

CUSTOMERS PER ENTITY



Life Policyholders

	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 December 2018	12 months to June 2018	6 months to December 2017	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
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

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
DHMS - Keycare	251,951	247,357	254,165	248,430	256,591	247,825	249,605	240,324	235,559	227,298	232,865
DHMS - Non-Keycare	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	315,875	310,773	311,879	299,353	275,293	265,205	153,935	153,486	144,227	142,750	132,160
Total	1,666,729	1,651,875	1,635,536	1,610,747	1,573,050	1,547,863	1,422,152	1,407,674	1,375,358	1,355,276	1,324,163

Health Lives

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
DHMS - Keycare	436,543	428,103	440,722	430,363	443,485	428,817	434,487	419,364	415,093	402,047	411,525
DHMS - Non-Keycare	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	3,496,669	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

Vitality SA

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Members*	833,276	825,531	828,216	823,826	832,365	824,196	734,718	734,529	735,725	733,732	729,682

*Includes Balance members (Balance is Vitality for Bankmed)

VitalityHealth Members

	December 2018	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
SME	190,835	181,795	174,376	168,844	165,813	165,341	162,711	158,702	159,546	162,473	157,666
Corporate	61,970	59,954	56,762	53,472	56,773	58,756	56,880	54,696	53,924	50,634	47,893
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

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Individual	168,609	156,488	148,309	145,379	142,044	139,519	131,188	128,543	130,945	131,113	127,805
SME	327,594	314,773	304,280	297,186	292,506	293,037	290,593	284,937	288,287	294,575	290,505
Corporate	107,570	105,083	100,242	94,662	101,104	103,897	100,216	97,516	95,241	91,173	85,718
Trust and Cost Plus	-	-	-	-	-	9,245	33,830	33,879	36,437	36,053	48,660
Total	603,773	576,344	552,831	537,227	535,654	545,698	555,827	544,875	550,910	552,914	552,688

VitalityLife Policies

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013
Policies	408,728	385,818	357,704	337,900	322,364	299,315	274,929	250,834	224,987	199,901	176,839

VitalityLife Lives

	December 2018	June 2018	December 2017	June 2017	December 2016	June 2016	December 2015	June 2015	December 2014	June 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
Policies	152,947	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

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	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 ¹
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 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 ¹
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 ²	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

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

* 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	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

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
Total profit from new business	1,300	3,907	(145)	(2,462)	-	-
- Health and Vitality	414	594	(14)	(166)	-	-
- Life	627	1,845	(41)	(1,177)	-	-
- VitalityHealth	93	521	(26)	(402)	-	-
- VitalityLife	166	947	(64)	(717)	-	-
Profit from existing business						
* Expected return	2,858	(285)	(62)	3,205	-	-
- Health and Vitality	1,249	102	3	1,144	-	-
<i>Expected transfer from VIF to net worth</i>	-	(1,144)	-	1,144	-	-
<i>Unwinding of the risk discount rate</i>	1,249	1,246	3	-	-	-
- Life	1,321	377	(38)	982	-	-
<i>Expected transfer from VIF to net worth</i>	-	(982)	-	982	-	-
<i>Unwinding of the risk discount rate</i>	1,321	1,359	(38)	-	-	-
- VitalityHealth	162	(394)	21	535	-	-
<i>Expected transfer from VIF to net worth</i>	-	(535)	-	535	-	-
<i>Unwinding of the risk discount rate</i>	162	141	21	-	-	-
- VitalityLife	126	(370)	(48)	544	-	-
<i>Expected transfer from VIF to net worth</i>	-	(510)	(34)	544	-	-
<i>Unwinding of the risk discount rate</i>	126	140	(14)	-	-	-
* Change in methodology and assumptions	(332)	(4,415)	(99)	4,182	-	-
- Health and Vitality	(373)	(376)	3	-	-	-
- Life	(11)	(3,997)	(111)	4,097	-	-
- VitalityHealth	35	35	-	-	-	-
- VitalityLife	17	(77)	9	85	-	-
* 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)	-	-
Non-recurring expenses	(102)	-	-	(102)	-	-
Acquisition costs	(22)	(1)	-	(21)	-	-
Finance costs	(494)	-	-	(494)	-	-
Other	57	(1)	-	-	57	1
Foreign Exchange Rate Movements	189	131	(11)	(66)	(35)	170
Intangibles	(30)	-	-	-	(30)	-
DAC	(5)	-	-	-	(5)	-
Puttable NCI Liability	-	-	-	-	-	-
Other	224	131	(11)	(66)	-	170
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	35	-	-	35	-	-
Life investment income	93	-	-	93	-	-
VitalityHealth investment income	1	-	-	1	-	-
VitalityLife investment income	34	-	-	34	-	-
Amortisation of Intangibles	(31)	-	-	(168)	137	-
Amortisation of intangibles from business combinations	(31)	-	-	(55)	24	-
Amortisation of systems intangibles	-	-	-	(113)	113	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	44	(44)	-
Reversal of 1 Discovery Place IAS 17 financial lease accounting	-	-	-	(143)	143	-
Life assets under insurance contracts	-	-	-	(2,066)	2,066	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	579	(579)	-
VitalityHealth FinRe	-	-	-	229	(229)	-
Embedded value earnings	2,538	(1,034)	(328)	2,326	1,403	171
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 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 liabilities 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 liabilities:	(29,786)	(31,713)	(29,448)	(27,650)	(25,629)	(23,720)
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	6,839	6,026	5,868
	(19,413)	(21,479)	(19,854)	(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	(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)
Intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture	(811)	(874)	(839)	(979)	(965)	(1,168)
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

R million	HY December 2018		
	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		
- change in assets arising from reinsurance contracts	-	-
- change in liabilities arising from insurance contracts	(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*	(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)
Add back deferred tax on Increase in Negative Reserve	(531)	(805)	(935)
Exchange rate movements on Vitality Life Negative Reserves	47	286	(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	-	-
Dividends paid to ordinary shareholders	(736)	(1,284)	(1,152)
Dividends paid to preference shareholders	(40)	(83)	(83)
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.