

Additional information as at 31 December 2016

Customers per Entity

for the six months ended 31 December 2016

Life Policyholders

	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Individual	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	79,041	75,117	68,718						
Invest - Other	147,960	139,341	129,989						
Group (lives)	466,172	435,168	432,930	425,991	406,678	393,800	381,019	354,534	354,665
Group schemes	2,453	2,401	2,403	2,332	2,186	2,063	1,960	1,893	1,795

Life NB APE (Rm)	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*	2,331	4,279	2,138	3,877	1,948	3,409	1,707	2,966	1,468
Individual	1,001	1,762	909	2,124	1,097	1,899	986	1,775	884
Group	52	105	61	108	54	114	70	120	65
Invest - Recurring	658	1,194	589	597	295	492	243	426	228
Invest - Single APE*	620	1,218	579	1,049	502	904	409	644	290

* APE shown at 10% of Single premium

*Discovery Retirement Optimiser (DRO) product has been moved from the Individual category to Invest - DRO in line with December 2016 disclosure. June 2016 and December 2015 comparatives restated.

Health Members

	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
DHMS - Keycare	256,591	247,825	249,605	240,324	235,559	227,298	232,865	224,385	224,354
DHMS - Non-Keycare	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	275,293	265,205	153,935	153,486	144,227	142,750	132,160	130,338	124,887
Total	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

	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
DHMS - Keycare	443,485	428,817	434,487	419,364	415,093	402,047	411,525	398,296	402,043
DHMS - Non-Keycare	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	581,821	550,943	326,806	323,416	297,805	293,690	268,854	266,988	253,147
Total	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

	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Members*	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 Policies

	December 2016	June 2016	December 2015	June 2015	December 2014	June 2014	December 2013	June 2013	December 2012
Individual	82,171	80,910	75,969	74,570	75,566	76,896	73,078	72,484	71,127
SME	165,813	165,341	162,711	158,702	159,546	162,473	157,666	154,639	144,876
Corporate	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	304,757	310,503	312,905	305,515	307,260	307,975	301,705	297,920	298,689

VitalityHealth Lives

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

VitalityLife Policies

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

Discovery Insure Policies

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

Additional information as at 31 December 2016

Split of shares in issue

for the six months ended 31 December 2016

	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	591,872,390	591,872,390	591,872,390	591,872,390	591,872,390
Delisting of shares	(582,954)	-	-	-	-	-	-	-
Rights-issue	-	-	-	55,555,556	-	-	-	-
	646,844,992			647,427,946				
Less treasury shares:								
- BEE share trust	(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)
- BEE partners	-	(1,200,554)	(1,190,254)	(16,311,021)	(15,496,251)	(15,496,251)	(15,487,616)	(35,595,469)
	644,954,002	644,223,012	644,226,227	628,998,441	574,186,950	574,135,075	574,135,624	554,012,850

NAV by Entity

for the six months ended 31 December 2016

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.

	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)	4,192	4,704	4,993	2,753	510	1,138	1,388	923	834
Health	1,612	1,486	2,025	2,153	982	821	753	755	685
Life	19,203	17,735	16,455	15,076	13,724	13,383	12,191	11,035	10,021
Vitality	858	53	46	22	-13	-17	-39	-32	-37
Destiny	485	514	498	346	398	327	174	194	123
VitalityHealth	4,275	5,248	6,397	4,246	3,705	3,629	3,450	2,937	2,970
VitalityLife	2,692	2,313	1,886	-30	-194	-398	-483	-576	-588
Insure	958	934	754	623	410	366	233	10	60
Connect	-163	-112							
Goodwill and intangibles from business combinations	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	-6,332	-5,240	-5,332	-893	-1,902	-402	-402	-402	-402
	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.

Additional information as at 31 December 2016

Value of New Business at Point of Sale vs Valuation Date

December 2016

VNB at Point of Sale (R million)

	Health and Vitality	Life and Invest	VitalityHealth	VitalityLife ¹
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	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

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 31 December 2016

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)	952	1 327	102	85	0	2 466
Release of profits (in-force business)	(938)	(813)	(82)	(368)	0	(2 201)
Value of new business	488	1 743	322	936	0	3 489
Expected return (new business)	15	42	7	(100)	0	(36)
Release of profits (new business)	(14)	(42)	(6)	25	0	(37)
Experience variances	321	(191)	68	(10)	0	188
Methodology changes	(257)	(664)	900	146	0	125
Other	0	15	(647)	(585)	0	(1 217)
Value of in-force business at 31 December 2016	17 086	23 105	4 708	3 934	0	48 833
Shareholders' funds per Balance Sheet	2 470	19 203	4 275	2 692	1 651	30 291
Adjustment to shareholders' funds	0	(17 258)	(1 512)	(3 208)	(3 837)	(25 815)
Embedded value at 31 December 2016	19 556	25 050	7 471	3 418	(2 186)	53 309

Additional information as at 31 December 2016

EV Reconciliation to Income Statement

R million	6 months to 31 December 2016	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)	1,156	3,625	(136)	(2,333)	-	-
- Health and Vitality	318	503	(15)	(170)	-	-
- Life	652	1,780	(37)	(1,091)	-	-
- VitalityHealth	10	339	(17)	(312)	-	-
- VitalityLife	176	1,003	(67)	(760)	-	-
Profit from existing business						
* Expected return	2,431	269	(77)	2,239	-	-
- Health and Vitality	968	11	4	953	-	-
- Expected transfer from VIF & VNB to net worth	1	(952)	-	953	-	-
- Unwinding of the risk discount rate	967	963	4	-	-	-
- Life	1,368	536	(22)	854	-	-
- Expected transfer from VIF & VNB to net worth	-1	(855)	-	854	-	-
- Unwinding of the risk discount rate	1,369	1,391	(22)	-	-	-
- VitalityHealth	109	(10)	31	88	-	-
- Expected transfer from VIF & VNB to net worth	-	(88)	-	88	-	-
- Unwinding of the risk discount rate	109	78	31	-	-	-
- VitalityLife	-14	(268)	(90)	344	-	-
- Expected transfer from VIF & VNB to net worth	1	(343)	-	344	-	-
- Unwinding of the risk discount rate	-15	75	(90)	-	-	-
* Change in methodology and assumptions	(44)	159	(34)	(169)	-	-
- Health and Vitality	(257)	(258)	1	-	-	-
- Life	(23)	(633)	(31)	641	-	-
- VitalityHealth	45	904	(4)	(855)	-	-
- VitalityLife	191	146	-	45	-	-
* Experience variances	(195)	168	20	(383)	-	-
- Health and Vitality	452	325	(4)	131	-	-
- Life	(556)	(209)	18	(365)	-	-
- VitalityHealth	34	76	(8)	(34)	-	-
- VitalityLife	(125)	(24)	14	(115)	-	-
Acquisition of Prudential Joint Venture	-	-	-	-	-	-
Increase in goodwill and intangibles	(69)	-	-	-	(69)	-
Other initiatives	(478)	7	-	(485)	-	-
Non-recurring expenses	(83)	-	-	(83)	-	-
Acquisition costs	(94)	(2)	-	(92)	-	-
Finance costs	(68)	-	-	(68)	-	-
Intangibles no longer allocated to minorities	-	-	-	-	-	-
Other	(6)	10	-	-	(5)	(11)
Foreign Exchange Rate Movements	(1,599)	(1,387)	155	752	567	(1,686)
Intangibles	521	-	-	-	521	-
DAC	46	-	-	-	46	-
Puttable NCI Liability	-	-	-	-	-	-
Other	(2,166)	(1,387)	155	752	-	-
Return on shareholders' funds	12	-	-	20	-	(8)
- Unrealised gain on investments and realised gain on investments transferred to income statement	-5	-	-	3	-	(8)
- Health and Vitality investment income	10	-	-	10	-	-
- Life investment income	-4	-	-	(4)	-	-
- VitalityHealth investment income	11	-	-	11	-	-
Amortisation of Intangibles	(54)	-	-	(161)	107	-
Amortisation of intangibles from business combinations	(54)	-	-	(78)	24	-
Amortisation of systems intangibles	-	-	-	(83)	83	-
VitalityHealth and VitalityLife DAC and unemployment reserve	-	-	-	(23)	23	-
Puttable non-controlling interest fair value adjustment	-	-	-	-	-	-
Other Minority Interest (VitalityHealth and VitalityLife)	-	-	-	-	-	-
Life assets under insurance contracts	-	-	-	1,490	(1,490)	-
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential license net assets under insurance contracts	-	-	-	86	(86)	-
VitalityHealth FinRe	-	-	-	1,279	(1,279)	-
Embedded value earnings	909	2,849	(72)	2,069	(2,232)	(1,705)

Adjustment to Shareholders' Funds:

Change in:

DAC	66
Intangibles	557
Life negative reserve	-1,490
VitalityLife negative reserve	-86
VitalityLife FinRe liability	-1,279

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

	Dec 16	Jun 16
1. Assets under insurance contracts		
Discovery Life long term reserves in respect of policies with positive liabilities:	3,231	2,816
Discovery Life long term reserves in respect of policies with negative liabilities:	(25,629)	(23,720)
Unit reserves	-	-
VitalityLife net long term reserve	(8,420)	(9,685)
Total Assets under insurance contracts:	(30,818)	(30,589)
2. Negative liabilities not included under assets under insurance contracts		
Negative reserve in respect of Invest business	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(438)	(419)
	(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:	(25,629)	(23,720)
Negative reserve in respect of Invest business	(3,170)	(2,911)
DAC and DRL in respect of Invest business	(438)	(419)
Adjust for reduction on Deferred Tax Liability as a result of reduction in earnings	5,953	5,414
Liabilities off set against Negative reserve before zeroisation	6,026	5,868
	(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	(3,176)	(3,090)
VitalityHealth FinRe Liability	(1,279)	
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)	(233)	(290)
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	(32)	(41)
Goodwill and intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture	(3,058)	(3,615)
Net preference share capital	(779)	(779)
Adjustment to Shareholders' funds from published basis	(25,815)	(23,583)

Additional information as at 31 December 2016

Recon of Assets under Insurance Contracts

for the six months ended 31 December 2016

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

Breakdown between Discovery Life and VitalityLife - Rm

	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	-560	-1,020	-1,580
Unwinding of Discount Rate	933	110	1,043
New Business Written	1,144	1,001	2,145
Experience Variances	-305	-203	-508
<i>Economic (CPI)</i>	33	-	33
<i>Operational</i>	-339	-203	-542
Modelling and method changes	175	-1	174
Benefit Enhancements	-	-	-
Changes in assumptions	7	255	262
<i>Economic</i>	31	-68	-37
<i>Operational</i>	-24	323	299
Changes in margins	99	-	99
<i>Margins related to Premium and Benefit Increase assumptions</i>	-	-	-
<i>Other margin changes</i>	99	-	99
Exchange rate difference		-1,408	-1,408
Balance at the end of the year	22,398	8,420	30,818

Additional information as at 31 December 2016

Breakdown of Invest Funds under Management (R million)

for the six months ended 31 December 2016

	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

Segmental information

for the six months ended 31 December 2016

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	8	4 844	5 727	-	3 641	1 824	972	17 016	(364)	-	-	16 652
Reinsurance premiums	(1)	(867)	-	-	(806)	(541)	(98)	(2 313)	364	-	-	(1 949)
Net insurance premium revenue	7	3 977	5 727	-	2 835	1 283	874	14 703	-	-	-	14 703
Fee income from administration business	3 014	10	799	-	10	-	169	4 002	-	-	-	4 002
Vitality income	-	-	-	1 180	269	40	640	2 129	-	-	-	2 129
Investment income on assets backing policyholder liabilities	-	258	-	-	10	11	51	330	-	-	(330)	-
Finance charge on negative reserve funding	-	-	-	-	-	(26)	-	(26)	4	-	-	(22)
Inter-segment funding ¹	-	(269)	269	-	-	-	-	-	-	-	-	-
Net fair value gains on financial assets at fair value through profit or loss	-	184	120	-	-	(101)	-	203	-	(31)	-	172
Net income	3 021	4 160	6 915	1 180	3 124	1 207	1 734	21 341	4	(31)	(330)	20 984
Claims and policyholders' benefits	(1)	(2 927)	(3 405)	-	(2 195)	(326)	(683)	(9 537)	149	-	-	(9 388)
Insurance claims recovered from reinsurers	1	585	-	-	699	167	133	1 585	(149)	-	-	1 436
Recapture of reinsurance	-	-	-	-	(882)	-	-	(882)	-	-	-	(882)
Net claims and policyholders' benefits	-	(2 342)	(3 405)	-	(2 378)	(159)	(550)	(8 834)	-	-	-	(8 834)
Acquisition costs	-	(823)	(510)	(43)	(294)	(936)	(93)	(2 699)	(4)	-	-	(2 703)
Marketing and administration expenses												
- depreciation and amortisation	(148)	(8)	-	-	(108)	-	(79)	(343)	-	-	-	(343)
- other expenses	(1 685)	(757)	(319)	(1 104)	(1 248)	(698)	(1 316)	(7 127)	(65)	(88)	(84)	(7 364)
Recovery of expenses from reinsurers	-	-	-	-	1 296	703	-	1 999	-	-	-	1 999
Transfer from assets/liabilities under insurance contracts												
- change in assets arising from insurance contracts	-	1 735	-	-	-	394	-	2 129	500	-	-	2 629
- change in assets arising from reinsurance contracts	-	(11)	-	-	(123)	4	-	(130)	(2)	-	-	(132)
- change in liabilities arising from insurance contracts	-	11	(2 402)	-	(127)	(6)	(15)	(2 539)	2	-	-	(2 537)
- change in liabilities arising from reinsurance contracts	-	(196)	-	-	-	(251)	-	(447)	(500)	-	-	(947)
Fair value adjustment to liabilities under investment contracts	-	(1)	47	-	-	-	-	46	-	119	-	165
Share of profits from equity accounted investments	-	-	-	-	-	-	16	16	-	-	-	16
Normalised profit/(loss) from operations	1 188	1 768	326	33	142	258	(303)	3 412	(65)	-	(414)	2 933
Investment income earned on shareholder investments and cash	24	7	11	7	1	4	8	62	-	-	330	392
Net realised gains on available-for-sale financial assets	-	-	5	-	-	-	-	5	-	-	-	5
Rebranding and business acquisitions expenses	-	-	-	-	(76)	-	(8)	(84)	-	-	84	-
Amortisation of intangibles from business combinations	-	-	-	-	-	-	(87)	(87)	-	-	-	(87)
Finance costs	(17)	(4)	-	-	-	(7)	(182)	(210)	-	-	-	(210)
Foreign exchange losses	-	-	(10)	-	-	-	(7)	(17)	-	-	-	(17)
Profit before tax	1 195	1 771	332	40	67	255	(579)	3 081	(65)	-	-	3 016
Income tax expense	(327)	(502)	(92)	(11)	(6)	(126)	52	(1 012)	65	-	-	(947)
Profit for the period	868	1 269	240	29	61	129	(527)	2 069	-	-	-	2 069

¹ The inter-segment funding of R269 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 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 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.

Segmental information - Discovery Insure

for the six months ended 31 December 2016

R million	December 2016	December 2015
Income statement		
Insurance premium revenue	972	724
Reinsurance premiums	(97)	(91)
Net insurance premium revenue	875	633
Fee income from administration business	8	10
Vitality income	-	
Investment income on assets backing policyholder liabilities	51	29
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	934	672
Claims and policyholders' benefits	(683)	(470)
Insurance claims recovered from reinsurers	133	62
Net claims and policyholders' benefits	(550)	(408)
Acquisition costs	(112)	(75)
Marketing and administration expenses	-	-
- depreciation and amortisation	(25)	(19)
- other expenses	(267)	(226)
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	-	-
- change in liabilities arising from insurance contracts	(15)	(13)
- change in liabilities arising from reinsurance contracts	-	-
Fair value adjustment to liabilities under investment contracts	-	-
Share of net (losses)/ profits from equity accounted investments	4	-
Normalised profit/(loss) from operations	(30)	(69)
Investment income earned on shareholder investments and cash	-	2
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	(0)	(1)
Foreign exchange gains/(losses)	-	-
Profit before tax	(30)	(67)
Income tax expense	-	-
Profit for the year	(30)	(67)

Additional information as at 31 December 2016

VIF, APE and VNB split between Life and Invest

	Dec16	Jun16*	Dec15*
VIF			
Life	17,313	16,096	17,067
Invest	5,794	5,592	5,468
APE			
Life	462	862	446
Invest	974	1935	920
VNB			
Life	434	756	406
Invest	218	439	215

**Discovery Retirement Optimiser (DRO) product moved from Life to Invest in line with December 2016 disclosure.*

Additional information as at 31 December 2016

Discovery Health for the six months ended 31 December 2016

	31-Dec-16	31-Dec-15	% change
Admin & Managed Care Fees	2,803	2,491	13%
Healthcare services income	211	131	61%
Fee income from administration business	3,014	2,622	15%

A similar amount is included in other expenses in Discovery Health

Additional information as at 31 December 2016

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	-	-	659	-	659
- Expected release on in-force at start of period	68	-14	-46	-154	(146)
- Impact of new business written	71	37	750	120	978
- Other changes	-25	3	-5	75	48
- Exchange rate movements	-	-	-324	-322	(646)
Change in Required Capital	114	26	1,034	(281)	893
Closing - 31 December 2016	1 369	751	2 387	1 931	6 438