	33,814
Recovery from reinsurers	-5,152	-4,079	-3,226
	32,538	30,818	30,589

Breakdown between Discovery Life and VitalityLife - Rm

FY June 2017

	Discovery Life	VitalityLife	Total
Balance at the beginning of the year	20,904	9,685	30,589
Movement for the year:			
Expected Movement in Policyholder Liabilities	-1,091	-1,826	-2,917
Unwinding of Discount Rate	1,871	220	2,091
New Business Written	2,210	1,633	3,843
Experience Variances	-377	-210	-587
<i>Economic (CPI)</i>	91	-	91
<i>Operational</i>	-468	-210	-678
Modelling and method changes	8	6	14
Benefit Enhancements	-	-	-
Changes in assumptions	-233	370	137
<i>Economic</i>	-163	25	-138
<i>Operational</i>	-70	345	275
Changes in margins	717	-	717
<i>Margins related to Premium and Benefit Increase assumptions</i>	-	-	-
<i>Other margin changes</i>	717	-	717
Exchange rate difference	-	-1,347	-1,347
Balance at the end of the year	24,008	8,530	32,538

Additional information as at 30 June 2017

Breakdown of Invest Funds under Management (R million)

for the year ended 30 June 2017

	Total
Dec-12	26,615
Jun-13	30,153
Dec-13	36,026
Jun-14	41,822
Dec-14	45,619
Jun-15	50,473
Dec-15	56,195
Jun-16	60,953
Dec-16	63,985
Jun-17	69,547

Segmental information

for the year ended 30 June 2017

R million	SA Health	SA Life	SA Invest	SA Vitality	UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments			IFRS total
									UK Life ²	DUT ³	Normalised profit adjustments ⁴	
Income statement												
Insurance premium revenue	16	9 993	11 515	-	7 040	3 617	2 076	34 257	(724)	-	-	33 533
Reinsurance premiums	(2)	(1 838)	-	-	(1 335)	(1 183)	(203)	(4 561)	724	-	-	(3 837)
Net insurance premium revenue	14	8 155	11 515	-	5 705	2 434	1 873	29 696	-	-	-	29 696
Fee income from administration business	6 314	26	1 677	-	24	-	331	8 372	-	-	-	8 372
Vitality income	-	-	-	2 472	538	94	1 163	4 267	-	-	-	4 267
Investment income earned on assets backing policyholder liabilities	-	431	38	-	15	18	106	608	-	-	(608)	-
Finance charge on negative reserve funding	-	-	-	-	-	(43)	-	(43)	43	-	-	-
Inter-segment funding ¹	-	(573)	573	-	-	-	-	-	-	-	-	-
Net fair value gains on financial assets at fair value through profit or loss	-	476	1 317	-	-	(109)	-	1 684	-	424	-	2 108
Net income	6 328	8 515	15 120	2 472	6 282	2 394	3 473	44 584	43	424	(608)	44 443
Claims and policyholders' benefits	(1)	(6 241)	(6 800)	-	(4 376)	(740)	(1 426)	(19 584)	347	-	-	(19 237)
Insurance claims recovered from reinsurers	1	1 365	-	-	1 125	407	265	3 163	(347)	-	-	2 816
Recapture of reinsurance	-	-	-	-	(858)	-	-	(858)	-	-	-	(858)
Net claims and policyholders' benefits	-	(4 876)	(6 800)	-	(4 109)	(333)	(1 161)	(17 279)	-	-	-	(17 279)
Acquisition costs	-	(1 565)	(1 022)	(89)	(574)	(1 744)	(200)	(5 194)	(43)	-	-	(5 237)
Marketing and administration expenses												
- depreciation and amortisation	(303)	(15)	-	-	(214)	(6)	(161)	(699)	-	-	-	(699)
- other expenses	(3 520)	(1 521)	(663)	(2 333)	(2 533)	(1 431)	(2 548)	(14 549)	(103)	(202)	(99)	(14 953)
Recovery of expenses from reinsurers	-	-	-	-	1 566	1 419	-	2 985	-	-	-	2 985
Transfer from assets/liabilities under insurance contracts												
- change in assets arising from insurance contracts	-	3 577	-	-	-	1 406	-	4 983	363	-	-	5 346
- change in assets arising from reinsurance contracts	-	(4)	-	-	(111)	8	-	(107)	(2)	-	-	(109)
- change in liabilities arising from insurance contracts	-	(124)	(5 867)	-	(25)	(14)	(35)	(6 065)	2	-	(562)	(6 625)
- change in liabilities arising from reinsurance contracts	-	(397)	-	-	-	(1 214)	-	(1 611)	(363)	-	-	(1 974)
Fair value adjustment to liabilities under investment contracts	-	(2)	(24)	-	-	-	-	(26)	-	(222)	-	(248)
Share of net profits from equity-accounted investments	-	-	-	-	1	-	25	26	-	-	-	26
Normalised profit/(loss) from operations	2 505	3 588	744	50	283	485	(607)	7 048	(103)	-	(1 269)	5 676
Investment income earned on shareholder investments and cash	55	26	21	17	2	6	23	150	-	-	608	758
Net realised gains on available-for-sale financial assets	-	1	7	-	-	-	-	8	-	-	-	8
Rebranding and business acquisitions expenses	-	-	-	-	(91)	-	(8)	(99)	-	-	99	-
Amortisation of intangibles from business combinations	-	-	-	-	-	-	(171)	(171)	-	-	-	(171)
Finance costs	(49)	(8)	-	-	(2)	(1)	(418)	(478)	-	-	-	(478)
Foreign exchange losses	-	-	(8)	-	-	-	(13)	(21)	-	-	-	(21)
Profit before tax	2 511	3 607	764	67	192	490	(1 194)	6 437	(103)	-	(562)	5 772
Income tax expense	(685)	(1 008)	(214)	(20)	(21)	(119)	124	(1 943)	103	-	562	(1 278)
Profit for the year	1 826	2 599	550	47	171	371	(1 070)	4 494	-	-	-	4 494

¹ The inter-segment funding of R573 million reflects a notional allocation of interest earned on the negative reserve backing policyholders' funds of guaranteed investment products and hence is transferred to Discovery Invest.

The segment information is presented on the same basis as reported to the Chief Executive Officers of the reportable segments. The segment total is then adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

² The VitalityLife results, for business written on the Prudential Assurance Company license, are reclassified to account for the contractual arrangement as a reinsurance contract under IFRS 4.

³ The Discovery Unit Trusts (DUT) are consolidated into Discovery's results for IFRS purposes. In the Segment information the DUT column includes the effects of consolidating the unit trusts into Discovery's results, effectively being the income and expenses relating to units held by third parties.

⁴ Normalised profit adjustments:

Investment income on assets backing policyholder liabilities is included as part of the normalised profit from operations in the segmental disclosure, but is included together with shareholder investment income for IFRS purposes

Rebranding and business acquisitions expenses are excluded from normalised profit from operations, but are included in marketing and administration expenses for IFRS purposes.

The accounting impact of the recognition of a deferred tax asset arising from the Discovery Life Individual Policyholder Fund ('IPF'), has been excluded from normalised profit from operations for segmental purposes.

Segmental information - Discovery Insure

for the year ended 30 June 2017

R million	June 2017	June 2016
Income statement		
Insurance premium revenue	2,076	1 558
Reinsurance premiums	(203)	(213)
Net insurance premium revenue	1,873	1 345
Fee income from administration business	22	24
Vitality income	-	
Investment income on assets backing policyholder liabilities	106	70
Finance charge on negative reserve funding	-	-
Inter-segment funding ¹	-	-
Net fair value gains on financial assets at fair value through profit or loss	-	-
Net income	2,001	1 439
Claims and policyholders' benefits	(1,426)	(1 043)
Insurance claims recovered from reinsurers	265	150
Net claims and policyholders' benefits	(1,161)	(893)
Acquisition costs	(245)	(176)
Marketing and administration expenses		-
- depreciation and amortisation	(52)	(43)
- other expenses	(553)	(457)
Recovery of expenses from reinsurers	-	-
Transfer from assets/liabilities under insurance contracts		
- change in assets arising from insurance contracts	-	-
- change in assets arising from reinsurance contracts	(0)	-
- change in liabilities arising from insurance contracts	(35)	(35)
- change in liabilities arising from reinsurance contracts	-	15
Fair value adjustment to liabilities under investment contracts	-	-
Share of net profits/(losses) from equity accounted investments	22	-
Normalised profit/(loss) from operations	(21)	(150)
Investment income earned on shareholder investments and cash	(0)	3
Net realised gains on available-for-sale financial assets	-	-
Rebranding and business acquisitions expenses	-	-
Gain from business combination	-	-
Amortisation of intangibles from business combinations	-	-
Finance costs	(1)	(1)
Foreign exchange gains/(losses)	-	-
Profit before tax	(22)	(148)
Income tax expense	-	-
Profit for the year	(22)	(148)

Additional information as at 30 June 2017

VIF, APE and VNB split between Life and Invest

	Jun17	Dec16	Jun16*	Dec15*
VIF				
Life	18,065	17,313	16,096	17,067
Invest	6,258	5,794	5,592	5,468
APE				
Life	985	462	862	446
Invest	1,856	974	1,935	920
VNB				
Life	885	434	756	406
Invest	346	218	439	215

**Discovery Retirement Optimiser (DRO) product moved from Life to Invest in line with December 2016 and June 2017 disclosures.*

Additional information as at 30 June 2017

**Discovery Health
for the year ended 30 June 2017**

	30-Jun-17	30-Jun-16	% change
Admin & Managed Care Fees	5,851	5,259	11%
Healthcare services income ¹	462	323	43%
Fee income from administration business	6,314	5,582	13%

A similar amount is included in other expenses in Discovery Health

Additional information as at 30 June 2017

Reconciliation to the Required Capital

R millions	Life and Invest	Health and Vitality	VitalityLife	VitalityHealth	Total
Opening - 30 June 2016	1,255	725	1,353	2,212	5,545
- Methodology changes	-105	-	659	-	554
- Expected release on in-force at start of period	180	-14	-89	-122	(45)
- Impact of new business written	143	71	1,308	259	1,781
- Other changes	-64	15	18	-57	(88)
- Exchange rate movements	-	-	-298	-308	(606)
Change in Required Capital	154	72	1,598	(228)	1,596
Closing - 30 June 2017	1 409	797	2 951	1 984	7 141