Notice and proxy

OF ANNUAL GENERAL MEETING AND SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Contents

Dear shareholder

The detailed Notice of the Annual General Meeting and supporting documentation are included in this document. The Notice is accompanied by explanatory notes setting out the reasons and the effects of all the proposed ordinary and special resolutions in the Notice.

The Integrated Annual Report will be available on the Company's website at www.discovery.co.za from 27 October 2017. Should you require a full printed version of the Integrated Report and Annual Financial Statements, you are welcome to contact Discovery for a printed version to be sent to you.

If you are unable to attend the Annual General Meeting, you are able to vote by proxy in accordance with the instructions in the Notice of Annual General Meeting and the form of proxy.

Yours sincerely

MJ Botha
Company Secretary

Notice of the annual general meeting

for the year ended 30 June 2017

Discovery Limited

(Registration number: 1999/007789/06)
Ordinary share code: DSY
ISIN: ZAE000022331
Preference share code: DSBP
ISIN: ZAE000158564
("the Company")

Notice is hereby given in terms of section 62(1) of the Companies Act No. 71 of 2008 as amended (Companies Act) that the 18th Annual General Meeting (AGM) of the Company will be held in the Auditorium, Ground Floor, 155 West Street, on Wednesday, 29 November 2017 at 14h00 to – (i) consider and, if deemed fit to pass, with or without modification, the resolutions set out below; and (ii) deal with such other business as may be dealt with at the AGM.

The Board of Directors of the Company (Board) has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the AGM is Friday, 22 September 2017 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 17 November 2017 will be entitled to participate in and vote at the AGM. Therefore, the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to attend, participate in, and vote at the AGM, is Tuesday, 14 November 2017.

In terms of clause 13.13 of the Company's Memorandum of Incorporation (MOI), holders of B Preference Shares (as that term is defined in the MOI) shall be entitled to receive notice of, and to be present either in person or by proxy, at the AGM, but they shall not be entitled to vote thereat. In terms of clause 12.7 and clause 14.5 of the MOI, the holders of the A Preference Shares and the C Preference Shares (as those terms are defined in the MOI) respectively shall neither be entitled to attend the AGM nor be entitled to vote, in person or by proxy, at any such meeting.

The Integrated Annual Report and the audited Annual Financial Statements for the year ended 30 June 2017, can be accessed on the Company website: www.discovery.co.za from 27 October 2017.

Electronic participation in the AGM

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication as provided for in terms of the MOI and section 63(2) of the Companies Act. In this regard, shareholders or their proxies may participate in the AGM by way of a teleconference call and, if they wish to do so:

- Must contact the Company Secretary (by email at the address thysb@discovery.co.za) no later than 12h00 on Monday, 27 November 2017 in order to obtain dial-in details for that conference call
- Will be required to provide reasonably satisfactory identification. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

Please note that the costs of the electronic communication described above will be for the account of the Company.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. A proxy does not have to be a shareholder of the Company.

Meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

This notice of the AGM includes the attached proxy form and the shareholder's attention is directed to the additional notes and instructions on the back of the form of proxy.

ORDINARY RESOLUTIONS

1. Ordinary Resolution Number 1

CONSIDERATION OF ANNUAL FINANCIAL STATEMENTS

Resolved that the audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee of the Company and all of its subsidiaries (Group) for the year ended 30 June 2017 are accepted.

Additional information in respect of Ordinary Resolution Number 1

The complete audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee, of the Company and the Group for the year ended 30 June 2017, are available on the Company website, www.discovery.co.za and are included in the Integrated Annual Report. Summarised financial statements have been published on SENS on 18 September 2017 and a copy of the summarised financial statements are included with this notice.

2. Ordinary Resolution Number 2

RE-APPOINTMENT OF EXTERNAL AUDITOR

Resolved that PricewaterhouseCoopers Inc. is re-appointed, as the independent external auditor of the Company, as nominated by the Company's Audit Committee, until the conclusion of the next AGM. It is noted that Mr Jorge Goncalves is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2018.

Additional information in respect of Ordinary Resolution Number 2

In accordance with section 90 of the Companies Act, PricewaterhouseCoopers Inc. is proposed to be re-appointed as the external auditors of the Company, as nominated by the Company's Audit Committee, until the conclusion of the Company's next AGM.

3. Ordinary Resolution Number 3 (comprising Ordinary Resolutions Number 3.1. to 3.3 (inclusive))

ELECTION OF INDEPENDENT AUDIT COMMITTEE

Resolved that by way of separate ordinary resolutions each of:

3.1 Mr Les Owen, who is an independent non-executive director of the Company, be, and is hereby elected as a member and the chairperson of the Company's Audit Committee for the financial year ending 30 June 2018.

3.2 Ms Sindi Zilwa, who is an independent non-executive director of the Company, be, and is hereby elected as a member of the Company's Audit Committee for the financial year ending 30 June 2018.

3.3 Ms Sonja De Bruyn Sebotsa, who is an independent non-executive director of the Company, be, and is hereby elected as a member of the Company's Audit Committee for the financial year ending 30 June 2018.

Additional information in respect of Ordinary Resolution Number 3.1 to 3.3

In terms of section 94(2) of the Companies Act, the Audit Committee is a Committee elected by shareholders at each AGM. A brief CV of each of the independent non-executive directors mentioned above appear on pages 46 to 53. In terms of the Regulations promulgated under and in terms of the Companies Act ("Companies Act Regulations"), at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board is satisfied that the Company's Audit Committee members are suitably skilled, experienced as contemplated in Regulation 42 of the Companies Act Regulations, and collectively they have the sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act.

4. Ordinary Resolution Number 4

RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 4 (comprising Ordinary Resolutions Number 4.1. to 4.6 (inclusive))

Mr Monty Hilkowitz, Ms Sindi Ziwa, Ms Faith Khanyile and Mr Herman Bosman all retire in accordance with clause 41.3 of the MOI and, being eligible, offer themselves for re-election.

Mr Rob Enslin and Mr Deon Viljoen were appointed by the Board as directors of the Company on 4 May 2017 and 1 May 2017 respectively, in accordance with clause 41.10 of the MOI.

Shareholders are requested to consider and, if deemed fit, to re-elect Mr Monty Hilkowitz, Ms Sindi Zilwa, Ms Faith Khanyile and Mr Herman Bosman as directors appointed to the Board and, further to ratify the appointment of Mr Rob Enslin and Mr Deon Viljoen as directors of the company by way of passing separate resolutions.

By way of a separate ordinary resolution, it is:

4.1 Resolved that Mr Monty Hilkowitz who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the Company.

4.2 Resolved that Ms Sindi Zilwa who retires in terms of clause 41.3 of the MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the Company.

4.3 Resolved that Ms Faith Khanyile who retires in terms of clause 41.3 of the MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a non-executive director of the Company.

4.4 Resolved that Mr Herman Bosman who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the Company.

4.5 Resolved that the appointment of Mr Rob Enslin as an independent non-executive director of the Company with effect from 4 May 2017 be and is hereby ratified.

4.6 Resolved that the appointment of Mr Deon Viljoen as an executive director of the company with effect from 1 May 2017 be and is hereby ratified.

Additional information in respect of Ordinary Resolutions Number 4.1 to 4.6

Clause 41.3 provides that one third of the Company's directors shall retire at every AGM. Therefore, the reason for the proposed Ordinary Resolutions Number 4.1 to 4.6 (inclusive) is to elect, in accordance with the MOI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required by section 68(1) of the Companies Act, Mr Monty Hilkowitz, Ms Sindi Zilwa, Ms Faith Khanyile, and Mr Herman Bosman as directors of the Company. The effect of Ordinary Resolutions 4.1 to 4.4 (inclusive) is that Mr Monty Hilkowitz, Ms Sindi Zilwa, Ms Faith Khanyile, and Mr Herman Bosman will be elected as directors of the Company. A brief CV of each of the directors mentioned above appears on pages 46 to 53.

In terms of clause 41.10 of the MOI the appointment by the Board of any person as a director of the Company during the year following the Company's last AGM, requires ratification by the shareholders at the first AGM of the Company following the appointment of such persons. The Board identified that skills in the information technology field was required and to address this, Mr Rob Enslin was appointed as a non-executive director on 4 May 2017.

After the announcement that Mr Richard Farber will be standing down as the financial director of the Company, Mr Deon Viljoen was appointed on 1 May 2017 to take over this role. Therefore the reason for the proposed ordinary resolutions number 4.5 and 4.6 is to ratify the appointments of Mr Rob Enslin and Mr Deon Viljoen as directors of the company. The brief CVs of these two directors appear on page 53.

5. Ordinary Resolution Number 5

ADVISORY ENDORSEMENT OF THE REMUNERATION POLICY

5.1 "Resolved that to endorse, through a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members or statutory Committees), as set out in the Remuneration Report contained in the Integrated Annual Report"

5.2 "Resolved that to endorse, through a non-binding advisory vote, the Company's implementation report, as set out in the Integrated Annual Report."

Additional information in respect of Ordinary Resolution Number 5

In terms of King IV, shareholders of the Company are provided with an opportunity to pass non-binding advisory votes on the remuneration policy and the implementation report. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof, but will not be binding on the Company.

Furthermore, King IV recommends the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by the shareholders.

6. Ordinary Resolution Number 6

AUTHORITY TO IMPLEMENT SPECIAL AND ORDINARY RESOLUTIONS

Resolved that any director of the Company or the Company Secretary of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions to be proposed at the AGM.

ADDITIONAL INFORMATION IN RESPECT OF ORDINARY RESOLUTION NUMBER 6

The reason for Ordinary Resolution Number 6 is to authorise any director or the Company Secretary of the Company to attend to the necessary to implement the special and ordinary resolutions passed at the AGM and to sign all documentation required to record the special and ordinary resolutions. The effect of Ordinary Resolution Number 6 is that any director or the Company Secretary of the Company will be authorised to attend to the implementation of the special and ordinary resolutions on behalf of the Company.

7. Ordinary Resolution Number 7

GENERAL AUTHORITY TO ISSUE PREFERENCE SHARES

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the Board requires the approval of the ordinary shareholders of the Company to issue and allot and grant options over the unissued redeemable no par value preference shares (i.e. A Preference Shares (as defined in the MOI)); the non-cumulative, non-participating, non-convertible, voluntary redeemable no par value preference shares (i.e. B Preference Shares (as defined in the MOI)) and the perpetual no par value preference shares (i.e. C Preference shares (as defined in the MOI)) in the share capital of the Company. As such, it is proposed that shareholders provide the requisite general authority to the Board to issue up to 10 000 000 A Preference Shares and 12 000 000 B Preference Shares and 20 000 000 C Preference Shares by passing the following Ordinary Resolution numbers 7.1 to Ordinary Resolution number 7.3:

7.1 GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE A PREFERENCE SHARES

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 10 000 000 A Preference Shares from the authorised but unissued A Preference Shares in the share capital of the Company, such authority shall be valid until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.1, whichever period is shorter."

Additional information in respect of Ordinary Resolution Number 7.1

The reason for Ordinary Resolution number 7.1 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue the unissued A Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.1 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 10 000 000 A Preference Shares as they deem fit.

7.2 GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE B PREFERENCE SHARES

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 12 000 000 B Preference Shares from the authorised but unissued B Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.2, whichever period is shorter."

Additional information in respect of Ordinary Resolution Number 7.2

The reason for Ordinary Resolutions number 7.2 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued B Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.2 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 12 000 000 B Preference Shares as they deem fit.

7.3 GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE C PREFERENCE SHARES

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 20 000 000 C Preference Shares from the authorised but unissued C Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.3, whichever period is shorter."

Additional information in respect of Ordinary Resolution Number 7.3

The reason for Ordinary Resolutions number 7.3 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, *inter alia*, issue any unissued C Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.3 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 20 000 000 C Preference Shares as they deem fit.

SPECIAL RESOLUTIONS

1. Special Resolution Number 1

APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION – 2017/2018

Resolved that payment of the following fees be approved as the basis for calculating the remuneration of the Non-executive Directors for their services as Directors of the Company for the financial year ending 30 June 2018:

	2016/2017	Proposed 2017/2018
Retainer for the chairperson	R3 834 000	**R4 200 000**
SA-based Board retainer	R172 210	**R200 000**
SA-based Board attendance fee	R28 755 per meeting	**R33 500 per meeting**
SA-based Committee chairperson retainer	R212 470	**R225 200**
SA-based Committee members retainer	R123 000	**R130 375**
SA-based Committee chairperson attendance fees	R24 600 per meeting	**R26 075 per meeting**
SA-based Committee member attendance fee	R15 655 per meeting	**R16 600 per meeting**
USA-based Board retainer	US$38 660	**US$39 620**
USA-based Board attendance fee	US$6 405 per meeting	**US$6 565 per meeting**
UK-based Board retainer	GBP29 420	**GBP30 155**
UK-based Board attendance fee	GBP4 940 per meeting	**GBP5 065 per meeting**
UK-based Committee chairperson retainer	GBP27 840	**GBP28 535**
UK-based Committee chairperson attendance fee	GBP2 730 per meeting	**GBP2 800 per meeting**
UK-based Committee member retainer	GBP8 405	**GBP8 615**
UK-based Committee member attendance fee	GBP1 160 per meeting	**GBP1 190 per meeting**
Non-resident director travel allowance	USD2 640 per return leg	**USD2 700 per return leg**

Additional information in respect of Special Resolution Number 1

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore, the reason for, and the effect of Special Resolution Number 1 is to approve the payment of and the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period ending 30 June 2018 in terms of section 66(8) and (9) of the Companies Act. The fees payable to the non-executive directors are detailed above. Further details on the basis of calculation of the remuneration are included in the Remuneration Report on pages 54 to 68.

The non-executive director fees were reviewed by an independent external expert and benchmarked against comparable financial services companies operating in South Africa. As a result of this benchmarking exercise, it is proposed that adjustments higher than inflation be made to certain non-executive fees.

2. Special Resolution Number 2

GENERAL AUTHORITY TO REPURCHASE SHARES

Resolved that the Board is hereby authorised by a way of a renewable general authority, in terms of the provisions of the JSE Listings Requirements, section 48 of the Companies Act and as permitted in the MOI, to approve the repurchase of its own ordinary shares by the Company, and the repurchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements, when applicable, and provided that:

2.1 The general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year do not exceed 15% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together

2.2 Any such general repurchase will be subject to the applicable provisions of the Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase)

2.3 Any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited)

2.4 This authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date this resolution is passed

2.5 The Company will only appoint one agent to effect any repurchase(s) on its behalf

2.6 General repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company

2.7 Any such general repurchases are subject to exchange control regulations and approvals at that point in time, where relevant

2.8 A resolution has been passed by the Board and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group

2.9 The Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and not subject to any variation and has been submitted to the JSE in writing prior to the commencement of the prohibited period

2.10 An announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date of the passing of this resolution, and for each 3% in aggregate of the initial number of shares acquired thereafter.

The Board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, in particular the repurchase of shares by a subsidiary of the Company for purposes of employee share schemes. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:

2.11 The Company and the Group will be able in the ordinary course of business to pay its debts

2.12 The assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group

2.13 The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes

2.14 The working capital of the Company and the Group will be adequate for ordinary business purposes.

Additional information in respect of Special Resolution Number 2

The reason for and the effect of Special Resolution Number 2 is to grant the Board a general authority in terms of the JSE Listing Requirements, up to and including the date of the following AGM of the Company (provided that it shall not extend beyond 15 months from the date the resolution is passed), to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company and to authorise the Company or any of its subsidiaries to acquire shares issued by the Company in terms of the aforesaid approval. Please refer to the additional disclosure of information contained in this notice of AGM, which disclosure is required in terms of the JSE Listings Requirements.

Other than the facts and developments reported on in the Annual Financial Statements and the Integrated Annual Report, there have been no material changes in the financial position of the Company since the date of the audit report and the date of this notice.

3. Special Resolution Number 3

FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 AND 45 OF THE COMPANIES ACT

Resolved that, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to:

3.1 Any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company and/or any other person for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act;

3.2 Any of its present or future directors or Prescribed Officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Group's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act,

Such authority to endure until the forthcoming AGM of the Company.

Additional information in respect of Special Resolution Number 3

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or inter-related companies or any other person, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or related or inter-related company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board must be satisfied that – (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Therefore, the reason for Special Resolution Number 3 is to obtain approval from the shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. The effect of Special Resolution Number 3 is that the Company will have the necessary authority to authorise and provide the financial assistance as and when required.

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that

(i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act

(ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

ADDITIONAL DISCLOSURE OF INFORMATION

For the purposes of considering Special Resolution Number 2 and in compliance with the JSE Listings Requirements, the information listed below has been included as follows:

- ### Major shareholders of the Company
  Refer Annexure 5 on pages 70.

- ### Share capital of the Company
  Refer to Annexure 6 page 71.

- ### Directors' responsibility statement
  The directors of the Company, have no specific intention to effect the provisions of Special Resolution number 2 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 2.

  The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 2 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to establish such facts have been made and that Special Resolution Number 2 contains all information required by law and the JSE Listings Requirements.

  - No material changes

  Other than the facts and developments reported on in the Integrated Annual Report, there have been no material changes in the financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Number 1 to 7 (excluding Ordinary Resolution Number 5) contained in this notice require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Special Resolutions Number 1 to 3 and Ordinary Resolution Number 5 contained in this notice of AGM require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the Company's MOI and the JSE Listings Requirements.

THE CHAIRPERSON OF THE SOCIAL AND ETHICS COMMITTEE WILL GIVE VERBAL FEEDBACK ON THE ACTIVITIES OF THIS COMMITTEE FOR THE PAST PERIOD AS REQUIRED IN TERMS OF REGULATION 43 OF THE COMPANIES ACT REGULATIONS.

TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

The record date on which shareholders of the Company must be registered as such in the Company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 17 November 2017.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. The person or persons so appointed as a proxy or proxies need not be a shareholder or shareholders of the Company.

Forms of proxy must be lodged with or posted to the Company at 155 West Street, Sandton or posted to the Company at PO Box 786722, Sandton 2146 or lodged with the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa or posted to the Company's transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa. so as to be received by them by not later than Monday, 27 November 2017 at 12h00 (South African time), being not less than 48 hours before the AGM to be held at 14h00 on Wednesday, 29 November 2017 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM before your proxy may exercise any of your rights as a shareholder at the AGM.

Forms of Proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary authority to attend the AGM, in the event that they wish to attend the AGM.

On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder. Voting on the resolution to be proposed at the AGM will be on a poll.

Shares held by a group-controlled share trust or scheme will not have their votes at the AGM taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares may also not vote.

PROOF OF IDENTIFICATION REQUIRED

Section 63(1) of the Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the AGM. Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

VENUE

Please take note that the AGM will be held in the Auditorium, Ground Floor, 155 West Street, on Wednesday, 29 November 2017 at 14h00.

By order of the Board

MJ Botha
Company Secretary
24 August 2017

Audited and summarised consolidated annual financial statements

for the year ended 30 June 2017

Robust group performance and progression towards ambition 2018

Discovery produced a robust result for the financial year ended 30 June 2017. The core new business annualised premium income (API) of the Group increased by 16% to R16 993 million[1], and normalised profit from operations increased by 10% to R7 048 million. In constant currency terms, core new business annualised premium income grew by 22% to R17 871 million and normalised profit from operations grew 12% to R7 190 million. This demonstrates an acceleration in new business growth with strong operating profit gains, notwithstanding undertaking significant new initiatives.

The combination of Discovery's unique 'why' and pioneering 'how' – its core purpose of making people healthier, and its Vitality Shared-Value Insurance model – justified investment over the period in Discovery's stated 2018 Ambition, articulated in three overarching criteria:

1. Financial and social impact, measured against R10 billion in normalised profit from operations, with growth of CPI +10%; return on capital of risk-free +10%; and making 10 million people around the world healthier.
2. A unique foundation, comprising a sophisticated data and science capability; an aspirational global Vitality brand; exceptional talent, particularly in terms of critical skills; and an entrenched values-based culture.
3. A portfolio of businesses that are
    1) insurgent in their markets
    2) offer sustainable products that meet complex consumer needs
    3) generate excellent member engagement
    4) deliver superior actuarial dynamics
    5) offer an exceptional service ecosystem.

The Group saw substantive progress against all three criteria over the period.

In terms of financial impact, the nature of the Vitality Shared-Value Insurance model means that businesses are grown organically, guided by an earnings growth methodology that targets growth in normalised profit from operations of CPI +10% with a substantive investment in new initiatives (set at 10% of earnings). The emerging businesses that evolve from these new initiatives have a targeted profit growth of CPI +30%; and ultimately develop into established businesses, which are set a targeted profit growth of CPI +5%.

In terms of our earnings growth target of CPI +10%, earnings grew by 12% in constant currency terms during the period. The established businesses achieved the target of CPI +5% in constant currency terms, while the emerging businesses tracked above target showing a decrease in operating losses of 61%, although not yet significantly contributing to earnings. Further, 8% of earnings was invested in new initiatives, which include Discovery's intent to enter banking, the planned UK investment business, a commercial offering in Discovery Insure, and Discovery Invest's Umbrella Fund offering.

This organic growth engine is supported by a three-tiered capital structure, which allows for regulated entities to be well capitalised, funding of all planned initiatives, while maintaining an additional liquidity buffer of between R1 billion and R2 billion. This was both true at the end of the financial year and throughout the five-year planning period. The required return of risk free +10% continues to serve as a guide for the organisation's strategic decision-making and capital allocation. On an aggregate basis, the Group exceeded this target, both cumulatively to date, and for the expected return on current new business and approved initiatives.

In terms of social impact, the Group is now operating in 16 countries through seven insurers, serving close to 10 million clients, with over 150 000 new members added each month. Engagement levels over the period were excellent, with most markets experiencing Vitality take-up in excess of 40%. Engaged Vitality members continue to exhibit better health outcomes, driving and savings behaviour, while the launch of Vitality Active Rewards has seen a dramatic increase in physical activity levels globally.

The period witnessed several important investments in developing **Discovery's unique foundation**.

In terms of science and data, the Global Vitality Network – Discovery's central insurance platform to advance the Vitality Shared-Value Insurance model – developed new IP in product, programme, and partnership constructs that can be deployed across Discovery's markets. For example, work is underway with Columbia University to promote healthy longevity at older ages by developing age-specific preventive recommendations. Further, the Global Vitality Network has invested in a centralised data capability that houses the richest set of mortality, morbidity, and

1 Core new business API excludes Discovery Health's take-on of new closed schemes and gross revenue in respect of Vitality Group engagement data globally (40 million life years of behaviour-linked data), which is used to optimise value-creation in pricing and product design.

With reference to brand consolidation, work was done to advance Discovery's leadership to own the category of Shared-Value Insurance, with the Shared Value Initiative and FSG (a leading social change consulting firm) releasing a white paper in the period that highlighted Discovery and its insurance partners as global pioneers of Shared-Value Insurance.

Discovery also invested significantly in strengthening recruitment processes and leadership development to meet its criteria of attracting and retaining the best people within a values-based culture. Over the period, an average of 1 500 candidates were screened per open position. Work also continued to achieve an inclusive and transformed workforce, prioritising the recruitment, development and retention of black South Africans in senior positions.

Discovery's portfolio of businesses all achieved at least four out of the five criteria. Over the period, dedicated work was done to address the gaps in requirements, including:

1. in the SA primary market – further integration and expansion of the model to cater for different client segments across the income spectrum
2. in the UK primary market – focus on business quality with targeted growth
3. in Vitality Group – expansion of the Vitality Shared-Value Insurance model
4. in Ping An Health – building the leading specialist health insurance company in China.

BUSINESS-SPECIFIC PERFORMANCE: SOUTH AFRICA

Discovery Health

Both Discovery Health and Discovery Health Medical Scheme (DHMS) delivered excellent results. During the financial year, Discovery Health's normalised operating profit increased by 11% to R2 505 million; new business annualised premium income increased by 18% to R6 109 million (excluding take-on of new closed schemes); and lives under management reached 3.39 million. In addition, DHMS announced a highly competitive contribution increase of 7.9%, and ended the 2016 calendar year with a total surplus in excess of R1.3 billion.

The period witnessed continued success in growing the closed scheme client base. Discovery Health was awarded contracts to administer the SAB, Glencore and Netcare Medical Aid Schemes, bringing its restricted scheme client base to 18 with over 635 000 lives under management.

Furthermore, notwithstanding significant claims-cost pressures, Discovery Health's substantial investment in risk management systems ensured that DHMS ended the calendar year with a substantial total surplus, taking capital reserves to 26.3% of gross contributions, well above the statutory level of 25%. This excellent performance has continued into 2017, and DHMS is now in the strongest financial position in its history, with membership of 2.76 million lives at year-end.

Discovery Health increased its investment in the healthcare system and digital assets over the period. This included further expansion in the HomeCare, pharmacy distribution and wellness operations; and enhanced value-based contracting with health professionals, and with hospital centres of excellence. Discovery Health's investment in technology and expertise to address medical scheme fraud led to recoveries of over R405 million for its client medical schemes during the 2016 calendar year.

The business also made significant new investments in big data analytics and artificial intelligence capabilities. This included the launch of DrConnect, a health information and virtual consultation app, as well as enhancements to the functionality and coverage of Discovery HealthID – the country's leading electronic health record system, in regular use by over 1.37 million members.

Several innovative changes were developed over the year for the 2018 DHMS and Discovery Health launch. This included DHMS's benefit changes to enhance cover for young families; and Discovery Health's significant enhancements to its Gap Cover and Primary Care products, as well as Discovery for Corporates – a fully integrated employee assistance offering for corporate clients.

Discovery Health maintains its strong support for the objectives of the proposed National Health Insurance (NHI), and continues to work closely with the National Department of Health and other stakeholders to ensure optimal outcomes of the NHI policy process. Discovery Health also continues to participate actively in the processes of the Health Market Inquiry of the Competition Commission, which is expected to report its findings by the end of 2017.

Discovery Life

Discovery Life performed strongly over the period. New business annualised premium income increased by 17% to R2 175 million, and earnings increased by 10% to R3 588 million, despite the impact of higher-than-expected claims. Market share increased to 29.7%[2] in the retail affluent protection segment, while the value of new business grew by 17%.

2 *NMG Life Insurance New Sales Report Q2 2017*

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for the year ended 30 June 2017 (continued)

From a new business annualised premium income perspective, Group Risk increased by 96%, facilitated by the provision of risk cover to a large employer group; and Individual Life new business increased by 12% to R1 970 million. While claims were above expectation over the period, the long-term historic claims experience remained below embedded value expectation. Lapses were at 83% of expectation on a policy count basis, emphasising the value of integration; and PayBack of R986 million was paid to policyholders – demonstrating the impact of the Vitality Shared-Value Insurance model.

Work done over the period for Discovery Life's 2018 launch saw the introduction of a suite of products that address needs at each stage of clients' lives, aimed at driving further market share and new business. This included the Smart Life Plan, tailored for young professionals; the Global Education Protector, for young families; and the Purple Life Plan, aimed at meeting the protection needs of high net-worth clients.

Discovery Invest

Discovery Invest saw a solid performance during the period. Operating profit grew 12% to R744 million and assets under administration grew by 14% to R69.5 billion, with 76% of linked funds in Discovery Funds. New business growth was 3%, in a challenging market. Discovery Balanced Fund was in the top six retail net flow takers in each quarter over the past two years and significant inroads were made in the retirement annuity, preservation, and income space.

Discovery Invest's application of the Shared-Value Insurance model has resulted in clients starting to save on average two years earlier for retirement, and withdrawing 2% less from their living annuity in retirement. This is projected to result in them having, on average, a 50% greater fund value 10 years into retirement[3]. Since inception, the business has given clients in excess of R5.7 billion in Shared-Value benefits. It also reduced lapse rates to below expectation through a combination of the model and a dedicated conservation strategy.

Since the launch of Shared-Value retirement savings and linked annuities products in September 2015, Discovery Invest's share of flows in the Linked Investment Service Provider industry has increased from 4.4% (in Q3 2015) to 20.7% (in Q2 2017) for retirement savings, and from 2.3% (in Q3 2015) to 6.8% (in Q2 2017) for linked annuities. Following the success of this focused retirement strategy, the business has extended the Vitality Shared-Value Insurance model to discretionary investment vehicles. Discovery Invest also launched a hedge fund, share portfolio porting capabilities, as well as a more accessible offering for young professionals.

Discovery Insure

Discovery Insure's performance exceeded expectation. The business achieved a cumulative profit in the second half of the financial year and reduced its combined ratio by 8.4%. Gross written premium increased by 32% to R2.1 billion, driven by new business annualised premium income growth of 19%, to R895 million. This has brought the inforce annualised premium to just under R3 billion, reflecting the rapid scaling of the business, and support for mainstream adoption of telematics insurance.

The Vitality Shared-Value Insurance model has continued to prove itself through better upfront selection, ongoing risk improvement through incentives, and the retention of good risk, which has improved the quality of the book over time.

During the period, the Vitality Shared-Value Insurance model was extended to the car rental industry through a partnership with Avis (Avis SafeDrive), giving its clients access to Discovery Insure's sensor and app technology, and rewards for good driving. This solution aims to curb the high accident rate in the car rental industry, which is twice as high as private vehicles[4].

In addition, Discovery Insure's 2018 launch focused on enhancing rewards for all drivers, and particularly the safest drivers. This included an enhanced rewards and partner platform for Vitality Active Rewards and the launch of a new Diamond status. The launch also focused on particular market segments, introducing a Young Adult benefit to reduce risks for drivers under 30, and replacing the current Executive Plan with the Purple Plan for high net-worth clients.

Discovery Card

The Discovery Card business exceeded expectation over the period, with the FNB Card JV profits growing by 16% to R355 million.

Net interest income increased by 9.7%, and non-interest revenue grew by 10%. Discovery's credit card base is less sensitive to current negative market conditions due to a substantially better risk profile. The credit loss rate to advances was 1.7%, compared to the market average of 6% for tier 1 credit providers.

In the past year turnover spend on Discovery Card was up 6.2% versus that of the market, which was up 1.7%. Debt balances (advances) were up 5.4%, compared with 2.5% in the market.

3 Discovery Invest experience Sept 2015 – Dec 2016
4 Avis claims data July 2014 – June 2015

Intent to enter banking

On 25 October 2016, Discovery received authorisation from the Registrar of Banks to establish a banking presence in South Africa, granted in terms of Section 13(1) of the Banks Act, Act No. 94 of 1990 ("the Banks Act"), subject to certain conditions.

Pursuant to this authorisation, Discovery has 12 months to fulfil the conditions set by the Registrar and to make application for final approval in terms of Section 16 of the Banks Act. The granting of a banking licence pursuant to Section 17 of the Banks Act, and the timing of such grant is subject to the approval and discretion of the Registrar of Banks.

Significant progress has been made in developing the system infrastructure, operating processes, regulatory engagement and the customer value proposition, with a number of key milestones having already been reached.

Subject to the above, Discovery anticipates launching its proposed banking offering during 2018.

BUSINESS-SPECIFIC PERFORMANCE: UNITED KINGDOM

Discovery's UK business delivered a robust performance despite the challenging economic landscape. For the combined business, new business increased by 1% to £118 million[5], insured lives approached one million, and operating profit grew by 10% to £44.4 million[6].

The Vitality product enhancements launched at the end of the 2016 calendar year resonated strongly with the market, and precipitated significant behaviour change in the areas of physical activity and nutrition. The HealthyFood benefit with Ocado, which provides a discount of up to 25% on healthy food items, resulted in a 19% increase of healthy food in members' baskets during the first six months of the benefit. Similarly, the inclusion of Apple Watch in the Vitality Active Rewards benefit has driven a 42% increase in the number of physical activity points earned by members taking up the Apple Watch benefit in the six months from December 2016 to June 2017. Vitality UK plans to launch a suite of investment products in 2018, subject to regulatory approval.

VitalityHealth

VitalityHealth's new business, loss ratio, Vitality engagement, and operating profit all recorded best-ever performance levels during the financial year. Operating profit grew by 89%, at £16.4 million[7]; and new business grew by 4% to £56.2 million[8], with continued strong growth in the more profitable individual market (+9%) and direct channels (+13%).

Individual new business comprised 50% of overall new business, demonstrating the powerful selection effect of the Vitality Shared-Value Insurance model in this market. From a claims perspective, the combined effect of Vitality on member selection, retention and risk; the purchasing power achieved through the Healthcare Purchasing Alliance; and a re-engineering of the claims management process, contributed to the excellent claims performance over the period.

The period was further characterised by the strong delivery of the Vitality Shared-Value Insurance model. From a member perspective, the value of Vitality rewards and healthy activity discounts increased to £62.7 million from £48.6 million, with 46% of engaged individual members saving more than half their premium.

VitalityLife

The UK's decision to leave the European Union created volatility at the beginning of the financial year, with this environment of uncertainty, and low long-term interest rates, leading to a decrease of 1% in new business to £61.8 million[9] and a decrease of 11% in normalised operating profit to £28.1 million[10]. The prior period margin releases, driven by the fall in interest rates, led to a reduction of c.25% in the current period earnings. Consequently, over the second half of the financial year, VitalityLife re-configured its products and strategy to right-size the business for this new operating environment. The new structure is robust in the current environment with upside should interest rates increase, which is the expectation considering the current negative yield environment.

The fundamentals of the VitalityLife business remained strong over the period, with claims ratios significantly below expectation. The steady and continued adoption of the Vitality Shared-Value Insurance model (Vitality-linked products comprise c.63% of new business), has been a key driver of the increasing value of new business margin, which improved to 36%.

5 -18% in Rand terms to R2 040 million
6 -11% in Rand terms to R768 million
7 52% in Rand terms to R283 million
8 -16% in Rand terms to R972 million
9 -20% in Rand terms to R1 068 million
10 -28% in Rand terms to R485 million

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for the year ended 30 June 2017 (continued)

VitalityLife's continued product innovation saw a drive towards more capital-efficient products with a focus on business mix. Over the period, VitalityLife further embedded wellness into its product range, with the most notable addition being the Wellness Optimiser that rewards clients for improving their health status.

VitalityLife also launched Vitality Nurse, a proprietary range of medical screening and nursing services aimed at significantly improving the underwriting process. Vitality Nurse offers screening by a clinically qualified nurse in clients' homes in as little as two hours from the time of submission of the application.

BUSINESS-SPECIFIC PERFORMANCE: VITALITY GROUP

Over the period, Vitality Group launched Vitality Shared-Value Insurance in six new markets worldwide, bringing the total number of countries with a Vitality Shared-Value Insurance offering to 16, including the primary markets in South Africa and the United Kingdom. Vitality membership grew 20% to 1.25 million with Vitality-integrated insurance in-force premiums increasing by 226% to R2.7 billion year-on-year. Vitality Group's operating result improved by 39% (excluding Ping An Health), with the expectation that the business will reach profitability within the next financial year.

Vitality Group's strategy remained focused on expanding the Vitality Shared-Value Insurance model to more insurers globally, integrating with more products from existing partners, and maximising penetration and engagement. To this end, Vitality Group partnered with Hannover Re to market Vitality Active, a mobile-only version of Vitality Shared-Value Insurance focused primarily on Vitality Active Rewards. Vitality Active is both faster and more economical to launch than traditional Vitality, making it attractive to smaller life and health insurance markets. So far, three insurers have signed Letters of Intent.

In addition, Vitality Shared-Value Insurance expanded to Canada, Germany, Austria and France, with standalone Vitality Active Rewards going live in Hong Kong, Malaysia, the Philippines, Singapore, Sri Lanka and Vietnam.

In terms of systems assets, Vitality Group has invested in the development of Vitality One – a cost-effective and configurable technology chassis for rolling out Vitality Shared-Value Insurance to new and existing health and life insurance markets, allowing for more rapid deployment of innovation globally.

The period also saw market recognition of partner insurers: AIA Australia won the Customer Innovation award for Vitality at the Financial Services Life Insurance Awards, and AIA Hong Kong received five gold awards at Marketing Magazine's Mob-Ex Awards 2017 for the Active Rewards campaign. The French insurance magazine *L'Argus de l'Assurance* presented Generali Vitality the Innovation of the Year Award for the Corporate Life Business segment.

John Hancock Vitality and Manulife Vitality

The John Hancock and Manulife partnerships continued to gain traction in North America. John Hancock Vitality-linked policies grew significantly on both a policy count and premium basis, due to more US States approving the Vitality-integrated insurance product, strengthening the term and unit-linked offerings, increased broker adoption resulting from immersive Vitality training programmes, and resonance of the Apple Watch benefit.

Manulife anticipates accelerated growth and penetration in Canada with a broader set of insurance products linked with Vitality, and the launch of Active Rewards with Apple Watch later this year.

AIA Vitality

During the period, AIA Vitality, the most mature Vitality Group partner market, launched stand-alone Active Rewards campaigns to market Vitality and create up-sell opportunities in Hong Kong, Malaysia, the Philippines, Singapore, Sri Lanka, and Vietnam.

myOwn, a new Australian health insurer and joint venture between Discovery, AIA Australia, and GMHBA Ltd, launched in July 2017. myOwn offers health insurance integrated with AIA Vitality through various channels, including direct and online aggregators; and will soon also integrate with AIA Life to create a compelling product offering combining both health and life insurance with Vitality.

Generali Vitality

Generali Vitality's launch in Germany received excellent media and market responses and has resulted in high sales volumes, large policy premium sizes and good client engagement. The product is distributed via numerous channels including the tied agency channel of Generali Lebensversicherung, independent brokers Dialog Lebensversicherung and CosmosDirekt online. Deutsche Vermögensberatung, Germany's largest independent financial advisor network, will launch Vitality in January 2018.

Generali France's corporate Vitality Shared-Value Insurance offering has seen a significant number of corporates activating Vitality; with exciting prospects for the Generali Austria Vitality offering, which commences sales from 1 October 2017.

BUSINESS-SPECIFIC PERFORMANCE: PING AN HEALTH

Ping An Health performed excellently over the period, with membership growing by 428% to 3.7 million. Its annualised new business net premium increased 103% to RMB 1.6 billion year-on-year, driven largely by the success of the Internet product, with operating profit in Rand terms increasing by 66%.

As part of Ping An Health's strategy to reach more cities in China, a new branch has opened in the Chengdu region which has a population of more than 14 million. Further provincial level branches and several smaller branches are planned to open in 2018.

Growth projections for Ping An Health's revenue remain high, largely as a result of Ping An Group's broad distribution footprint. After receiving an "A-" credit rating from AM Best Credit Rating Company, Ping An Health qualified for a reinsurance licence from the Chinese Insurance Regulatory Commission in August 2017. This is a significant step in Ping An Health's development plan and its continuing growth.

Vitality continues to gain traction throughout Ping An. Vitality Active Rewards with Ping An Life has reached 2.4 million members in only 12 months, with high member engagement levels. In addition, Ping An Health's Vitality programme has been upgraded and is live on three products.

PROSPECTS FOR GROWTH

A sophisticated capital management structure supports the organic growth methodology to ensure Discovery's financial strength, sufficient financial flexibility through cash generation, and production of above-target returns. Discovery foresees continued strong performance from existing businesses going forward; and spend on new initiatives to reduce over time, absent of the intent to enter banking. The combination of the above positions Discovery for continued growth in the future.

On behalf of the Board

MI HILKOWITZ	**A GORE**
Chairperson	Group Chief Executive

Sandton
15 September 2017

Statement of financial position

at 30 June 2017

R million	Group 2017 Audited	Group 2016 Audited
ASSETS		
Assets arising from insurance contracts	**37 691**	33 815
Property and equipment	**1 210**	1 052
Intangible assets including deferred acquisition costs	**5 096**	4 584
Goodwill	**2 107**	2 447
Investment in equity-accounted investees	**979**	491
Financial assets		
– Available-for-sale investments	**7 298**	9 794
– Investments at fair value through profit or loss	**58 948**	50 948
– Derivatives	**392**	590
– Loans and receivables including insurance receivables	**6 470**	4 891
Deferred income tax	**1 337**	824
Current income tax asset	**34**	97
Reinsurance contracts	**263**	410
Cash and cash equivalents	**9 098**	8 634
Total assets	**130 923**	118 577
EQUITY		
Capital and reserves		
Ordinary share capital and share premium	**8 306**	8 300
Perpetual preference share capital	**779**	779
Other reserves	**346**	1 934
Retained earnings	**22 859**	19 594
	32 290	30 607
Non-controlling interest	*****	*
Total equity	**32 290**	30 607
LIABILITIES		
Liabilities arising from insurance contracts	**52 477**	44 673
Liabilities arising from reinsurance contracts	**6 746**	4 894
Financial liabilities		
– Negative reserve funding	**847**	4 248
– Borrowings at amortised cost	**8 524**	5 400
– Investment contracts at fair value through profit or loss	**14 867**	13 514
– Derivatives	**135**	49
– Trade and other payables	**7 369**	8 563
Deferred income tax	**6 963**	6 035
Deferred revenue	**291**	291
Employee benefits	**191**	169
Current income tax liability	**223**	134
Total liabilities	**98 633**	87 970
Total equity and liabilities	**130 923**	118 577

* *Amount is less than R500 000.*

Discovery

Income statement

for the year ended 30 June 2017

R million	Group 2017 Audited	Group 2016 Audited	% change
Insurance premium revenue	**33 533**	33 074	
Reinsurance premiums	**(3 837)**	(4 316)	
Net insurance premium revenue	**29 696**	28 758	
Fee income from administration business	**8 372**	7 651	
Vitality income	**4 267**	3 844	
Investment income	**758**	745	
– investment income earned on shareholder investments and cash	**150**	265	
– investment income earned on assets backing policyholder liabilities	**608**	480	
Net realised gains on available-for-sale financial assets	**8**	5	
Net fair value gains on financial assets at fair value through profit or loss	**2 108**	2 720	
Net income	**45 209**	43 723	3%
Claims and policyholders' benefits	**(19 237)**	(19 163)	
Insurance claims recovered from reinsurers	**2 816**	3 586	
Recapture of reinsurance	**(858)**	–	
Net claims and policyholders' benefits	**(17 279)**	(15 577)	
Acquisition costs	**(5 237)**	(6 185)	
Marketing and administration expenses	**(15 652)**	(14 789)	
Amortisation of intangibles from business combinations	**(171)**	(275)	
Recovery of expenses from reinsurers	**2 985**	1 346	
Transfer from assets/liabilities under insurance contracts	**(3 362)**	(1 745)	
– change in assets arising from insurance contracts	**5 346**	5 591	
– change in assets arising from reinsurance contracts	**(109)**	41	
– change in liabilities arising from insurance contracts	**(6 625)**	(6 250)	
– change in liabilities arising from reinsurance contracts	**(1 974)**	(1 127)	
Fair value adjustment to liabilities under investment contracts	**(248)**	(695)	
Profit from operations	**6 245**	5 803	8%
Gain from business combination	**–**	8	
Finance costs	**(478)**	(293)	
Foreign exchange (losses)/gains	**(21)**	18	
Share of net profits/(losses) from equity-accounted investments	**26**	(66)	
Profit before tax	**5 772**	5 470	6%
Income tax expense	**(1 278)**	(1 740)	27%
Profit for the year	**4 494**	3 730	20%
Profit attributable to:			
– ordinary shareholders	**4 411**	3 655	21%
– preference shareholders	**83**	75	
– non-controlling interest	*****	*	
	4 494	3 730	20%
Earnings per share for profit attributable to ordinary shareholders of the company during the year (cents):			
– undiluted	**684.2**	573.1	19%
– diluted	**683.6**	568.8	20%

* *Amount is less than R500 000.*

Statement of other comprehensive income

for the year ended 30 June 2017

R million	Group 2017 Audited	Group 2016 Audited	% change
Profit for the year	**4 494**	3 730	
Items that are or may be reclassified subsequently to profit or loss:			
Change in available-for-sale financial assets	**17**	4	
– unrealised gains	**29**	24	
– capital gains tax on unrealised gains	**(6)**	(16)	
– realised gains transferred to profit or loss	**(8)**	(5)	
– capital gains tax on realised gains	**2**	1	
Currency translation differences	**(1 575)**	62	
– unrealised gains	**(1 581)**	86	
– tax on unrealised gains	**6**	(24)	
Cash flow hedges	**33**	(195)	
– unrealised (losses)/gains	**159**	(129)	
– tax on unrealised losses/gains	**(25)**	14	
– gains recycled to profit or loss	**(123)**	(95)	
– tax on recycled gains	**22**	15	
Share of other comprehensive (loss)/income from equity-accounted investments	**(58)**	39	
– change in available-for-sale financial assets	**(1)**	(11)	
– currency translation differences	**(57)**	50	
Other comprehensive loss for the year, net of tax	**(1 583)**	(90)	
Total comprehensive income for the year	**2 911**	3 640	(20%)
Attributable to:			
– ordinary shareholders	**2 828**	3 565	(21%)
– preference shareholders	**83**	75	
– non-controlling interest	*****	*	
Total comprehensive income for the year	**2 911**	3 640	(20%)

* *Amount is less than R500 000.*

Headline earnings

for the year ended 30 June 2017

R million	Group 2017 Audited	Group 2016 Audited	% change
Normalised headline earnings per share (cents):			
– undiluted	**722.2**	676.3	7%
– diluted	**721.5**	671.1	8%
Headline earnings per share (cents):			
– undiluted	**683.1**	571.1	20%
– diluted	**682.5**	566.7	20%
The reconciliation between earnings and headline earnings is shown below:			
Net profit attributable to ordinary shareholders	**4 411**	3 655	
Adjusted for:			
– gains from business combination	**–**	(8)	
– gain on disposal of property and equipment	**(1)**	(2)	
– realised gains on available-for-sale financial assets net of CGT	**(6)**	(4)	
Headline earnings	**4 404**	3 641	21%
– accrual of dividends payable to preference shareholders	**(1)**	(4)	
– additional 54.99% share of DiscoveryCard profits	**–**	86	
– amortisation of intangibles from business combinations net of deferred tax	**154**	224	
– rebranding and business acquisitions expenses	**99**	365	
Normalised headline earnings	**4 656**	4 312	8%
Weighted number of shares in issue (000's)	**644 651**	637 608	
Diluted weighted number of shares (000's)	**645 236**	642 534	

Statement of changes in equity

for the year ended 30 June 2017

R million	Share capital and share premium	Preference share capital	Share-based payment reserve
	Attributable to equity holders of the Company		
Year ended 30 June 2017			
At beginning of year	**8 300**	**779**	**319**
Total comprehensive income/(loss) for the year	**–**	**83**	**–**
Profit for the year	**–**	**83**	**–**
Other comprehensive income/(losses)	**–**	**–**	**–**
Transactions with owners	**6**	**(83)**	**(5)**
Increase in treasury shares	**(4)**	**–**	**–**
Delivery of treasury shares	**11**	**–**	**–**
Share buy-back	**(1)**	**–**	**–**
Employee share option schemes:			
– Share schemes cancelled	**–**	**–**	**(19)**
– Value of employee services	**–**	**–**	**14**
Dividends paid to preference shareholders	**–**	**(83)**	**–**
Dividends paid to ordinary shareholders	**–**	**–**	**–**
At end of year	**8 306**	**779**	**314**
Year ended 30 June 2016			
At beginning of year	7 488	779	319
Total comprehensive income/(loss) for the year	–	75	–
Profit for the year	–	75	–
Other comprehensive income/(losses)	–	–	–
Transactions with owners	812	(75)	–
Increase in treasury shares	(5)	–	–
Proceeds from treasury shares	*	–	–
Share issue	817	–	–
Share issue costs	*	–	–
Share buy-back	*	–	–
Dividends paid to preference shareholders	–	(75)	–
Dividends paid to ordinary shareholders	–	–	–
At end of year	8 300	779	319

1 This relates to the fair value adjustments of available-for-sale financial assets.
** Amount is less than R500 000.*

Available-for-sale investments[1]	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
	Attributable to equity holders of the Company					
164	**1 485**	**(34)**	**19 594**	**30 607**	*****	**30 607**
16	**(1 632)**	**33**	**4 411**	**2 911**	*****	**2 911**
–	**–**	**–**	**4 411**	**4 494**	*****	**4 494**
16	**(1 632)**	**33**	**–**	**(1 583)**	*****	**(1 583)**
–	**–**	**–**	**(1 146)**	**(1 228)**	**–**	**(1 228)**
–	**–**	**–**	**–**	**(4)**	**–**	**(4)**
–	**–**	**–**	**(11)**	**–**	**–**	**–**
–	**–**	**–**	**1**	**–**	**–**	**–**
–	**–**	**–**	**12**	**(7)**	**–**	**(7)**
–	**–**	**–**	**–**	**14**	**–**	**14**
–	**–**	**–**	**–**	**(83)**	**–**	**(83)**
–	**–**	**–**	**(1 148)**	**(1 148)**	**–**	**(1 148)**
180	**(147)**	**(1)**	**22 859**	**32 290**	*****	**32 290**
171	1 373	161	17 065	27 356	*	27 356
(7)	112	(195)	3 655	3 640	*	3 640
–	–	–	3 655	3 730	*	3 730
(7)	112	(195)	–	(90)	*	(90)
–	–	–	(1 126)	(389)	–	(389)
–	–	–	–	(5)	–	(5)
–	–	–	–	*	–	*
–	–	–	–	817	–	817
–	–	–	–	*	–	*
–	–	–	–	*	–	*
–	–	–	–	(75)	–	(75)
–	–	–	(1 126)	(1 126)	–	(1 126)
164	1 485	(34)	19 594	30 607	*	30 607

Statement of cash flows

for the year ended 30 June 2017

R million	Group 2017 Audited	Group 2016 Audited
Cash flow from operating activities	**(832)**	985
Cash generated by operations	**9 672**	8 481
Net purchase of investments held to back policyholder liabilities[1]	**(7 084)**	(9 597)
Working capital changes	**(4 146)**	1 699
	(1 558)	583
Dividends received	**197**	171
Interest received	**1 711**	1 478
Interest paid	**(437)**	(277)
Taxation paid	**(745)**	(970)
Cash flow from investing activities	**15**	(2 428)
Net disposal of financial assets[2]	**2 125**	286
Purchase of property and equipment	**(239)**	(465)
Proceeds from disposal of property and equipment	**5**	20
Purchase of software and other intangible assets	**(1 353)**	(2 253)
Proceeds from the disposal of intangible assets	**7**	4
Increase in investment in associate	**(530)**	–
Purchase of businesses	**–**	(20)
Cash flow from financing activities	**1 913**	4 009
Proceeds from issuance of ordinary shares	**–**	817
Share buy-back	*****	*
Share issue costs	**–**	*
Dividends paid to ordinary shareholders	**(1 152)**	(1 130)
Dividends paid to preference shareholders	**(83)**	(75)
Increase in borrowings	**3 514**	7 608
Repayment of borrowings	**(366)**	(3 211)
Net increase in cash and cash equivalents	**1 096**	2 566
Cash and cash equivalents at beginning of year	**8 614**	6 251
Exchange losses on cash and cash equivalents	**(613)**	(203)
Cash and cash equivalents at end of year	**9 097**	8 614
Reconciliation to statement of financial position		
Cash and cash equivalents	**9 098**	8 634
Bank overdraft included in borrowings at amortised cost	**(1)**	(20)
Cash and cash equivalents at end of year	**9 097**	8 614
[1] Net purchase of investments held to back policyholder liabilities	**(7 084)**	(9 597)
Purchase of investments held to back policyholder liabilities	**(32 104)**	(20 098)
Disposal of investments held to back policyholder liabilities	**25 020**	10 501
[2] Net disposal of financial assets	**2 125**	286
Purchase of financial assets	**(14 083)**	(14 409)
Disposal of financial assets	**16 208**	14 695

* *Amount is less than R500 000.*

Additional information

at 30 June 2017

Fair value hierarchy of financial instruments

The Group's financial instruments measured at fair value have been disclosed using a fair value hierarchy. The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1 includes financial instruments that are measured using unadjusted, quoted prices in an active market for identical financial instruments. Quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 includes financial instruments that are valued using techniques based significantly on observable market data. Instruments in this category are valued using:

(a) quoted prices for similar instruments or identical instruments in markets which are not considered to be active or

(b) valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 includes financial instruments that are valued using valuation techniques that incorporate information other than observable market data and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data.

	30 June 2017			
R million	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at fair value through profit or loss:				
– Equity securities	24 069	–	–	24 069
– Equity linked notes	–	2 557	–	2 557
– Debt securities	11 815	462	–	12 277
– Inflation linked securities	386	–	–	386
– Money market securities	590	5 628	–	6 218
– Mutual funds	13 441	–	–	13 441
Available-for-sale financial instruments:				
– Equity securities	145	–	–	145
– Equity linked notes	–	17	–	17
– Debt securities	94	147	–	241
– Inflation linked securities	5	–	–	5
– Money market securities	642	1 588	–	2 230
– Mutual funds	4 660	–	–	4 660
Derivative financial instruments at fair value:				
– Hedges	–	354	–	354
– Non-hedges	–	38	–	38
	55 847	10 791	–	66 638
Financial liabilities				
Derivative financial instruments at fair value:				
– Hedges	–	29	–	29
– Non-hedges	–	106	–	106
	–	135	–	135

There were no transfers between level 1 and 2 during the current financial year.

Additional information

at 30 June 2017 (continued)

Fair value hierarchy of financial instruments continued

SPECIFIC VALUATION TECHNIQUES USED TO VALUE FINANCIAL INSTRUMENTS IN LEVEL 2

- Discovery has invested in equity linked notes offered by international banks in order to back certain unit-linked contract liabilities. The calculation of the daily value of the equity linked investments is made by the provider of the note. Discovery has procedures in place to ensure that these prices are correct. Aside from the daily reasonableness checks versus similar funds and movement since the prior day's price, the fund values are calculated with reference to a specific formula or index, disclosed to the policyholders, which is recalculated by Discovery in order to check if the price provided by the provider is correct.
- If a quoted market price is not available on a recognised stock exchange or from a broker for non-exchange traded financial instruments, the fair value of the instrument is estimated by the asset managers, using valuation techniques including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.
- The fair value of the hedged derivatives is calculated by the issuers of those instruments, as follows:

  (a) The fair value of call options is calculated on a Black-Scholes model.

  (b) The fair value of the return swaps is calculated by discounting the future cash flows of the instruments.

  (c) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

	30 June 2016			
R million	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at fair value through profit or loss:				
– Equity securities	20 049	–	–	20 049
– Equity linked notes	–	2 462	–	2 462
– Debt securities	10 238	731	–	10 969
– Inflation linked securities	429	–	–	429
– Money market securities	601	4 157	–	4 758
– Mutual funds	12 281	–	–	12 281
Available-for-sale financial instruments:				
– Equity securities	151	–	–	151
– Equity linked notes	–	5	–	5
– Debt securities	91	189	–	280
– Inflation linked securities	5	–	–	5
– Money market securities	299	1 571	–	1 870
– Mutual funds	7 483	–	–	7 483
Derivative financial instruments at fair value:				
– Hedges	–	521	–	521
– Non-hedges	–	69	–	69
	51 627	9 705	–	61 332
Financial liabilities				
Derivative financial instruments at fair value:				
– Hedges	–	29	–	29
– Non-hedges	–	20	–	20
	–	49	–	49

Exchange rates used in the preparation of these results

	USD	GBP
30 June 2017		
– Average	**13.61**	**17.29**
– Closing	**13.12**	**17.03**
30 June 2016		
– Average	14.60	21.44
– Closing	14.73	19.78

Segmental information

for the year ended 30 June 2017

R million	SA Health	SA Life	SA Invest	SA Vitality
Income statement				
Insurance premium revenue	16	9 993	11 515	–
Reinsurance premiums	(2)	(1 838)	–	–
Net insurance premium revenue	14	8 155	11 515	–
Fee income from administration business	6 314	26	1 677	–
Vitality income	–	–	–	2 472
Investment income earned on assets backing policyholder liabilities	–	431	38	–
Finance charge on negative reserve funding	–	–	–	–
Inter-segment funding[1]	–	(573)	573	–
Net fair value gains on financial assets at fair value through profit or loss	–	476	1 317	–
Net income	6 328	8 515	15 120	2 472
Claims and policyholders' benefits	(1)	(6 241)	(6 800)	–
Insurance claims recovered from reinsurers	1	1 365	–	–
Recapture of reinsurance	–	–	–	–
Net claims and policyholders' benefits	–	(4 876)	(6 800)	–
Acquisition costs	–	(1 565)	(1 022)	(89)
Marketing and administration expenses				
– depreciation and amortisation	(303)	(15)	–	–
– other expenses	(3 520)	(1 521)	(663)	(2 333)
Recovery of expenses from reinsurers	–	–	–	–
Transfer from assets/liabilities under insurance contracts				
– change in assets arising from insurance contracts	–	3 577	–	–
– change in assets arising from reinsurance contracts	–	(4)	–	–
– change in liabilities arising from insurance contracts	–	(124)	(5 867)	–
– change in liabilities arising from reinsurance contracts	–	(397)	–	–
Fair value adjustment to liabilities under investment contracts	–	(2)	(24)	–
Share of net profits from equity-accounted investments	–	–	–	–
Normalised profit/(loss) from operations	2 505	3 588	744	50
Investment income earned on shareholder investments and cash	55	26	21	17
Net realised gains on available-for-sale financial assets	–	1	7	–
Rebranding and business acquisitions expenses	–	–	–	–
Amortisation of intangibles from business combinations	–	–	–	–
Finance costs	(49)	(8)	–	–
Foreign exchange losses	–	–	(8)	–
Profit before tax	2 511	3 607	764	67
Income tax expense	(685)	(1 008)	(214)	(20)
Profit for the year	1 826	2 599	550	47

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.*

				IFRS reporting adjustments			
UK Health	UK Life	All other segments	Segment total	UK Life[2]	DUT[3]	Normalised profit adjustments[4]	IFRS total
7 040	3 617	2 076	34 257	(724)	–	–	33 533
(1 335)	(1 183)	(203)	(4 561)	724	–	–	(3 837)
5 705	2 434	1 873	29 696	–	–	–	29 696
24	–	331	8 372	–	–	–	8 372
538	94	1 163	4 267	–	–	–	4 267
15	18	106	608	–	–	(608)	–
–	(43)	–	(43)	43	–	–	–
–	–	–	–	–	–	–	–
–	(109)	–	1 684	–	424	–	2 108
6 282	2 394	3 473	44 584	43	424	(608)	44 443
(4 376)	(740)	(1 426)	(19 584)	347	–	–	(19 237)
1 125	407	265	3 163	(347)	–	–	2 816
(858)	–	–	(858)	–	–	–	(858)
(4 109)	(333)	(1 161)	(17 279)	–	–	–	(17 279)
(574)	(1 744)	(200)	(5 194)	(43)	–	–	(5 237)
(214)	(6)	(161)	(699)	–	–	–	(699)
(2 533)	(1 431)	(2 548)	(14 549)	(103)	(202)	(99)	(14 549)
1 566	1 419	–	2 985	–	–	–	2 985
–	1 406	–	4 983	363	–	–	5 346
(111)	8	–	(107)	(2)	–	–	(109)
(25)	(14)	(35)	(6 065)	2	–	(562)	(6 625)
–	(1 214)	–	(1 611)	(363)	–	–	(1 974)
–	–	–	(26)	–	(222)	–	(248)
1	–	25	26	–	–	–	26
283	485	(607)	7 048	(103)	–	(1 269)	5 676
2	6	23	150	–	–	608	758
–	–	–	8	–	–	–	8
(91)	–	(8)	(99)	–	–	99	–
–	–	(171)	(171)	–	–	–	(171)
(2)	(1)	(418)	(478)	–	–	–	(478)
–	–	(13)	(21)	–	–	–	(21)
192	490	(1 194)	6 437	(103)	–	(562)	5 772
(21)	(119)	124	(1 943)	103	–	562	(1 278)
171	371	(1 070)	4 494	–	–	–	4 494

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

for the year ended 30 June 2016

Audited and restated

R million	SA Health	SA Life Restated[2]	SA Invest Restated[2]	SA Vitality
Income statement				
Insurance premium revenue	16	8 974	10 968	–
Reinsurance premiums	(1)	(2 014)	–	–
Net insurance premium revenue	15	6 960	10 968	–
Fee income from administration business	5 582	17	1 541	–
Vitality income	–	–	–	2 253
Investment income earned on assets backing policyholder liabilities	–	320	29	–
Finance charge on negative reserve funding	–	–	–	–
Inter-segment funding[1]	–	(452)	452	–
Net fair value gains on financial assets at fair value through profit or loss	–	285	1 638	–
Net income	5 597	7 130	14 628	2 253
Claims and policyholders' benefits	(1)	(5 670)	(5 741)	–
Insurance claims recovered from reinsurers	1	1 658	–	–
Net claims and policyholders' benefits	–	(4 012)	(5 741)	–
Acquisition costs	–	(1 489)	(981)	(82)
Marketing and administration expenses				
– depreciation and amortisation	(253)	(23)	–	–
– other expenses	(3 079)	(1 410)	(567)	(2 127)
Recovery of expenses from reinsurers	–	–	–	–
Transfer from assets/liabilities under insurance contracts				
– change in assets arising from insurance contracts	–	3 429	–	–
– change in assets arising from reinsurance contracts	–	17	–	–
– change in liabilities arising from insurance contracts	–	(15)	(6 556)	–
– change in liabilities arising from reinsurance contracts	–	(354)	–	–
Fair value adjustment to liabilities under investment contracts	–	(2)	(118)	–
Share of net profits/(losses) from equity-accounted investments	–	–	–	–
Normalised profit/(loss) from operations	2 265	3 271	665	44
Investment income earned on shareholder investments and cash	90	77	19	14
Net realised gains on available-for-sale financial assets	–	1	4	–
Rebranding and business acquisitions expenses	–	–	–	–
Gain from business combination	–	–	–	–
Amortisation of intangibles from business combinations	–	–	–	–
Finance costs	(37)	(15)	–	–
Foreign exchange gains/(losses)	–	–	(1)	–
Profit before tax	2 318	3 334	687	58
Income tax expense	(646)	(925)	(192)	(16)
Profit for the year	1 672	2 409	495	42

1 *The inter-segment funding of R452 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.*

UK Health	UK Life	All other segments	Segment total	IFRS reporting adjustments: UK Life[3]	IFRS reporting adjustments: DUT[4]	IFRS reporting adjustments: Normalised profit adjustments[5]	IFRS total
8 530	3 854	1 558	33 900	(826)	–	–	33 074
(2 030)	(884)	(213)	(5 142)	826	–	–	(4 316)
6 500	2 970	1 345	28 758	–	–	–	28 758
41	–	470	7 651	–	–	–	7 651
561	67	963	3 844	–	–	–	3 844
62	–	69	480	–	–	(480)	–
–	(632)	–	(632)	632	–	–	–
–	–	–	–	–	–	–	–
–	59	–	1 982	–	738	–	2 720
7 164	2 464	2 847	42 083	632	738	(480)	42 973
(6 357)	(781)	(1 043)	(19 593)	430	–	–	(19 163)
1 771	436	150	4 016	(430)	–	–	3 586
(4 586)	(345)	(893)	(15 577)	–	–	–	(15 577)
(617)	(2 218)	(166)	(5 553)	(632)	–	–	(6 185)
(197)	(1)	(117)	(591)	–	–	–	(591)
(2 637)	(1 264)	(2 372)	(13 456)	(214)	(163)	(365)	(14 198)
686	660	–	1 346	–	–	–	1 346
–	1 035	–	4 464	1 127	–	–	5 591
6	10	15	48	(7)	–	–	41
366	(17)	(35)	(6 257)	7	–	–	(6 250)
–	354	–	–	(1 127)	–	–	(1 127)
–	–	–	(120)	–	(575)	–	(695)
1	–	(67)	(66)	–	–	–	(66)
186	678	(788)	6 321	(214)	–	(845)	5 262
7	14	44	265	–	–	480	745
–	–	–	5	–	–	–	5
(365)	–	–	(365)	–	–	365	–
–	–	8	8	–	–	–	8
–	–	(275)	(275)	–	–	–	(275)
(7)	(18)	(216)	(293)	–	–	–	(293)
(30)	–	49	18	–	–	–	18
(209)	674	(1 178)	5 684	(214)	–	–	5 470
29	(237)	33	(1 954)	214	–	–	(1 740)
(180)	437	(1 145)	3 730	–	–	–	3 730

The segment information is presented on the same basis as reported to the Chief Executive Officers (CEO) of the reportable segments. At each reporting date, Discovery must review whether the segments being disclosed still comply with IFRS8 – Segment reporting. Based on this review, the following changes were required:

2 Since the beginning of the current financial year, the performance of the Discovery Retirement Optimiser (DRO) product is reported to the CEO of Discovery Invest. DRO was previously reported as part of the SA Life segment. The comparatives have been restated to include the DRO product in the SA Invest segment, in line with the current year disclosure.

The segment total, as reported to the CEO, is adjusted for accounting reclassifications and entries required to produce IFRS compliant results. These adjustments include the following:

3 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.

4 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.

5 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.

Review of Group results

for the year ended 30 June 2017

New business annualised premium income

R million	June 2017	June 2016	% change
Discovery Health – DHMS	**5 157**	4 558	13%
Discovery Health – Closed Schemes[1]	**952**	629	51%
Discovery Life[2]	**2 175**	1 866	17%
Discovery Invest[2]	**2 496**	2 413	3%
Discovery Insure[3]	**895**	749	19%
Discovery Vitality	**167**	162	3%
VitalityHealth	**972**	1 161	(16%)
VitalityLife	**1 068**	1 332	(20%)
Ping An Health	**3 111**	1 732	80%
Core new business API of Group	**16 993**	14 602	16%
New Closed Schemes[1]	**623**	1 392	(55%)
New business API of Group including new Closed Schemes	**17 616**	15 994	10%
Gross revenue Vitality Group[4]	**634**	512	24%
Total new business API and other new business	**18 250**	16 506	11%

1 *The new business API for Closed Schemes includes additional lives on existing closed schemes. The new business API for New Closed Schemes includes contracted new business API and business in the first twelve months of on-boarding. Closed Schemes are restricted to certain employers and industries.*

2 *The comparatives have been restated to include the Discovery Retirement Optimiser (DRO) in the Discovery Invest new business API which was previously included in the Discovery Life new business API.*

3 *The comparative for Discovery Insure has been restated to only include first year servicing, and is net of indirect taxes.*

4 *Vitality Group new business includes gross recurring and lump sum revenues earned by Vitality Group and specifically excludes fees collected for administrative and implementation services.*

In the past two years, Discovery Health has brought on a number of new Closed Schemes, of varying sizes, resulting in large fluctuations in the new business annualised premium income in the year of acquisition. By excluding the new business annualised premium income for these new schemes, hence reducing the volatility caused, the new business annualised premium income for Discovery increased 16% for the year ended 30 June 2017, when compared to the same period in the prior year.

CALCULATION OF NEW BUSINESS ANNUALISED PREMIUM INCOME (API)

New business API is calculated at 12 times the monthly premium for new recurring premium policies and 10% of the value of new single premium policies. It also includes both automatic premium increases and servicing increases on existing policies. The amounts exclude indirect taxes and the comparatives have been restated where necessary.

The new business API in the table above differs from the new business API disclosed in the embedded value largely as a result of:

- *The timing of inclusion of policyholders in the calculation of new business API* – In the embedded value, new business is included from the earlier of the date that the first premium has been received or when the policy is on risk, whereas in the table above, new business is included when the policy has been contractually committed.
- *Inclusion of automatic premium increases and servicing increases on existing life policies* – These are included in the table above but excluded in the embedded value API values disclosed.

For Ping An Health, the embedded value definition of new business is used in the table above.

Refer to the footnotes to Table 7: Embedded Value of New Business for a more detailed description of the differences in new business disclosures between the embedded value and the table above.

Discovery

Gross inflows under management

Gross inflows under management measures the total funds collected by Discovery. Gross inflows under management increased 10% for the year ended 30 June 2017 when compared to the same period in the prior year.

R million	June 2017	June 2016	% change
Discovery Health	**68 226**	59 303	15%
Discovery Life[1]	**10 019**	8 991	11%
Discovery Invest[1]	**19 461**	17 818	9%
Discovery Insure	**2 099**	1 583	33%
Discovery Vitality	**2 472**	2 253	10%
VitalityHealth	**7 602**	9 132	(17%)
VitalityLife	**3 711**	3 921	(5%)
All other businesses	**1 471**	1 408	4%
Gross inflows under management	**115 061**	104 409	10%
Less: collected on behalf of third parties	**(68 165)**	(59 014)	16%
Discovery Health	**(61 896)**	(53 705)	15%
Discovery Invest	**(6 269)**	(5 309)	18%
Gross income of Group per the segmental information	**46 896**	45 395	3%
Gross income is made up as follows:			
– Insurance premium revenue	**34 257**	33 900	1%
– Fee income from administration business	**8 372**	7 651	9%
– Vitality income	**4 267**	3 844	11%
Gross income of Group per the segmental information[2]	**46 896**	45 395	3%

1 The comparatives have been restated to include the Discovery Retirement Optimiser (DRO) inflows in Discovery Invest. This was previously reported under Discovery Life.
2 The appreciation of the rand over the period had a negative impact of 6% on Gross income of the Group.

Normalised profit from operations

The following table shows the main components of the normalised profit from operations for the year ended 30 June 2017:

R million	June 2017	June 2016	% change
Discovery Health	**2 505**	2 265	11%
Discovery Life[1]	**3 588**	3 271	10%
Discovery Invest[1]	**744**	665	12%
Discovery Vitality	**50**	44	14%
VitalityHealth	**283**	186	52%
VitalityLife	**485**	678	(28%)
Additional 54.99% share of DiscoveryCard after tax profit	**140**	121	16%
– Included in profit or loss in 'All other segments'	**140**	35	
– included in normalised headline earnings	**–**	86	
Normalised profit from established businesses	**7 795**	7 230	8%
All other segments (excluding additional 54.99% share of DiscoveryCard after tax profit)	**(747)**	(823)	9%
– Emerging businesses	**(170)**	(439)	61%
– Development and other segments	**(577)**	(384)	(50%)
Normalised profit from operations[2]	**7 048**	6 407	10%

1 The comparatives have been restated to include the Discovery Retirement Optimiser (DRO) profits in Discovery Invest. This was previously reported under Discovery Life.
2 The comparative figure does not agree to the normalised profit from operations per the segmental information due to the inclusion of the additional 54.99% share of DiscoveryCard after tax profit of R86 million, which is adjusted for in Normalised headline earnings and not included in earnings.

Emerging businesses are those businesses that have achieved sufficient scale to be profitable or profitable in the near future, although not yet significant in cash generation for the Group and likely to require funds to support new business growth. These businesses are approximately 5 years into their launch. Discovery Insure, excluding commercial insurance, and Vitality Group have been disclosed as Emerging businesses.

Development and other segments include costs of start-up businesses and expenses incurred to investigate new products and markets. Start-up costs include costs in relation to the bank, the planned UK investment business, a commercial offering in Discovery Insure, and an Umbrella Fund offering in Discovery Invest. Head office costs are also included in this segment.

Review of Group results

for the year ended 30 June 2017 (continued)

Significant transactions affecting the current results

INCREASE IN BORROWINGS

United Kingdom borrowings

During the past two financial years, Discovery entered into term facilities totalling GBP 150 million, of which GBP 120 million was utilised by the end of June 2016. In the current financial year, Discovery utilised the remaining GBP 30 million of its facilities. These borrowings have been used to fund the new business acquisition costs incurred by VitalityLife. These costs were previously funded by The Prudential Assurance Company Limited (Prudential) and disclosed as Negative Reserve Funding in the Statement of financial position.

Discovery repaid GBP 7.5 million of this facility on 30 November 2016 and 31 May 2017 respectively, as per the agreed terms (2016: GBP 7.5 million). The balance owing at 30 June 2017 amounts to GBP 127.5 million (R2 174 million) (2016: GBP 112.5 million (R2 226 million)).

Interest rates on these facilities are floating, linked to 3 month LIBOR, payable quarterly in arrears. Finance charges of R50 million (2016: R60 million) in respect of these borrowings have been recognised in profit or loss.

South African borrowings

During the current financial year, Discovery utilised an additional R2 billion of its bank syndicated loan programme entered into in June 2016. The amount outstanding under this programme totals R5 billion (2016: R3 billion).

The additional 5 year term facility of R2 billion, has the following profile:

Interest*	Maturity date	Amount (R million)
fixed at 10.39% per annum	30 September 2021	375
fixed at 10.31% per annum	15 December 2021	450
linked to 3 month JIBAR, (currently 9.77% per annum)	10 March 2022	175
fixed at 10.20% per annum	17 March 2022	800
fixed at 10.23% per annum	16 May 2022	200
		2 000

* *Interest is payable quarterly in arrears.*

- Furthermore, Discovery Central Services, a subsidiary of the Discovery Group, concluded a 10 year loan facility agreement of R650 million, of which R495 million was utilised in the current financial year. Interest rates on the utilised amount is fixed at a weighted average rate of 11.44% per annum, with capital and interest repayable in instalments over the duration of the loan facility.
- On 30 June 2017, R500 million was raised in the form of unsecured Investment Notes with a 5 year term, on which interest accrues at a floating margin linked to 3 month JIBAR. Interest and capital are repayable on 30 June 2022.
- The Group entered into various finance leases during the current financial year in the ordinary course of business, totalling a net increase of R209 million.

Finance charges of R368 million (2016: R155 million) in respect of these South African borrowings have been recognised in profit or loss.

NEGATIVE RESERVE FUNDING

The negative reserve funding liability on Discovery's Statement of financial position represents the acquisition costs that were funded by Prudential on behalf of VitalityLife. The liability unwinds and is repaid on a matched basis as the cash flows emerge from the assets arising from insurance contracts. In the event that the cash flows do not emerge as anticipated, VitalityLife would be required to repay these liabilities from other resources.

In terms of the level premium reinsurance treaty that VitalityLife entered into, the reinsurer is required to place a security deposit with Prudential to reduce counterparty risk. At 30 June 2017, Prudential held GBP 147 million (2016: GBP 85 million) as a security deposit. The contractual arrangement in respect of the business written on the Prudential license is accounted for as a reinsurance contract under IFRS 4 and as a result, the 'deposit back' held by Prudential has been disclosed as a reduction of the negative reserve funding liability. The corresponding liability to the reinsurer has been accounted for in Trade and other payables.

The decrease in the negative reserve funding liability in the current financial year, relates to the repayment of funding by VitalityLife as well as an increase in the amount of deposit back held by Prudential.

EXPIRY OF BEE TRANSACTION

In September 2005, Discovery concluded a BEE transaction pursuant to which 38 725 909 shares were issued to a consortium of BEE parties. 1 106 455 of these shares were issued to the Maphai SPV being one of the BEE consortium members for an initial period of 11 years (initial period). The shares were issued at R0.001 each, with a subscription consideration of R1.72 per share.

The difference between the market value of the ordinary shares issued to the BEE parties and the subscription consideration, represented an outstanding funded amount provided by Discovery shareholders (funded amount). As a result, 1 017 939 of the shares issued to the Maphai SPV were treated as treasury shares.

The BEE parties committed to utilise any dividend or capital distributions made by Discovery to acquire additional Discovery shares in the market within three months of the date of any distributions. These additional shares were also treated as treasury shares.

At the end of the initial period,

- Discovery had the right to repurchase such number of ordinary shares at R0.001 per share that would provide Discovery with a notional return of the funded amount.
- In order for the Maphai SPV to retain the full number of Discovery shares originally issued to them, the Maphai SPV then had the right to simultaneously acquire from Discovery, at the then thirty-day volume-weighted average price per Discovery share, the same number of shares repurchased by Discovery.

The initial period expired in December 2016 and resulted in the following transactions:

- Discovery repurchased 582 954 Discovery shares held by the Maphai SPV at a price of R0.001 per Discovery share.
- The Maphai SPV chose not to exercise their right to acquire the shares repurchased by Discovery. These shares have been cancelled from issue.

As a result of this transaction, treasury shares have decreased by 1 200 554 shares, representing shares funded through this transaction as well additional shares purchased by the Maphai SPV utilising dividend distributions. The delivery of treasury shares purchased by the Maphai SPV using dividend distributions received in the past, resulted in an increase in Share Premium of R11 million.

All amounts funded in terms of the September 2005 BEE transaction have now been repaid.

CONSOLIDATION OF DISCOVERY UNIT TRUSTS

The Discovery Unit Trusts are consolidated into Discovery's results in both the current and prior financial year. The following large increases in the Discovery Unit Trusts' Statement of financial position have had a direct impact on the Group's Statement of financial position:

- Cash and cash equivalents decreased by R667 million.
- Loans and receivables decreased by R250 million.
- Trade and other payables decreased by R1 476 million.
- Investments at fair value through profit or loss increased by R4 099 million.
- Investment contracts at fair value through profit or loss increased by R1 412 million.

Other significant items in these results

INCREASE IN THE DISCOVERYCARD PROFIT SHARE ARRANGEMENT IN THE PRIOR PERIOD

In December 2015, Discovery increased its economic interest in the DiscoveryCard (a "Discovery" branded FNB credit card), by subscribing for R1.4 billion redeemable preference shares in the share capital of FirstRand Bank Limited (FRB). This entitled Discovery to receive an additional 54.99% of the profits generated by the DiscoveryCard effective from 1 July 2015.

The contractual rights under the preference shares were only finalised in April 2016 and as such, any profits earned prior to that, being R86 million, represented an adjustment to the purchase price rather than income received. In order to reflect the economic effect of the transaction, this was added to Normalised headline earnings for the year ended 30 June 2016.

In terms of IAS 38: Intangible Assets, the preference shares have been disclosed as an intangible asset in the Statement of financial position as the substance of the arrangement is a right to receive additional 54.99% of the profits generated by the DiscoveryCard. This intangible asset is amortised through profit or loss as and when profits are expected to emerge. R84 million (2016: R26 million) amortisation has been recognised for the current financial year. This has been added back in the calculation of Normalised headline earnings.

RECAPTURE OF REINSURANCE

VitalityHealth makes use of financial reinsurance as a financing tool for new business acquisition costs. The receipt from the reinsurer is recognised in profit or loss upfront in the year received. Thereafter, the repayment to the reinsurer and the cost of funding are expensed through profit or loss.

During the current financial year, VitalityHealth converted their Cash financial reinsurance to Cashless financial reinsurance to minimise the cost of funding. This was done by recapturing GBP 49.6 million of reinsurance obligations and replacing this with new cashless reinsurance treaties. The impact on the Income statement is an expense of R858 million in 'Recapture of reinsurance' which is offset by new financing recognised in 'Recovery of expenses from reinsurers'.

Review of Group results

for the year ended 30 June 2017 (continued)

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Discovery Health administers the Discovery Health Medical Scheme (DHMS) and provides managed care services for which it charges an administration fee and a managed healthcare fee respectively. These fees are determined on an annual basis and approved by the trustees of DHMS. The fees totalled R5 089 million for the year ended 30 June 2017 (2016: R4 711 million). Discovery offers the members of DHMS access to the Vitality programme.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss have increased by R7.8 billion due to the sale of Discovery Invest products. This includes the impact of consolidating the Discovery Unit Trusts into the Group's results. The increase in the financial assets at fair value through profit or loss has been presented in 'Net purchase of investments held to back policyholder liabilities' of R7 084 million in the Statement of cash flows.

DEFERRED TAX

Deferred tax liability

The deferred tax liability is primarily attributable to the application of the Financial Services Board directive 145. This directive allows for the zeroing on a statutory basis of the assets arising from insurance contracts. The statutory basis is used when calculating tax payable for Discovery Life, resulting in a timing difference between the tax base and the accounting base.

A new tax basis for Life companies was promulgated in January 2017. The effective date of the new 'adjusted IFRS' tax valuation basis will align with the implementation of Solvency Assessment and Management (SAM) and has had no impact on the current year's results.

Deferred tax asset

Recent tax amendments for Life companies introduced a Risk Policy Fund for all new risk business written, effective 1 July 2016. In terms of the legislation, Discovery Life has elected to move existing risk business to this fund. A portion of the assessed loss of R16.5 billion in the Individual Policyholder Fund is now expected to be utilised over time. A value of R562 million, implicit in the valuation of insurance contract liabilities have therefore been recognised as an explicit deferred tax asset in terms of IAS 12: Income Taxes.

The impact of this recognition on the Statement of financial position is an increase in the deferred tax asset of R562 million and a corresponding increase in Liabilities arising from insurance contracts. The impact on the Income statement is an increase in Transfer from liabilities under insurance contracts of R562 million and a corresponding decrease in Income tax expense.

TAXATION

For South African entities that are in a tax paying position, tax has been provided at 28% (2016: 28%) in the financial statements. No deferred tax assets have been recognised on the assessed losses in Discovery Insure and Vitality Group and no further deferred tax asset has been raised in respect of the VitalityHealth assessed losses.

Shareholder information

DIRECTORATE

Changes to the Board of Discovery Limited from 1 July 2016 to the date of this announcement are as follows:

- Mr R Farber relinquished his role as Chief Financial Officer and Group Financial Director of Discovery with effect from 30 April 2017. Mr R Farber remains a director on the Board of Discovery.
- Mr DM Viljoen was appointed as Chief Financial Officer and Group Financial Director of Discovery with effect from 1 May 2017.
- Mr SB Epstein resigned as a non-executive director on 5 December 2016.
- Mr R Enslin was appointed as a non-executive director on 4 May 2017.

Mr MI Hilkowitz, Ms SV Zilwa, Ms F Khanyile and Mr HL Bosman retire by rotation at the forthcoming Annual General Meeting of shareholders and are eligible and available for re-election.

DIVIDEND AND CAPITAL

Interim dividends paid

The following interim dividends were paid during the current financial year:

- B preference share dividend of 529.31507 cents per share (423.45206 cents net of dividend withholding tax), paid on 13 March 2017.
- Ordinary share dividend of 88 cents per share (70.4 cents net of dividend withholding tax), paid on 20 March 2017.

Final dividend declaration

B preference share cash dividend declaration:
On 24 August 2017, the directors declared a final gross cash dividend of 520.68493 cents (416.54794 cents net of dividend withholding tax) per B preference share for the period 1 January 2017 to 30 June 2017, payable from the income reserves of the Company. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued preference share capital at the declaration date is 8 million B preference shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 12 September 2017
Shares commence trading "ex" dividend	Wednesday, 13 September 2017
Record date	Friday, 15 September 2017
Payment date	Monday, 18 September 2017

B preference share certificates may not be dematerialised or rematerialised between Wednesday, 13 September 2017 and Friday, 15 September 2017, both days inclusive.

Ordinary share cash dividend declaration:
Notice is hereby given that the directors have declared a final gross cash dividend of 98 cents (78.4 cents net of dividend withholding tax) per ordinary share, out of income reserves for the year ended 30 June 2017. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The issued ordinary share capital at the declaration date is 646 844 992 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 3 October 2017
Shares commence trading "ex" dividend	Wednesday, 4 October 2017
Record date	Friday, 6 October 2017
Payment date	Monday, 9 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 October 2017 and Friday, 6 October 2017, both days inclusive.

Capital requirements

At 30 June 2017, the capital adequacy requirement on the statutory basis for Discovery Life was R705 million (2016: R628 million) and was covered 3.9 times (2016: 3.6 times). Vitality Life Limited's capital adequacy requirement on the statutory basis was GBP 87.5 million (R1 490 million) (2016: GBP 34.3 million (R678 million)) and was covered 2.15 times (2016: 2.95 times). Both VitalityHealth and Discovery Insure are adequately capitalised at 145% (2016: 140%) and 221% (2016: 265%) respectively.

Basis of preparation

The summary consolidated financial statements are prepared in accordance with JSE Limited's (JSE) requirements for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

Audit

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office.

The directors of Discovery take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying Annual Financial Statements.

Embedded value statement

for the year ended 30 June 2017

The embedded value of Discovery consists of the following components:

- the adjusted net worth attributed to the business at the valuation date;
- plus: the present value of expected future shareholder cash flows from the in-force covered business;
- less: the cost of required capital.

The present value of future shareholder cash flows from the in-force covered business is calculated as the value of projected future after-tax shareholder cash flows of the business in-force at the valuation date, discounted at the risk discount rate.

The required capital are the assets attributed to the covered business above the amount required to back covered business liabilities, whose distribution to shareholders is restricted as they are allocated to cover regulatory and internal capital requirements.

The value of new business is the present value, at the point of sale, of the projected future after-tax shareholder cash flows of the new business written by Discovery, discounted at the risk discount rate, less an allowance for the reserving strain, initial expenses and cost of required capital. The value of new business is calculated using the current reporting date assumptions.

For Life, the shareholder cash flows are based on the release of margins under the Statutory Valuation Method ("SVM") basis.

The embedded value includes the insurance and administration profits of the covered business in the Discovery Limited group. Covered business includes business written in South Africa through Discovery Life ("Life"), Discovery Invest ("Invest"), Discovery Health ("Health") and Discovery Vitality ("Vitality"), and in the United Kingdom through VitalityLife and VitalityHealth. For Vitality Group, Ping An Health and Discovery Insure, no published value has been placed on the current in-force business as the businesses have not yet reached suitable scale with predictable experience.

In August 2011, Discovery raised R800 million through the issue of non-cumulative, non-participating, non-convertible preference shares. For embedded value purposes this capital, net of share issue expenses, has been excluded from the adjusted net worth.

In January 2016, the European insurance regulation Solvency II came into effect and Vitality Life Limited was granted a life insurance licence in the United Kingdom on which it commenced writing new business. These two changes required that the embedded value methodology for VitalityLife be reviewed. The key methodology change was the zeroisation of the negative reserves emerging under insurance contracts in Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence. This effectively moves the negative reserve from net worth to the value of in-force.

The 30 June 2017 embedded value results and disclosures were subjected to an external review.

Table 1: Group embedded value

R million	30 June 2017	30 June 2016	% change
Shareholders' funds	**32 290**	30 607	5%
Adjustment to shareholders' funds from published basis[1]	**(27 558)**	(23 583)	
Adjusted net worth[2]	**4 732**	7 024	
Value of in-force covered business before cost of required capital	**54 756**	48 121	
Cost of required capital	**(2 194)**	(2 065)	
Discovery Limited embedded value	**57 294**	53 080	8%
Number of shares (millions)	**645.0**	644.2	
Embedded value per share	**R88.83**	R82.40	8%
Diluted number of shares (millions)	**646.2**	646.7	
Diluted embedded value per share[3]	**R88.67**	R82.17	8%

1 A breakdown of the adjustment to shareholders' funds is shown in the table below. An additional adjustment has been included as at 30 June 2017 to reflect the methodology change in VitalityHealth where the financial reinsurance cash flows have been removed from the value of in-force and deducted from the net worth. Note that where relevant, adjustments have been converted using the closing exchange rate of R17.03/GBP (June 2016: R19.78/GBP):

R million	*30 June 2017*	*30 June 2016*
Life net assets under insurance contracts	*(18 354)*	*(15 768)*
Vitality Life Limited and Discovery funded VitalityLife business on the Prudential licence net assets under insurance contracts	*(3 620)*	*(3 090)*
VitalityHealth financial reinsurance liability	*(1 440)*	*–*
VitalityHealth and VitalityHealth Insurance Limited deferred acquisition costs (net of deferred tax)	*(252)*	*(290)*
VitalityLife receivable relating to the Unemployment Cover benefit (net of deferred tax)	*(27)*	*(41)*
Goodwill and intangible assets (net of deferred tax) relating to the acquisition of Standard Life Healthcare and the Prudential joint venture	*(3 086)*	*(3 615)*
Net preference share capital	*(779)*	*(779)*
	(27 558)	*(23 583)*

2 The following table sets out the capital position of the covered businesses with the required capital on a consistent basis to that used in the embedded value:

R million	*30 June 2017*	*30 June 2016*
Shareholders' funds	*32 290*	*30 607*
Adjustment to shareholders' funds	*(27 558)*	*(23 583)*
Adjusted net worth	*4 732*	*7 024*
Excess of available regulatory capital over adjusted net worth	*4 100*	*2 417*
Available regulatory capital	*8 832*	*9 441*
Regulatory required capital	*4 477*	*3 947*
Required capital buffer	*2 664*	*2 257*
Required capital	*7 141*	*6 204*
Excess available capital	*1 691*	*3 237*

The excess of available regulatory capital over adjusted net worth reflects the difference between the adjusted net worth and the available regulatory capital. This includes the net preference share capital of R779 million which is included as available regulatory capital. At 30 June 2017, this adjustment also includes the difference between Vitality Life Limited's Solvency II Pillar 1 Own Funds and its adjusted net worth and adds back the negative reserves eliminated on the Discovery funded VitalityLife business on the Prudential licence.

The required capital at June 2017 for Life is R1 409 million (June 2016: R1 255 million), for Health and Vitality is R797 million (June 2016: R725 million), for VitalityHealth is R1 984 million (June 2016: R2 212 million) and for VitalityLife is R2 951 million (June 2016: R2 011 million (restated in-line with new capital position table above)). For Life, the required capital was set equal to two times the statutory Capital Adequacy Requirement. For Health and Vitality, the required capital was set equal to two times the monthly renewal expense and Vitality benefit cost. For VitalityHealth, the required capital amount was set equal to 1.4 times the Solvency II Pillar 1 Solvency Capital Requirement. For the VitalityLife business on the Prudential licence, the required capital was set equal to the UK Solvency I long term insurance capital requirement as per the agreement with Prudential. For the business sold on the Vitality Life Limited licence, the required capital was set equal to the excess of 1.4 times the Solvency II Pillar 1 Solvency Capital Requirement. The Regulatory Required Capital is calculated as the relevant regulatory solvency capital requirement for each insurance business.

3 The diluted embedded value per share allows for Discovery's BEE transaction where the impact is dilutive i.e. where the current embedded value per share exceeds the current transaction value.

Embedded value statement

for the year ended 30 June 2017 (continued)

Table 2: Value of in-force covered business

R million	Value before cost of required capital	Cost of required capital	Value after cost of required capital
at 30 June 2017			
Health and Vitality	**18 595**	**(352)**	**18 243**
Life and Invest[1]	**25 102**	**(780)**	**24 322**
VitalityHealth[2]	**5 959**	**(307)**	**5 652**
VitalityLife[2]	**5 100**	**(755)**	**4 345**
Total	**54 756**	**(2 194)**	**52 562**
at 30 June 2016			
Health and Vitality	16 834	(315)	16 519
Life and Invest[1]	22 411	(723)	21 688
VitalityHealth[2]	4 421	(377)	4 044
VitalityLife[2]	4 455	(650)	3 805
Total	48 121	(2 065)	46 056

1 *Included in the Life and Invest value of in-force covered business is R1 153 million (June 2016: R1 100 million) in respect of investment management services provided on off balance sheet investment business. The net assets of the investment service provider are included in the adjusted net worth.*

2 *The value of in-force has been converted using the closing exchange rate of R17.03/GBP (June 2016: R19.78/GBP).*

Table 3: Group embedded value earnings

	Year ended	
R million	30 June 2017	30 June 2016
Embedded value at end of period	**57 294**	53 080
Less: Embedded value at beginning of period	**(53 080)**	(52 295)
Increase in embedded value	**4 214**	784
Net change in capital[1]	**4**	(812)
Dividends paid	**1 231**	1 201
Transfer to hedging reserve	**(29)**	171
Employee share option schemes	**(7)**	–
Embedded value earnings	**5 413**	1 345
Annualised return on opening embedded value	**10.2%**	2.6%

1 *The net change in capital reflects an increase in treasury shares in the period. For the comparative period, the net change in capital includes the R817 million increase in share capital and premium associated with the Discovery Foundation BEE Share recapture in December 2015.*

Table 4: Components of Group embedded value earnings

R million	Year ended 30 June 2017 Net worth	Cost of required capital	Value of in-force covered business	Embedded value	Year ended 30 June 2016 Embedded value
Total profit from new business (at point of sale)	(4 436)	(276)	7 149	**2 437**	2 332
Profit from existing business					
▪ Expected return	4 840	(66)	446	**5 220**	4 622
▪ Change in methodology and assumptions[1]	1 044	51	(237)	**858**	(3 764)
▪ Experience variances	(504)	17	553	**66**	(178)
Impairment, amortisation and fair value adjustment[2]	(95)	–	–	**(95)**	(37)
Increase in goodwill and intangibles	(203)	–	–	**(203)**	(366)
Other initiative costs[3]	(707)	–	16	**(691)**	(878)
Non-recurring expenses[4]	(103)	–	–	**(103)**	(508)
Acquisition costs[5]	(196)	–	–	**(196)**	(23)
Finance costs	(500)	–	–	**(500)**	(107)
Foreign exchange rate movements	(431)	145	(1 283)	**(1 569)**	(39)
Other[6]	13	–	(9)	**4**	56
Return on shareholders' funds[7]	185	–	–	**185**	235
Embedded value earnings	(1 093)	(129)	6 635	**5 413**	1 345

1 The changes in methodology and assumptions will vary over time to reflect adjustments to the model and assumptions as a result of changes to the operating and economic environment. The current period's changes are described in detail in Table 6 below (for previous periods refer to previous embedded value statements).

2 This item reflects the amortisation of the intangible assets reflecting the DiscoveryCard profit share arrangement, banking costs and the PrimeMed acquisition.

3 This item reflects Group initiatives including expenses relating to the investment in Vitality Group, banking development costs, Vitality International, Discovery Insure, other new business initiatives and unallocated head office costs.

4 This item includes rebranding costs, as well as other once-off costs relating to the acquisition of 25% of Prudential Health Holdings Limited.

5 Acquisition costs relate to commission paid on the VitalityLife and Life business and expenses incurred in writing Health and Vitality business that has been written over the period but will only be activated and on risk after the valuation date. These policies are not included in the embedded value or the value of new business and therefore the costs are excluded.

6 This item includes, among other items, the tax benefit that will be obtained as the VitalityHealth DAC and intangible software assets amortise.

7 The return on shareholders' funds is shown net of tax and management charges.

Embedded value statement

for the year ended 30 June 2017 (continued)

Table 5: Experience variances

R million	Health and Vitality Net worth	Health and Vitality Value of in-force	Life and Invest Net worth	Life and Invest Value of in-force	VitalityHealth Net worth	VitalityHealth Value of in-force	VitalityLife Net worth	VitalityLife Value of in-force	Total
Renewal expenses	161	–	60	(12)	(202)	–	22	–	**29**
Lapses and surrenders	18	198	(133)	183	–	1	(19)	(67)	**181**
Mortality and morbidity	–	–	(131)	(45)	284	–	30	–	**138**
Policy alterations	–	64	(491)	249	–	–	(29)	(43)	**(250)**
Premium and fee income[1]	16	74	(251)	60	–	–	(3)	(4)	**(108)**
Economic assumptions	–	–	14	(359)	–	–	–	–	**(345)**
Commission	–	–	–	–	32	–	–	–	**32**
Tax[2]	31	–	202	(225)	(80)	–	83	–	**11**
Reinsurance	–	–	–	–	26	–	(33)	(3)	**(10)**
Maintain modelling term[3]	–	285	–	60	–	62	–	–	**407**
Vitality benefits	17	–	–	–	(71)	–	–	–	**(54)**
Other	5	0	(24)	88	(51)	–	13	4	**35**
Total	248	621	(754)	(1)	(62)	63	64	(113)	**66**

1 *The premium and fee income experience for Life arises largely due to the impact of Vitality distribution shifts compared to expected levels.*

2 *The tax variance for Life and Invest arises due to a movement in the deferred tax asset which delays the payment of tax. The tax variance for VitalityLife arises due to actual shareholder and policyholder tax being lower than expected.*

3 *The projection term for Health and Vitality, Group Life and VitalityHealth at 30 June 2017 has not been changed from that used in the 30 June 2016 embedded value calculation. Therefore, an experience variance arises because the total term of the in-force covered business is effectively increased by twelve months.*

Table 6: Methodology and assumption changes

R million	Health and Vitality Net worth	Health and Vitality Value of in-force	Life and Invest Net worth	Life and Invest Value of in-force	VitalityHealth[2] Net worth	VitalityHealth[2] Value of in-force	VitalityLife Net worth	VitalityLife Value of in-force	Total
Modelling changes	–	–	(114)	159	–	–	(14)	12	**43**
Expenses	–	–	–	(1)	–	(202)	148	(3)	**(58)**
Lapses	–	–	–	–	–	(505)	–	–	**(505)**
Mortality and morbidity	–	–	–	–	–	1 472	–	–	**1 472**
Benefit enhancements	–	–	–	–	–	–	–	–	**–**
Vitality benefits	–	(1)	–	–	–	(142)	2	34	**(107)**
Tax	–	–	–	(3)	–	45	–	16	**58**
Economic assumptions	–	10	3	(118)	–	(69)	(28)	74	**(128)**
Premium and fee income	–	–	(1)	(5)	–	–	–	–	**(6)**
Reinsurance[1]	–	–	1 649	(1 722)	(622)	642	–	–	**(53)**
Other	–	–	21	(12)	–	123	–	10	**142**
Total	–	9	1 558	(1 702)	(622)	1 364	108	143	**858**

1 *For Life the reinsurance item primarily relates to the impact of the financing reinsurance arrangements. For VitalityHealth this includes a change in methodology where financial reinsurance cash flows have been removed from the value of in-force and deducted from the net worth.*

2 *For VitalityHealth, the granularity, level and shape of the assumptions have been rebalanced to reflect experience. Furthermore, policy projections truncate all cash flows after the 20th anniversary of the policy from original date of inception.*

Discovery

Table 7: Embedded value of new business

R million	30 June 2017	30 June 2016	% change
	Twelve months ended		
Health and Vitality			
Present value of future profits from new business at point of sale	**820**	844	
Cost of required capital	**(31)**	(48)	
Present value of future profits from new business at point of sale after cost of required capital	**789**	796	(1%)
New business annualised premium income[1]	**4 533**	7 415	(39%)
Life and Invest			
Present value of future profits from new business at point of sale[2]	**1 304**	1 263	
Cost of required capital	**(73)**	(67)	
Present value of future profits from new business at point of sale after cost of required capital	**1 231**	1 196	3%
New business annualised premium income[3]	**2 840**	2 798	2%
Annualised profit margin[4]	**5.5%**	5.3%	
Annualised profit margin excluding Invest business[5]	**10.2%**	8.9%	
VitalityHealth			
Present value of future profits from new business at point of sale	**157**	109	
Cost of required capital	**(46)**	(47)	
Present value of future profits from new business at point of sale after cost of required capital	**111**	62	79%
New business annualised premium income (Rand)[6]	**958**	1 071	(11%)
Annualised profit margin[4]	**1.8%**	0.9%	
VitalityLife[7]			
Present value of future profits from new business at point of sale	**432**	593	
Cost of required capital	**(126)**	(315)	
Present value of future profits from new business at point of sale after cost of required capital	**306**	278	10%
New business annualised premium income (Rand)	**844**	1 083	(22%)
Annualised profit margin[4]	**5.2%**	3.5%	

1 *Health new business annualised premium income is the gross contribution to the medical schemes. The new business annualised premium income shown above excludes premiums in respect of members who join an existing employer where the member has no choice of medical scheme, as well as premiums in respect of new business written during the period but only activated after 30 June 2017.*

The total Health and Vitality new business annualised premium income written over the period was R6 276 million (June 2016: R6 764 million).

2 *Included in the Life and Invest embedded value of new business is R109 million (June 2016: R159 million) in respect of investment management services provided on off balance sheet investment business.*

Risk business written prior to the valuation date allows certain Invest business to be written at financially advantageous terms, the impact of which has been recognised in the value of new business.

3 *Life new business is defined as Life policies to which Life became contractually bound during the reporting period, including policies whose first premium is due after the valuation date. Invest new business is defined as business where at least one premium has been received and which has not been refunded after receipt. Invest new business also includes Discovery Retirement Optimiser policies to which Life and Invest became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.*

The new business annualised premium income of R2 840 million (June 2016: R2 798 million) (single premium APE: R1 169 million (June 2016: R1 175 million)) shown above excludes automatic premium increases and servicing increases in respect of existing business. The total new business annualised premium income written over the period, including automatic premium increases of R1 172 million (June 2016: R966 million) and servicing increases of R659 million (June 2016: R516 million), was R4 671 million (June 2016: R4 279 million) (single premium APE: R1 277 million (June 2016: R1 218 million)). Single premium business is included at 10% of the value of the single premium.

Policy alterations and internal replacement policies, including Discovery Retirement Optimisers added to existing Life Plans, are shown in Table 5 as experience variances and not included as new business. Term extensions on existing contracts are not included as new business.

4 *The annualised profit margin is the value of new business expressed as a percentage of the present value of future premiums.*

5 *From 30 June 2017, Discovery Retirement Optimiser policies fall under Invest. Therefore, the "Annualised profit margin excluding Invest business" at 30 June 2017 excludes Discovery Retirement Optimiser policies, whereas these policies are included in the comparative period. On a like-for-like basis to the comparative period the "Annualised profit margin excluding Invest business" at 30 June 2017 would have been 9.5%.*

6 *VitalityHealth new business is defined as individuals and employer groups which incepted during the reporting period. The new business annualised premium income shown above has been adjusted to exclude premiums in respect of members who join an existing employer group after the first month, as well as premiums in respect of new business written during the period but only activated after 30 June 2017.*

7 *VitalityLife new business is defined as policies to which VitalityLife became contractually bound during the reporting period, including policies whose first premium is due after the valuation date.*

Embedded value statement

for the year ended 30 June 2017 (continued)

Table 8: Embedded value economic assumptions

		30 June 2017	30 June 2016
Beta coefficient		**0.75**	0.75
Equity risk premium (%)		**3.5**	3.5
Risk discount rate (%)			
Health and Vitality		**12.125**	11.875
Life and Invest		**12.875**	12.625
VitalityHealth		**3.90**	3.77
VitalityLife		**4.755**	4.695
Rand/GB Pound exchange rate			
Closing		**17.03**	19.78
Average		**17.29**	21.44
Medical inflation (%)			
South Africa		**9.25**	9.00
Expense inflation (%)			
South Africa		**6.25**	6.0
United Kingdom		**3.25**	2.9
Pre-tax investment return (%)			
South Africa	– Cash	**8.75**	8.50
	– Life and Invest bonds	**10.25**	10.00
	– Health and Vitality bonds	**9.50**	9.25
	– Equity	**13.75**	13.50
United Kingdom	– VitalityHealth investment return	**1.28**	1.15
	– VitalityLife investment return	**2.13**	2.07
Income tax rate (%)			
South Africa		**28**	28
United Kingdom	– long term[1]	**17**	18
Projection term			
– Health and Vitality		**20 years**	20 years
– Life		**No cap**	No cap
– Group Life		**10 years**	10 years
– VitalityHealth[2]		**20 years**	20 years

1 The United Kingdom Corporation tax rate assumed is 20% in 2017, 19% in 2018 to 2020, and 17% beyond that.
2 VitalityHealth policies are projected for 20 years from the original date of inception.

The Discovery Limited embedded value is calculated based on a risk discount rate using the CAPM approach with specific reference to the Discovery beta coefficient. The assumed beta is set with reference to the capital structure of the Group and the observed beta calculated using daily returns over a long time period. The beta is calculated with reference to the ALSI. The resulting assumed beta will be fixed at this level unless the observed beta calculated using daily returns over a long time period departs significantly from this assumption at the financial year end. As beta values reflect the historic performance of share prices relative to the market they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly.

Life and Invest mortality, morbidity and lapse and surrender assumptions were derived from internal experience, where available, augmented by reinsurance and industry information.

The Health and Vitality lapse assumptions were derived from the results of recent experience investigations.

The VitalityHealth assumptions were derived from internal experience, augmented by industry information.

VitalityLife assumptions were derived from internal experience, where available, augmented by reinsurance, industry and Discovery Limited group information.

Renewal expense assumptions were based on the results of the latest expense and budget information.

The initial expenses included in the calculation of the embedded value of new business are the actual costs incurred excluding expenses of an exceptional or non-recurring nature.

The South African investment return assumption for Life and Invest and Health and Vitality was based on a single interest rate derived from the risk-free zero coupon government bond yield curve. Other economic assumptions were set relative to this yield. The current and projected tax position of the policyholder funds within the Life company has been taken into account in determining the net investment return assumption.

The best estimate investment return assumption for VitalityHealth and VitalityLife was based on the single interest rate derived from the risk-free zero coupon sterling yield curve. The United Kingdom expense inflation assumption was set in line with long-term United Kingdom inflation expectations.

It is assumed that, for the purposes of calculating the cost of required capital, the Life and Invest required capital amount will be backed by surplus assets consisting of 100% equities and the Health, Vitality, VitalityHealth and Vitality Life Limited required capital amounts will be fully backed by cash. The VitalityLife business on the Prudential licence required capital amount is assumed to earn the same return as the assets backing the VitalityLife policyholder liabilities. Allowance has been made for tax and investment expenses in the calculation of the cost of required capital. In calculating the capital gains tax liability, it is assumed that the portfolio is realised every 5 years. The Life and Invest cost of required capital is calculated using the difference between the gross of tax equity return and the equity return net of tax and expenses. The Health, Vitality, VitalityHealth and Vitality Life Limited cost of required capital is calculated using the difference between the risk discount rate and the net of tax cash return. The VitalityLife business on the Prudential licence cost of required capital is calculated using the difference between the risk discount rate and the net of tax asset return assumption.

The embedded value has been calculated in accordance with the Actuarial Society of South Africa's Advisory Practice Note ("APN") 107: Embedded Value Reporting, except the recommended disclosure of Free Surplus and Required Capital has been adjusted to take into account the revised capital requirements and resources arising from Solvency II in the United Kingdom as can be seen in Table 1 note 2.

Embedded value statement

for the year ended 30 June 2017 (continued)

Sensitivity to the embedded value assumptions

The risk discount rate uses the CAPM approach with specific reference to the Discovery beta coefficient. As beta values reflect the historic performance of share prices relative to the market they may not allow fully for non-market related and non-financial risk. Investors may want to form their own view on an appropriate allowance for these risks which have not been modelled explicitly. The sensitivity of the embedded value and the embedded value of new business at 30 June 2017 to changes in the risk discount rate is included in the tables below.

For each sensitivity illustrated below, all other assumptions have been left unchanged. No allowance has been made for management action such as risk premium increases where future experience is worse than the base assumptions.

Table 9: Embedded value sensitivity

		Health and Vitality	
R million	Adjusted net worth[2]	Value of in-force	Cost of required capital
Base	4 732	18 595	(352)
Impact of:			
Risk discount rate +1%	4 732	17 494	(383)
Risk discount rate -1%	4 732	19 818	(315)
Lapses -10%	4 659	19 235	(368)
Interest rates -1%[1]	3 621	18 533	(338)
Equity and property market value -10%	4 670	18 595	(352)
Equity and property return +1%	4 732	18 595	(352)
Renewal expenses -10%	4 831	20 489	(326)
Mortality and morbidity -5%	4 929	18 595	(352)
Projection term +1 year	4 732	18 883	(356)

1 *All economic assumptions were reduced by 1%.*
2 *The sensitivity impact on the VitalityLife net of tax change in negative reserves is included in the adjusted net worth column.*

The following table shows the effect of using different assumptions on the embedded value of new business.

Table 10: Value of new business sensitivity

	Health and Vitality	
R million	Value of new business	Cost of required capital
Base	820	(31)
Impact of:		
Risk discount rate +1%	751	(34)
Risk discount rate -1%	897	(28)
Lapses -10%	873	(33)
Interest rates -1%[1]	828	(30)
Equity and property return +1%	820	(31)
Renewal expense -10%	960	(29)
Mortality and morbidity -5%	820	(31)
Projection term +1 year	839	(31)
Acquisition costs -10%	843	(31)

1 *All economic assumptions were reduced by 1%.*

	Life and Invest		VitalityHealth		VitalityLife			
	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Value of in-force	Cost of required capital	Embedded value	% change
	25 102	(780)	5 959	(307)	5 100	(755)	**57 294**	
	22 441	(683)	5 591	(399)	4 814	(883)	**52 724**	(8%)
	28 398	(904)	6 367	(203)	5 421	(577)	**62 737**	10%
	27 150	(832)	6 646	(327)	5 338	(868)	**60 633**	6%
	25 569	(841)	6 351	(284)	5 119	(1 807)	**55 923**	(2%)
	24 895	(780)	5 958	(307)	5 100	(755)	**57 024**	(0%)
	25 347	(780)	5 958	(307)	5 100	(755)	**57 538**	0%
	25 580	(778)	6 331	(307)	5 135	(649)	**60 306**	5%
	26 716	(764)	6 896	(307)	5 153	(655)	**60 211**	5%
	25 163	(780)	5 959	(307)	5 100	(755)	**57 639**	1%

	Life and Invest		VitalityHealth		VitalityLife			
	Value of new business	Cost of required capital	Value of new business	Cost of required capital	Value of new business	Cost of required capital	Value of new business	% change
	1 304	(73)	157	(46)	432	(126)	**2 437**	
	1 035	(64)	93	(60)	341	(141)	**1 921**	(21%)
	1 646	(84)	231	(31)	534	(100)	**3 065**	26%
	1 567	(78)	292	(51)	552	(139)	**2 983**	22%
	1 367	(79)	228	(43)	442	(252)	**2 461**	1%
	1 337	(73)	157	(46)	432	(126)	**2 470**	1%
	1 341	(73)	231	(46)	452	(94)	**2 742**	12%
	1 437	(71)	292	(46)	464	(93)	**2 772**	14%
	1 311	(73)	172	(47)	432	(126)	**2 477**	2%
	1 434	(73)	184	(46)	536	(126)	**2 721**	12%

Board of directors

for the year ended 30 June 2017

Dr Brian Brink (65)

Non-executive Director

Brian retired as Chief Medical Officer of Anglo American plc at the end of 2014. He was awarded an honorary doctorate in medicine by the University of the Witwatersrand in recognition of his contribution to the private sector response to HIV and AIDS in South Africa. He has been a member of the private sector constituency on the Board of The Global Fund to Fight AIDS, Tuberculosis and Malaria since its inception in 2002. He chairs the private sector constituency on health for the Southern African Development Community (SADC) and also serves on a number of NGO boards in the field of health and human rights.

Other directorships
NGO Board (Audit Committee member), Southern African Development Community (Chairman of the Board).

Appointed
19/02/2004

Independent
Yes

Committee memberships
Risk and Compliance Committee
Social and Ethics Committee

Qualifications
BSc (Med), MBBCh, DMed (Hon)

Areas of expertise
Thought leader on the role of the private sector in improving health in developing countries, and health systems strengthening in resource-poor settings

Herman Bosman (48)

Non-executive Director

Herman is the Chief Executive Officer of RMB Holdings and Rand Merchant Insurance Holdings, having joined the companies in April 2014. Prior to his current role, he was Chief Executive Officer of Deutsche Bank South Africa (2006 – 2013) and Head of Corporate Finance at Rand Merchant Bank (2000-2006). In these capacities, Herman has acted as professional advisor to the Discovery executive on numerous occasions since 1999. He is a Chartered Financial Analyst.

Other directorships
NGO Board (Audit Committee member), Southern African Development Community (Chairman of the Board).

Professional body membership
Board of Governors, University of Johannesburg, Endeavor South Africa and Business and Arts South Africa (Director), Deutsche Bank South Africa Foundation (Trustee).

Appointed
14/04/2014

Independent
No

Committee memberships
Risk and Compliance Committee
Remuneration Committee

Qualifications
LLM (Cum Laude), CFA

Areas of expertise
Professional strategy adviser and financial analyst

Richard Farber (46)

Executive Director

Richard was a Partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001 before joining Investec Bank, where he was the Group Accountant from 2002 to 2003. He joined Discovery as the Chief Financial Officer in 2003 and was appointed as the Financial Director on 1 July 2009. Richard relinquished his roles as Chief Financial Officer and Group Financial Director of Discovery from 30 April 2017. He remains a member of the Board of Directors.

Professional body membership
Richard was a member of the Financial Reporting Investigation Panel (FRIP) – previously known as the GAAP Monitoring Panel, from 2005 until 2014. He is a fellow of the Chartered Institute of Management Accountants.

Appointed
1/07/2009

Independent
No

Committee memberships
Risk and Compliance Committee
Actuarial Committee
Social and Ethics Committee

Qualifications
BCom (Hons), CA (SA), FCMA

Areas of expertise
Strategy and policy development, and financial management

Adrian Gore (53)

Founder, Executive Director and Group Chief Executive

Adrian is the founder and Group Chief Executive of Discovery Limited. Discovery is a global thought leader in behaviour-linked insurance, the integration of behavioural change with health, life and short-term insurance. In 1998, he was recognised as South Africa's Best Entrepreneur by Ernst & Young, and in 2004, was chosen as South Africa's leading CEO in the annual MoneyWeb CEO's CEO of the Year Awards. In 2008, he received the Investec Award for Considerable Contribution in a Career/ Profession, and in 2010, he was named as the Sunday Times Business Leader of the Year. In 2016, Adrian received a Doctor of Commerce from the University of the Witwatersrand (Honorius Causa). Alongside his commitments, he works with other leaders to stimulate entrepreneurship in South Africa.

Other directorships
South African chapter of Endeavor (Chairman), World Economic Forum Global Health Advisory Board, the Mailman School of Public Health Board of Overseers (Columbia University), the Massachusetts General Hospital Global Health Advisory Board, World Health Organization Commission on Ending Childhood Obesity. He has also been invited to sit on the Brookings Institute's International Advisory Council.

Professional body membership
Fellow of the Actuarial Society of South Africa and of the Faculty of Actuaries (Edinburgh), an Associate of the Society of Actuaries (Chicago), and a member of the American Academy of Actuaries.

Appointed
Founder

Independent
No

Committee memberships
Social and Ethics Committee

Qualifications
BSc (Hons), FFA, ASA, MAAA, FASSA

Areas of expertise
Strategy development and execution in leading change and building excellent financial services businesses. Strong innovation, entrepreneurship and leadership skills that make a significant contribution to national thought–leadership and creating positive social change

Monty Hilkowitz (77)

Chairperson (Non-executive)

Monty is Chairperson of the Discovery Board of Directors. He worked for Southern Life Association and Swiss Re before joining Liberty Life in 1971, where he was appointed as Managing Director in 1978. He was appointed Chief Executive Officer of Westpac Life in Australia in 1986. He has been self-employed since 1989 and involved in investment management, financial services and insurance interests in several countries.

Other directorships
Acuvest (Board member), Pioneer International (Chairperson).

Appointed
11/04/2002

Independent
Yes

Committee memberships
Remuneration Committee

Qualifications
FIA

Areas of expertise
Investment management, financial services and insurance

Board of directors

for the year ended 30 June 2017 (continued)

Hylton Kallner (42)

Executive Director

Hylton graduated from the University of the Witwatersrand with a BEconSc in Actuarial Science. In 2000. In 1996 Hylton started his career at Liberty Life in the actuarial division. In October 1996, he joined Discovery Health where he has held various positions in marketing, actuarial and strategic projects. He is currently the Chief Executive Officer of Discovery Life and plays a key role in the executive committees of Discovery Limited, Discovery Health, Discovery Life, Discovery Invest, and Discovery Vitality. Hylton was also appointed to the Boards of Discovery Health and Discovery Life in April 2010.

Professional body membership
Fellow of the Faculty of Actuaries and a Fellow of the Actuarial Society of South Africa.

Appointed
3/06/2010

Independent
No

Committee memberships
Actuarial Committee
Risk and Compliance Committee

Qualifications
BEconSc, FFA, FASSA

Areas of expertise
Marketing, actuarial and strategic projects

Neville Koopowitz (53)

Executive Director

Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity as well as the development of Discovery's sales and distribution network. A particular area of focus of his has been the development of Vitality where he was the Chief Executive Officer from inception in 1997. In this role he oversaw the launch of Discovery Card. In 2005 he took up the role of Chief Executive Officer Discovery Health, which he held until his move to the UK in 2010. He is currently the CEO of VitalityHealth in the UK.

Professional body membership
Association of British Health Insurers (member of the Health Committee).

Appointed
19/09/1999

Independent
No

Qualifications
BCom, CFP

Areas of expertise
Corporate identity building, establishing new business and distribution channels, marketing and financial services

Dr Vincent Maphai (65)

Non-executive Director

Vincent was the Director of Corporate Affairs and Transformation at SAB. Previously, he was the Southern African Chairperson of BHP Billiton. He has accumulated experience of 20 years in the academic profession, and 15 years as a senior executive in the private sector. Vincent has served on the Boards of various companies as Non-executive Chairperson, including the SABC and the Presidential Review Commission into the restructuring of the public sector. He currently holds an academic position at Williams College in Massachusetts.

Other directorships
Discovery Foundation (Chairperson).

Professional body membership
South African Academy of Sciences Institute of Directors.

Appointed
8/12/2005

Independent
Yes

Qualifications
BA, BA (Hons), M Phil, D Phil, Advanced Management Programme (Harvard)

Areas of expertise
Transformation and restructuring

Herschel Mayers (57)

Executive Director

Herschel qualified as an actuary in 1986. He joined Liberty Life after qualifying, and as a member of their Executive Committee, served as the Head of Individual and Group Business, Underwriting and Systems, Technology, Product Development, and Finance. Herschel joined Discovery in 2000 as the Managing Director of Discovery Life. In January 2006, Herschel was appointed as Chief Executive Officer of Discovery Life and Discovery Invest. He held this position until December 2015. He is now the Chief Executive Officer of VitalityLife in the UK.

Other directorships
Serves on the Board of the Association for Savings and Investment South Africa (previously LOA).

Professional body membership
Fellow of the Institute of Actuaries.

Appointed
11/03/2000

Independent
No

Committee memberships
Risk and Compliance Committee
Actuarial Committee
Social and Ethics Committee

Qualifications
BSc (Hons), FIA, FASSA

Areas of expertise
Product development, finance, and strategy development

Tito Mboweni (58)

Non-executive Director

Tito is the former Governor of the Reserve Bank of South Africa (1999 to 2009) and also Chairperson of the Committee of Central Bank Governors. He is the former Deputy Head of the ANC's Department of Economic Policy (1990 to 1994) and the Head of the ANC Policy Department (1994 to 1998). In December 2012, he was elected to the ANC's National Executive Committee, and is a member of its Economic Transformation, Social Transformation, Finance and Fundraising, and Free State Province sub-committees. On the community side, he is a member of the Thabo Mbeki Foundation Council of Advisors.

Other directorships
Tito currently serves as Chairperson of the Board of Nampak Ltd, SacOil Holdings Ltd, and Accelerate Property Fund, as well as African Center for Economic Transformation. He is an Advisor for Goldman Sachs International and a member of the Advisory Board for Total Oil Marketing's Strategic Consultative Committee for Africa and Middle East, a Non-executive Director for PPC Ltd and is South Africa's Representative to the BRICS New Development Bank's Board of Directors as a Non-executive Director. He is also Chairperson and Trustee of the Fundraising Committee for the Nelson Mandela Children's Hospital. He was appointed as the Chairman of the Board of the Tourism Business Council of South Africa in August 2016.

Appointed
1/1/2014

Independent
Yes

Committee memberships
Risk and Compliance Committee

Qualifications
BA Economics and Political Science (NUL), MA Development Economics (UEA), Diploma in International Business Diplomacy (Georgetown University).

Areas of expertise
Political analysis, economic analysis, public policy design and execution, executive management, macro-level strategy and advice

Dr Ayanda Ntsaluba (57)

Executive Director

Before joining Discovery in 2011, Ayanda served as Director General of the Department of International Relations and Cooperation. Before this, he was Director General of the Department of Health. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in the fields of health policy planning, international relations, and business at eminent universities, including Harvard University, the University of London, and the Moscow Institute of Social Science. Ayanda plays an instrumental role in Discovery's overall strategic planning, particularly within the healthcare system and in Discovery's international expansion strategy.

Professional body membership
He has served on a number of statutory bodies, including the Medical Research Council (SA) and the Health Professions Council of South Africa.

Appointed
1/7/2011

Independent
No

Committee memberships
Social and Ethics Committee

Qualifications
MBChB, MSc (Lond), FCOG (SA)

Areas of expertise
Health policy planning, international relations, and business

Board of directors

for the year ended 30 June 2017 (continued)

Les Owen (68)

Non-executive Director

Les is a qualified actuary with over 40 years of experience in the UK and Asia Pacific insurance markets. He was the Group Chief Executive of AXA Asia Pacific Holdings Limited (2000 to 2006) and Chief Executive of AXA Sun Life in the UK (1995 to 1999). Les joined the Board of Discovery in 2007 and is Chairperson of the Discovery Limited Audit Committee.

Other directorships

Non-executive Director of Computershare Ltd and Royal Mail plc.

Professional body membership

Fellow of the Institute and Faculty of Actuaries (UK).
Fellow of the Pensions Management Institute (UK).

Appointed
6/12/2007

Independent
Yes

Committee memberships
Audit Committee
Risk and Compliance Committee
Actuarial Committee

Qualifications
BSc (Hons), FIA, FPMI

Areas of expertise
International insurance markets

Alan Pollard (48)

Executive Director

Alan, a qualified actuary, joined Discovery in 1994 and was Head of Research and Development where he was responsible for the design and development of Discovery Health products. From 2005, he served as Chief Executive Officer of Discovery Vitality until relocating in 2012 to serve as Chief Executive Officer of The Vitality Group in the US until 2016. Following the restructure of Vitality Group to include the Discovery Partner Market business, Alan serves as President of Product and Innovation of Vitality Group, and continues to be based in the US.

Professional body membership

Actuarial Society of South Africa; Institute of Actuaries.

Appointed
30/08/2007

Independent
No

Qualifications
BSc (Hons), FIA, FASSA

Areas of expertise
Product design, behavioural economics

John Robertson (69)

Executive Director

John joined Discovery in 1993 and was responsible for information technology strategy, systems development, information technology infrastructure, and finance. He is currently responsible for technology infrastructure services that support Discovery Group companies in South Africa and internationally. He is also responsible for corporate applications, shared services and facilities.

Appointed
17/09/1999

Independent
No

Committee memberships
Social and Ethics Committee
Risk and Compliance Committee

Qualifications
BCom, CTA, CA (SA), HDipTax

Areas of expertise
Information technology strategy, systems development, infrastructure and finance

Sonja de Bruyn Sebotsa (45)

Non-executive Director

Sonja is the Founder and Principal Partner of Identity Partners, an investment firm which makes equity investments, carries out advisory work, and provides debt and equity finance for SMEs through the Identity Development Fund. Until August 2007, she had been an Executive Director of WDB Investment Holdings where she led the structuring of several of WDB's investment transactions. Before this, she was a Vice President in the investment banking division of Deutsche Bank, where she worked in Mergers and Acquisitions and Corporate Finance in South Africa and the UK.

Appointed
8/12/2005

Independent
Yes

Committee memberships
Risk and Compliance Committee

Qualifications
LLB (Hons), MA, SFA, Harvard Executive Programme

Areas of expertise
Law, business, and economics

Barry Swartzberg (52)

Executive Director

Barry is the co-founder of Discovery. He was instrumental in establishing Discovery Health's marketing, distribution, and operational functions, first as Chief Marketing Officer (1992 –1996), and then as Chief Operations Officer (1997 – 1999). He then served as CEO from 2000 to 2005, establishing the company's first low-income medical scheme and launching Discovery Health's administration services business for closed medical schemes. From 2005 to 2014, he served as Group Executive Director responsible for Discovery's strategy and new business development. In this role he initiated Discovery's strategy to launch a retail bank, helped start Discovery Insure, secured the shareholding in Ping An Health, established the first Insurance Partnership with AIA, and established Vitality USA. Barry now serves as the CEO of Vitality Group, which is responsible for the expansion of Discovery's Shared-Value Insurance model outside of South Africa and the UK. He serves on the Boards of Discovery Limited, Discovery Insure, Vitality Group in the US, and Ping An Health in China.

Other directorships
Director of Awethu – non-profit entity that assists micro entrepreneurs.
Director of Endeavor – non-profit entity that assists scale up entrepreneurs.

Professional body membership
Fellow of the Faculty of Actuaries (Edinburgh).

Appointed
3/8/1999

Independent
No

Committee memberships
Social and Ethics Committee

Qualifications
BSc, FFA, ASA, FASSA, CFP

Areas of expertise
Infrastructure development, business diversification, strategy development and execution

Board of directors

for the year ended 30 June 2017 (continued)

Sindi Zilwa (50)

Non-executive Director

Sindi is the Chief Executive Officer of Nkonki, a chartered accountancy firm. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998, and in 2008, the Woman of Substance Award by the African Women Chartered Accountants Forum. In 2014, she received an Overall Professional Woman of the Year by SAPSA and in 2016, she was acknowledged as the Outstanding CEO of the Black Audit Firm's Award. In 2013, she authored her first book, ACE Model-Winning Formula for Audit Committees, which is used by the Institute of Directors to train Audit Committee members, and has recently published Creating Effective Boards and Committees.

Other directorships

Aspen, Rebosis, Metrofile, Gijima, Alexkor SOC Limited and Air Traffic Navigation Services Limited.

Appointed

20/02/2003

Independent

Yes

Committee memberships

Social and ethics Committee
Audit Committee
Risk and Compliance Committee

Qualifications

BCompt (Hons), CTA, CA (SA), Advanced Taxation Certificate (SA), Advanced Diploma in Financial Planning (UOFS), Advanced Diploma in Banking (RAU)

Faith Khanyile (48)

Non-executive Director

Faith is a founding member and the CEO of WDB Investment Holdings (WDBIH). She held various senior and executive roles with Standard Bank, Corporate & Investment Bank (2001 to 2013). She was responsible for strategy, relationship and business development, and served on their Executive and Credit Committees. Before joining Standard Bank, Faith was with Brait Private Equity and seconded to start and manage WDBIH (1995 to 2000). She completed a BA Economics degree with Honors at Wheaton College, USA, has an MBA (Finance) from Bentley Graduate School of Business, and completed an HDIP Tax. She also participated in the Columbia University Executive Leadership Programme in 2007 and was awarded the Doctor of Law by Wheaton College in May 2016.

Appointed

01/10/2015

Independent

No

Committee memberships

Social and Ethics Committee

Qualifications

BA Econ, MBA (Finance), HDIP Tax, Executive Leadership Programme

Areas of expertise

Financial services, corporate and investment banking, and strategy development

Robert Enslin (54)

Non-executive Director

Robert Enslin is president of the Cloud Business Group and is a member of the Executive Board of SAP SE. He is responsible for all end-to-end cloud business functions. As a member of the Executive Board, Robert provides direct input into SAP's business strategy that fuels the research and development priorities. Robert joined the SAP Executive Board in 2014 while serving as president of Global Customer Operations. Before this, he served as chief operating officer and executive vice president of Fast Growth Markets for the global field organization, and was responsible for developing operations in India, Turkey, Brazil, China, and other emerging-market countries.

Robert initially joined SAP in 1992 and was instrumental in building a significant SAP presence in South Africa. Before joining SAP, Robert spent 11 years in various roles in the IT industry.

Other directorships
Member of the Board of Directors of Docker in San Francisco, California.

Professional body membership
Executive Sponsor for SAP's Autism at Work program and honorary global Chairman of the Els for Autism Golf Challenge.

Appointed
04/05/2017

Independent
Yes

Qualifications
Creating and managing completely integrated portfolios to further scale and accelerate long-term business strategy. Enablement of efforts across geographies and overseeing functions such as services, ecosystem and channel, and solutions.

Areas of expertise
Global business, enterprise software technology, go-to-market strategy development, sales enablement and execution, leadership and strategic partner development

Deon Viljoen (52)

Group Chief Financial Officer and Executive Director

Deon joined the Discovery Group in May 2017 as Group Chief Financial Officer. Before joining Discovery, he was with the Alexander Forbes Group. Deon originally joined them in 2003 as Finance Director of Investment Solutions. He later became Finance Director of the Group's African operations. In 2007, when the Group was the subject of a private equity transaction, Deon took the role of Group Chief Financial Officer. In this role, Deon served as Executive Director on the Board of Alexander Forbes Group Holdings Limited, and the listed special purpose vehicle Alexander Forbes Preference Share Investments Limited, as well as on subsidiary boards and Committees. Deon was instrumental in the strategic repositioning during the private equity holding and the relisting in 2014. He also served as interim Chief Executive during 2016. Deon was named CFO of the Year 2015 by CFO SA.

Earlier in his career, he was a partner and director of PricewaterhouseCoopers Johannesburg. As part of his specialisation in banking and financial services, he advised clients and presented on topics such as financial risk management.

Professional body membership
While in the accountancy profession, Deon was a member of the SAICA Banking Industry Group. He also chaired the Investment Management and the Collective Investment Schemes Industry Groups.

Appointed
01/05/2017

Independent
No

Committee memberships
Risk and Compliance Committee
Actuarial Committee

Qualifications
BCom Accountancy (cum laude), BCom (Hons), CA(SA)

Areas of expertise
Specialised in financial services including banking, and expertise in specialist topics such as financial risk management

Steven Epstein

Was appointed to the Discovery Board in 2005 and resigned from this position in December 2016.

Group remuneration policy

The remuneration report focuses on three key areas:

1

Background to Discovery's remuneration strategy and policy

2

Our remuneration policy

3

How we implement our remuneration strategy and policy

The report demonstrates that Discovery's remuneration structure is aligned with our overall business strategy and is based on the principle of 'pay for performance'.

At Discovery, we recognise the importance of our people as an essential underpin to our Shared-Value Insurance model. We have a deep and unequivocal belief that talented employees, liberated to do their best and achieve their potential, are what makes and keeps our business successful. In the context of Discovery's expanding global footprint and our goal to become the world's best insurance organisation, innovation is essential; and to achieve sustained innovation, it is necessary to attract and retain the best talent. Our remuneration policy supports this strategy.

The Remuneration Committee's key focus areas for 2017 included:

- Reviewing overall pay policy
- Ensuring alignment between incentives and the achievement of Ambition 2018
- Reviewing Director and Prescribed Officer package structures to ensure ongoing alignment with the market
- Continuing to address the pay gap through differential annual increases for earners on lower pay scales

Key focus areas for 2018 include:

- Continue to review remuneration practices and make adjustments as required
- Ensure incentive schemes attract, retain and reward top talent
- Continue to focus on equal pay for work of equal value; and eliminate any unjustifiable differences
- Continue to identify and address income differentials related to race and/or gender

Ms S De Bruyn Sebotsa was appointed as Chairperson of the Remuneration Committee on 25 August 2016. Other Remuneration Committee members are MI Hilkowitz and H Bosman. The Committee met three times during the past financial year and attendance was as follows:

	24 August 2016	9 November 2016	26 June 2017
S Du Bruyn Sebotsa (Chairperson)	√	√	√
H Bosman	√	√	√
MI Hilkowitz	√	√	√

The remuneration policy and Committee responsibilities for our business in the UK are governed by a UK Remuneration Committee, chaired by Sir A. Foster.

All Remuneration Committee members have the relevant skills and experience to perform their duties. The majority of Remuneration Committee members have no business or other relationships that could materially interfere with their independent judgement. These members are also members of key oversight Committees so that they are able to monitor risk trends across the Group. The Chairperson of the Internal Remuneration Committee, Barry Swartzberg, and members of executive management, also attend the meetings by invitation. Executive directors are not allowed to participate in discussions regarding their own remuneration and they are not entitled to a vote at the meetings. B Olivier (independent remuneration expert) attends Remuneration Committee meetings by invitation.

In line with King IV, stakeholders will have the opportunity to vote on the following at the 2017 Annual General Meeting:

- A non-binding advisory vote on part 2 of this report
- A non-binding advisory vote on part 3 of this report (excluding recommended fees for non-executive directors)
- The recommended fees for non-executive directors

Discovery's remuneration policy

At Discovery, we believe that great people are the foundation of our success. We offer an environment that provides challenging and meaningful work, where our people are liberated to grow and take advantage of immense opportunities. It is through liberating the best in our people that we will be able to achieve our ambition of being the best insurance company in the world.
We are committed to providing total remuneration packages that ensure we are able to:

- attract, retain and motivate **high calibre employees**
- **encourage performance** and **reward employees** who exceed business objectives
- align the **financial wellbeing of employees** with the economic interest of shareholders
- provide an environment that encourages **innovative thinking and extraordinary performance**
- bring **consistency, transparency and equity** to pay principles which will increase trust and employee engagement
- foster Discovery's **owner-manager culture**

We **balance a flexible approach** that recognises differences in individual performance, value and contribution to the organisation, **with a consistent framework** that ensures fair pay levels and decisions.

REMUNERATION PRINCIPLES

- To succeed, we must have the right people in the right positions, and so strive to offer pay packages that are **competitive in the market**
- **Pay for performance** is at the heart of our remuneration philosophy and we encourage all employees to set and achieve ambitious goals which are aligned with the objectives of the Group – exceptional performance is recognised and rewarded
- **We believe in pay that is right and fair** – we conduct regular salary surveys both internally and externally to ensure fairness and consistency across the business
- We recognise that remuneration is not the only reason why our employees join and stay at Discovery, but it is of significant concern if it is not fair or equitable
- We are **non-discriminatory** – all remuneration policies and practices are free from unfair discrimination based on race, gender, age, religion, marital status and ethnic or social origin
- We employ a **Total Cost to Company** approach to remuneration
- Our **short-term incentive schemes** are designed to encourage, recognise and reward performance and are based on rigorous objective setting and measurement, while allowing sufficient flexibility to respond to different business needs
- Our **long-term incentive schemes** create a sense of ownership in the company and specific schemes are designed for start-ups (to encourage an entrepreneurial mindset) and retention
- Our remuneration policy assists managers to make **educated and defensible pay decisions**
- Remuneration policies and practices are governed by the **Remuneration Committee,** a sub-committee of the Board, with support from the **Internal Remuneration Committee**

REMUNERATION GOVERNANCE

The Board is ultimately responsible for the remuneration policy. To assist the Board in fulfilling its responsibilities, it has appointed and mandated a Remuneration Committee. This Committee is a sub-committee of the Board and consists of non-executive directors and is advised by an independent expert.

The overarching purpose of the Remuneration Committee is to consider, agree and recommend to the Board an overall remuneration policy and philosophy for the Group that recognises the interests of relevant stakeholders, and is aligned with the long-term business strategy, business objectives, risk appetite, and values of Discovery.

In its execution of this mandate, the Remuneration Committee's principal responsibilities are to:

- Formulate, approve and monitor adherence to the remuneration policy
- Ensure alignment with the latest governance standards
- Review and approve all short and long-term incentive structures and monitor overall liability
- Approve and report to the Board all remuneration elements for the CEO and executive directors
- Review total remuneration packages for executive management

Group remuneration policy (continued)

- Review and approve annual salary increase parameters
- Review and approve the total quantum, vesting criteria and director allocations in the phantom share scheme
- Regularly review incentive schemes to ensure continued contribution to shareholder value
- Recommend the base for non-executive directors' fees to the Board for shareholder approval

The Remuneration Committee may, at its sole discretion, waive or amend the performance criteria for variable remuneration should extraordinary circumstances arise.

The Committee has delegated certain of its functions to the Internal Remuneration Committee (comprising the executive directors and business unit CEOs). This latter body is responsible for:

- Detailed analysis and development of research-based recommendations to the Remuneration Committee
- The remuneration packages of management and employees in general (with the exception of directors) in line with the policy
- Implementing the increase and incentive processes and reporting any anomalies to the Committee
- Recommending new schemes and scheme restructures to the Committee.

The Remuneration Committee uses the services of a number of independent advisors to assist in tracking market trends related to all levels of employees. In the 2017 financial year, advisors included Khokhela Consulting (Mabili Reward), PwC's Remchannel, 21st Century Pay Solutions, and Vasdex Associates.

The Board will table the Remuneration Policy and Implementation Report for a non-binding advisory vote by shareholders at the Annual General Meeting on a yearly basis. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, Discovery, in its voting results announcement following the Annual General Meeting, will issue an invitation to dissenting shareholders to engage in dialogue with us.

EMPLOYEE REMUNERATION: TOTAL REWARDS

Our Total Rewards approach encompasses both financial and non-financial elements. The financial elements are explained in the sections that follow.

Financial	Non-financial
Guaranteed pay	Challenging and meaningful work
Compulsory benefits (medical and group life insurance)	Development and training
Retirement funding (pension and provident)	Discovery culture and environment
Short-term incentives	Recognition (Star awards etc.)
Long-term incentives	Opportunity to work with great people
	Career opportunities

The mix of the financial pay elements is linked to organisational level, with the proportion of variable pay and pay-at-risk, increasing at more senior levels.

We offer competitive guaranteed rewards (around the market average), with opportunities in many roles to earn additional variable pay-for-performance incentives, that lead to above market average total rewards for top performers.

REMUNERATION ELEMENTS

The Remuneration Policy covers four remuneration elements, although not all employees participate in all elements:

1. Guaranteed monthly salary
2. Monthly performance-based pay
3. Short-term incentive (within one year)
4. Long-term incentive (over three to five years, usually applicable only to selected Senior Management)

1

GUARANTEED MONTHLY SALARY

Our **Total Cost to Company** approach is designed to provide employees with flexibility and choice when it comes to compulsory benefits. All permanent non-sales employees, irrespective of level, receive a guaranteed component of remuneration, consisting of:

- Basic salary
- Compulsory benefits (medical aid, provident and pension funds, group life cover)

EMPLOYEES SELECT:

- The Discovery Health Medical Scheme plan that best suits them (Discovery membership is compulsory for all employees unless they are a dependant on their spouse's scheme)
- Their contribution level to the provident fund, ranging from 7.5% to 20% of guaranteed or base pay
- The structure of their provident fund portfolio, with a choice of conservative, moderate and aggressive funds

The pension fund compulsory contribution is set at 5% of salary.

Employees who work in sales environments typically receive a variable monthly remuneration linked directly to their sales productivity relative to target. The expected monthly salary, or "deemed salary" is used as the basis to calculate benefits.

GUARANTEED PAY CAN BE:

- Above the median to attract top talent, particularly in scarce and critical skill areas; and to retain top talent
- At, or close to, the market median
- In rare instances, below the median for people who display high potential but are new to their role and still need to grow fully into the role

We use independent providers to ensure we pay employees competitively. Benchmarking exercises are completed at least annually to keep track of market movements and these take into account factors such as industry, company size (revenue, profit, number of employees) and availability of skills. Many of our roles at Discovery are unique and so market data is used to assist in making pay decisions, but is not the only reason we pay employees as we do.

2

Pay for performance is at the heart of our pay philosophy and as a result, most permanent employees also have an opportunity to earn performance-based pay.

MONTHLY PERFORMANCE-BASED PAY

In many of the operational areas of the business where performance is highly measurable, monthly pay is made up of:

- Guaranteed monthly salary
- Performance-based pay ("on-par")

The performance element ensures alignment between company goals and individual performance, and allows top performers to significantly enhance their earnings. Targets are reviewed and adjusted as required at the discretion of management to drive continuous improvement in the areas concerned.

Group remuneration policy (continued)

3 SHORT-TERM INCENTIVE SCHEMES

Short-term incentive schemes are designed to encourage and reward performance at every level. Different business units run different schemes based on business priorities, and therefore scheme structures (payout percentages, pay periods and calculations) vary by scheme. Typically, short-term schemes span three to 12 months, and to receive payment, an employee must have been employed for a minimum of three months in the period, and have not resigned at time of payout. All schemes are performance based and reward delivery against pre-agreed stretch targets which may be at an individual, and/or business level.

- At staff and team leader levels, payments may be quarterly, bi-annually or annually, depending on the scheme. Measures are set by management and aligned with business goals and continuous improvement
- The management team participates in a bi-annual Management Incentive Scheme which takes into account performance against both personal and business objectives
- Senior managers participate in a Discovery Group level profit pool scheme
- The Sales team participates in production-related incentives applicable to their roles

Targets and final payout amounts are determined and applied at the discretion of management and the Remuneration Committee.

The management schemes have thresholds below which no payment is made as well as maximum payment caps.

Targets are set at company or divisional level using key performance indicators, and cross-company calibration ensures alignment with Group objectives and shareholder interests, as well as consistency across the various Group companies. Of the weighting, 60 – 70% relates to standard measures which apply to all businesses, with the balance available to drive company or divisional-specific initiatives.

THE MEASURES MAY INCLUDE AMONG OTHERS:

- Profit
- New business
- Customer satisfaction
- Employment equity
- Key financial ratios

The Discovery profit pool scheme is based on the achievement of a target level of growth in normalised operating profit, excluding start-ups.

The on-target value of the management incentives are expressed as a percentage of salary, depending on the level of the individual within the organisation. Actual payout takes into consideration individual, and business performance, and proposed payments are reviewed and signed off by the Remuneration Committee prior to payout.

The on-target split between individual and profit pool components for different levels of management are:

Employee category % of total cost to company	Individual management incentive	Discovery profit pool
Executive Director[1]	50%	50%
Prescribed Officer[2]	35%	50%
General Manager	25%	15%-25%
Deputy General Manager	20%-30%	10%
Manager/Divisional Manager	15%-20%	–

1 Package structures aligned with the market with effect 1 July 2016. Individual Incentive % increased from 25% to 50%.
2 Package structures aligned with the market with effect 1 January 2017. Individual Incentive % increased from 25% to 35% and Profit Pool % from 35% to 50%.

Typically, the more senior an employee, the higher the proportion of their total package that is linked to “pay at risk” or pay-for-performance.

4

LONG-TERM INCENTIVE PLANS

Long-term Incentives encourage alignment with long-term shareholder interests and are used to drive longer-term performance, retain key people and create opportunities for individuals to share in the success of the Group. These schemes are restricted to senior managers and executives and align their interests with the longer-term strategic goals of the Group. Long-term Incentive Plans typically run over three to five years.

Discovery currently operates a Phantom Share and Option Scheme referenced to the Discovery share price performance for the purposes of calculating incentives payable. Selected senior managers are eligible to participate in this scheme. The Remuneration Committee approves the total allocation value per annum and the individual director allocations. Allocations below director level vary by role, level and individual performance. Guidelines are provided by role and level, and each business CEO recommends the participants and the associated allocations. The Committee reviews and approves the allocations as well as the performance measures set for each allocation. Payments are made in cash on the second, third, fourth and fifth anniversaries of allocation. Growth in headline earnings per share must exceed a target level for payment to be made in any year.

From time-to-time, the Remuneration Committee may decide to implement a specific long-term incentive to drive a particular business result. This may be associated with, for instance, the start-up of a new venture or the delivery of strategic stretch business targets. Participation is at the discretion of the Committee and is limited to key influencers. Payout under start-up schemes is typically linked to value created and profitability.

A Black Economic Empowerment staff share trust intended to recruit and retain senior black talent is also in operation, with allocations based on role and level.

All bonus schemes are non-contractual and discretionary, and may be changed by the Remuneration Committee.

PAYMENTS ON TERMINATION OF OFFICE

Our standard practice is to not pay ex-gratia payments on termination of office of executive directors and prescribed officers, except for such payments that are due under existing short and long-term schemes.

SIGN-ON, RETENTION AND RESTRAINT OF TRADE PAYMENTS

Such payments are made when deemed necessary in order to attract and retain critical employees. These are approved by the Remuneration Committee and disclosed appropriately.

Interim increases may be awarded during the year at the discretion of senior management under the following circumstances:

- Successful internal recruitment into a higher paying role
- Qualification and passing certain exams
- Promotion to a higher level

ANNUAL SALARY REVIEW PROCESS

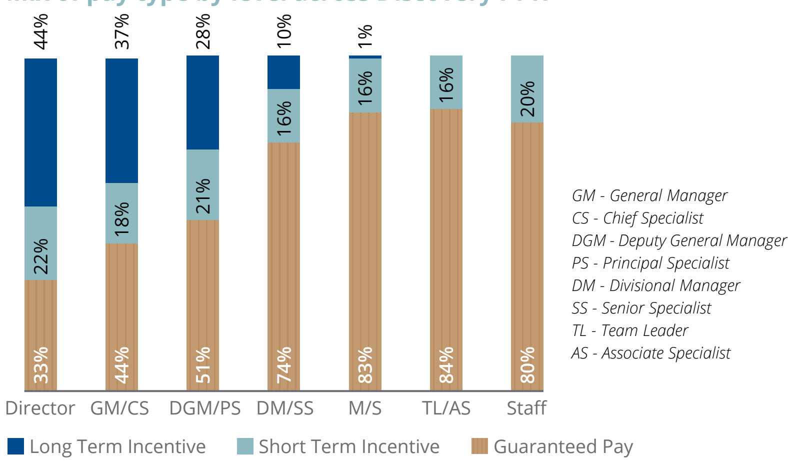
The annual salary review process provides an opportunity to adjust salaries in line with the market, and takes place between April and June each year, with increases effective from July. The Remuneration Committee determines the overall percentage increase to the salary bill, taking into account benchmarking to understand market trends, particularly for scarce and critical skills, changes to the national cost of living, and business performance and affordability. Performance is primarily rewarded through the incentive structures, not through the salary increase process. Typically, an employee has to be employed for a minimum of three months to be part of the review process, and any increase may be moderated for length of service and time in role. This three-month exclusion may not apply in certain instances.

Group remuneration policy (continued)

Implementation of the remuneration policy

The mix of the financial pay elements is linked to organisational level, with the proportion of variable pay and pay-at-risk increasing at more senior levels.

Mix of pay type by level across Discovery FY17



EXECUTIVE DIRECTOR REMUNERATION

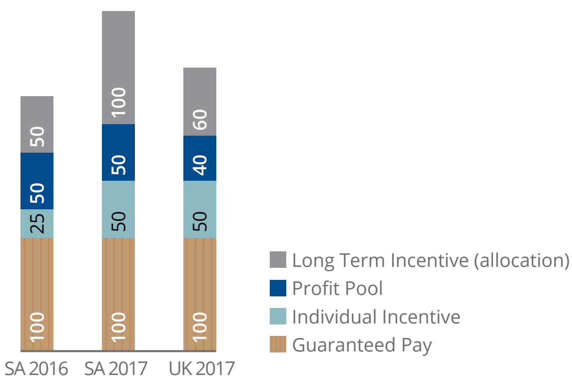
Benchmarking was carried out both in South Africa and in the United Kingdom to ensure alignment of Directors' packages with the relevant local market.

In South Africa, this resulted in an increase in the on-target percentage of the short-term individual director incentive from 25% to 50%, and an increase in the annual phantom share allocation to, on average, 100% of guaranteed pay.

In the United Kingdom, the benchmarking exercise found that the UK directors' packages reflected both their roles in the UK as well as their continued influence on the wider Group as members of the top Executive structure and of the Discovery Board. No adjustment was proposed.

Director target pay mix (using allocation value)

(Guaranteed Pay = 100 Units)



DIRECTOR INCENTIVE TARGETS AND PERFORMANCE

Stretch targets are determined annually in advance for each executive director's individual incentive and agreed to by the Remuneration Committee. These targets ensure delivery in the current financial year as well as driving strategic initiatives that will ensure the long-term, sustainable success of the company.

The measures incorporate:

1. Business performance based on the Board-approved targets
2. Transformation
3. Innovation
4. Achievement of innovative strategic initiatives for the future

In 2017, the key performance indicators per business included:

Standard Business Objectives	Measure	Weightings
Insurgency and market leadership in new business	▪ New Business API	10%-20%
Products that meet complex consumer needs and are sustainable in the long term	▪ Innovation	10%-15%
Superior actuarial dynamics and engagement	▪ Loss ratios ▪ Lapse rates ▪ Value of new business ▪ Engagement in the Vitality programme	10%-30%
Exceptional service ecosystem	▪ Broker/franchise perception scores ▪ Member-based research (MBR) scores	10%-20%
Financial excellence and superior returns	▪ Growth in normalised profit from operations	10%-35%
Diverse workforce	▪ Employment equity	7.5%-15%

The target growth in normalised operating profit used to determine the value of the Profit Pool was set at 20% excluding new ventures. The threshold growth below which no profit pool accumulates, was set at CPI x 1.5%. Actual growth in normalised operating profit resulted in the profit pool value being 57.8% of expected.

Final payments (made in September) are based on audited year-end results therefore the payouts reflected below are based on achievements against performance in the 2016 financial year, paid in March 2016 and September 2016.

For the 2016 financial year, the on-target percentages for the South African director incentive and the profit pool were 25% and 50% respectively.

An additional payment was made to Directors against the 2015 Executive Outperformance Scheme. This scheme is a once-off scheme designed to drive achievement of the Discovery 2018 ambition. Two-year stretch targets were set and measured to the end of the 2015 financial year. Cash payments linked to this scheme were deferred from 2015 to 2017 based on individual performance and indexed to the Discovery share price.

Chief Executive Officer

The CEO, Adrian Gore, was awarded a total incentive of 50% of his annual guaranteed pay, comprising 17.18% in respect of his director incentive and 32.73% in respect of the profit pool. Individual measures for the CEO related to guiding new developments to profitability and scale, and the launch of new initiatives.

In respect of the Executive Outperformance Scheme, Adrian Gore was awarded an additional 27% of salary.

Chief Financial Officer

The CFO, Richard Farber*, was awarded a total incentive of 52% of his annual guaranteed pay comprising 19.35% in respect of his individual incentive and 32.73% in respect of the profit pool. Individual measures for the CFO related to funding and capital planning, as well as cost efficiency and new initiatives.

In respect of the Executive Outperformance Scheme, Richard Farber was awarded an additional 52% of salary.

Remaining South African executive directors

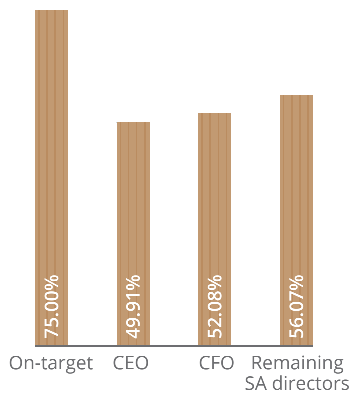
The remaining local executive directors were on average awarded a total incentive of 56% of their annual guaranteed pay comprising 23.34% in respect of their individual incentives and 32.73% of the profit pool. Measures for executive directors related to business performance and delivery of key strategic initiatives in the relevant areas.

In respect of the Executive Outperformance Scheme, other South African Directors were awarded an additional 61% of salary.

* *Mr Farber relinquished his role as CFO on 1 May 2017 and remained as an executive director on the Discovery Limited Board of Directors.*

Group remuneration policy (continued)

SA Directors performance against targets



UK Directors

The UK directors, Herschel Mayers and Neville Koopowitz, were awarded a total incentive of on average 81% of annual guaranteed pay comprising 46% in respect of their individual incentive and Discovery Group profit pool performance, and 35% in respect of the stretch incentive. Individual incentive measures for the UK directors related to the business scorecard while the stretch incentive was linked to transformative initiatives and business growth.

In respect of the Executive Outperformance Scheme, the UK directors were awarded an additional 24% of salary.

US Director

Alan Pollard was awarded a total incentive of 30% of annual guaranteed pay. Individual measures related to guiding new developments to profitability and scale, and gaining traction in the US.

In respect of the Executive Outperformance Scheme, Alan Pollard was awarded an additional 36% of salary.

Prescribed officers' individual management incentives are aligned with their business units' scorecards. In the 2016 financial year, the on-target percentages for the management incentive and the profit pool were 25% and 35% respectively.

Prescribed officers

Prescribed officers were on average awarded a total incentive of 56% of their annual guaranteed pay comprising 25.45% in respect of their individual incentives and 22.91% of the profit pool.

In respect of the Executive Outperformance Scheme, the Prescribed Officers were awarded an additional 56% of salary.

Payment in respect of the long-term phantom share and option scheme relate to allocations made from the 2011 to the 2014 financial year which vest 25% per year from year two to year five.

TERMS OF EMPLOYMENT

All executive directors are employed on employment contracts that can be cancelled with one month to three months' notice by either the executive or the company.

NON-EXECUTIVE DIRECTORS

Non-executive directors receive a combination of fixed and meeting attendance fees for their participation on the Board and Board Committees. Non-executive directors do not receive annual incentive awards.

The Remuneration Committee reviews the fees paid to Non-executive directors annually by taking into consideration the individuals' responsibilities and Board Committee membership. The Chairperson is not present when his or her remuneration is reviewed. In addition, from time to time, the fees are benchmarked to other local and international financial services companies and companies with similar market capitalisations to ensure the fees remain competitive. Recommendations are made to the Board for consideration and taken to the Annual General Meeting for shareholder approval.

The non-executive Board member fee structure has two components:

1. A retainer
2. A Board or Board Committee meeting attendance fee

The Chairperson of the Board receives an all-inclusive retainer and does not receive any other fees or retainer for attendance at Board or Committee meetings.

The fee structure for 2017 and proposed 2017/2018 financial years, is shown below (exclusive of VAT)

The non-executive director fees were reviewed by an independent external expert and benchmarked against comparable financial services companies operating in South Africa. As a result of this benchmarking exercise, it is proposed that adjustments higher than inflation be made to certain non-executive directors.

	Proposed 2017/2018	2016/2017
Retainer for the Chairperson of the Board	R4 200 000	R3 834 000
SA-based Board retainer	R200 000	R172 210
SA-based Board attendance fees	R33 500 per meeting	R28 755 per meeting
SA-based Committee Chairperson retainer	R225 200	R212 470
SA-based Committee member's retainer	R130 375	R123 000
SA-based Committee Chairperson attendance fees	R26 075 per meeting	R24 600 per meeting
SA-based Committee member's attendance fee	R16 600 per meeting	R15 655 per meeting
UK-based Board retainer	GBP30 155	GBP29 420
UK-based Board attendance fee	GBP5 065 per meeting	GBP4 940 per meeting
UK-based Committee Chairperson retainer	GBP28 535	GBP27 840
UK-based Committee Chairperson attendance fee	GBP2 800 per meeting	GBP2 730 per meeting
UK-based Committee member's retainer	GBP8 615	GBP8 405
UK-based Committee member's attendance fee	GBP1 190 per meeting	GBP1 160 per meeting
USA-based Board retainer	$39 620	$38 660
USA-based Board attendance fees	$6 565 per meeting	$6 405 per meeting
Non-resident director travel allowance	$2 700 per return leg	$2 640 per return leg

TERMS FOR NON-EXECUTIVE DIRECTORS

There is no limitation on the number of times a non-executive director may stand for re-election. Proposals for re-election are based on individual performance and contribution, which is reviewed by the Board.

Group remuneration policy (continued)

2017 REMUNERATION AND FEES

Payments to directors for the year ended 30 June 2017 for services rendered are as follows:

R'000	Services as directors	Basic salary	Perfor-mance bonus	Phantom scheme bonus	Provident fund contributions	Other benefits[1]	Total
EXECUTIVE							
A Gore	–	6 233	3 569	6 141	935	287	17 165
R Farber	–	4 741	2 176	5 858	345	72	13 192
HD Kallner	–	4 642	3 650	8 530	232	126	17 180
NS Koopowitz[2]	–	14 929	10 501	7 898	173	411	33 912
HP Mayers[3]	–	14 894	13 208	6 780	1 623	7 821	44 326
Dr A Ntsaluba	–	3 898	2 328	10 701	292	205	17 424
A Pollard[4]	–	5 890	1 740	8 631	144	255	16 660
JM Robertson	–	3 550	2 050	6 072	727	85	12 484
B Swartzberg	–	4 634	2 731	5 858	238	129	13 590
DM Viljoen[5]	–	713	10 000	–	109	11	10 833
Sub-total	–	64 124	51 953	66 469	4 818	9 402	196 766
PRESCRIBED OFFICERS							
Dr J Broomberg	–	4 352	2 306	5 731	218	131	12 738
K Rabson	–	4 173	2 170	5 814	209	319	12 685
Dr P Moumakwa	–	2 911	1 575	5 139	291	61	9 977
Sub-total	–	11 436	6 051	16 684	718	511	35 400
NON-EXECUTIVE							
MI Hilkowitz	3 834	–	–	–	–	–	3 834
Dr BA Brink	933	–	–	–	–	–	933
HL Bosman[6]	1 268	–	–	–	–	–	1 268
SE de Bruyn Sebotsa	1 256	–	–	–	–	–	1 256
SB Epstein[7]	1 936	–	–	4 052	–	186	6 174
R Enslin	211	–	–	–	–	–	211
F Khanyile[8]	470	–	–	–	–	–	470
Dr TV Maphai	798	–	–	–	–	–	798
TT Mboweni	604	–	–	–	–	–	604
AL Owen[9]	2 862	–	–	–	–	–	2 862
SV Zilwa	1 278	–	–	–	–	–	1 278
Sub-total	15 450	–	–	4 052	–	186	19 688
Total	15 450	75 560	58 004	87 205	5 536	10 099	251 854
Less: paid by subsidiaries	(15 450)	(75 560)	(58 004)	(87 205)	(5 536)	(10 099)	(251 854)
Paid by holding company	–	–	–	–	–	–	–

1 *"Other benefits" comprise medical aid contributions, travel and other allowances, where applicable.*
2 *Salary and incentive are paid in GBP.*
3 *Remuneration consists of GBP and Rands components.*
4 *Salary and incentive are paid in USD.*
5 *The sign-on bonus paid to DM Viljoen has a two-year retention condition.*
6 *Director's fees for services rendered by HL Bosman were paid to Rand Merchant Insurance Holdings Limited.*
7 *Included in director's fees for SB Epstein is US$ 100 000 for services rendered as director of TVG Inc. Director's fees are paid in USD.*
8 *Director's fees for services rendered by F Khanyile were paid to WDB Investment Holdings Proprietary Limited.*
9 *Director's fees are paid in GBP.*

Discovery

2016 REMUNERATION AND FEES

Payments to directors for the year ended 30 June 2016 for services rendered are as follows:

R'000	Services as directors	Basic salary	Perfor-mance bonus	Phantom scheme bonus	Provident fund contributions	Other benefits[1]	Total
EXECUTIVE							
A Gore	–	5 898	3 690	7 852	845	257	18 542
R Farber	–	3 789	3 035	7 710	190	116	14 840
HD Kallner	–	3 822	2 920	8 820	191	114	15 867
NS Koopowitz[2]	–	17 646	9 572	35 211	697	506	63 632
HP Mayers[3]	–	11 214	7 454	8 664	1 228	310	28 870
Dr A Ntsaluba	–	3 409	2 664	12 132	536	182	18 923
A Pollard[4]	–	6 318	2 774	10 015	155	240	19 502
JM Robertson	–	3 355	2 337	7 932	682	58	14 364
B Swartzberg	–	4 065	2 981	7 710	479	116	15 351
Sub-total	–	59 516	37 427	106 046	5 003	1 899	209 891
PRESCRIBED OFFICERS							
Dr J Broomberg	–	3 851	2 381	7 483	256	118	14 089
K Rabson	–	3 473	2 305	7 570	343	255	13 946
Dr P Moumakwa	–	2 714	1 680	6 702	271	79	11 446
Sub-total	–	10 038	6 366	21 755	870	452	39 481
NON-EXECUTIVE							
MI Hilkowitz	3 600	–	–	–	–	–	3 600
Dr BA Brink	891	–	–	–	–	–	891
HL Bosman[5]	1 153	–	–	–	–	–	1 153
SE de Bruyn Sebotsa	924	–	–	–	–	–	924
JJ Durand[6]	439	–	–	–	–	–	439
SB Epstein[7]	1 243	–	–	1 792	–	–	3 035
F Khanyile[8]	276	–	–	–	–	–	276
Dr TV Maphai	817	–	–	–	–	–	817
TT Mboweni	444	–	–	–	–	–	444
AL Owen[9]	3 697	–	–	–	–	–	3 697
T Slabbert[8]	267	–	–	–	–	–	267
SV Zilwa	1 214	–	–	–	–	–	1 214
Sub-total	14 965	–	–	1 792	–	–	16 757
Total	14 965	69 554	43 793	129 593	5 873	2 351	266 129
Less: paid by subsidiaries	(14 965)	(69 554)	(43 793)	(129 593)	(5 873)	(2 351)	(266 129)
Paid by holding company	–	–	–	–	–	–	–

1 *"Other benefits" comprise medical aid contributions, travel and other allowances.*
2 *Salary and incentives are paid in GBP.*
3 *Received a salary paid in GBP from January 2016 in addition to component paid in rands.*
4 *Salary and incentives are paid in USD.*
5 *Director's fees for services rendered by HL Bosman were paid to Rand Merchant Insurance Holdings Limited.*
6 *Director's fees for services rendered by JJ Durand were paid to Remgro Limited.*
7 *Included in director's fees for SB Epstein is US$ 100 000 for services rendered as director of TVG Inc. Director's fees are paid in USD.*
8 *Director's fees for services rendered by T Slabbert and F Khanyile were paid to WDB Investment Holdings Proprietary Limited.*
9 *Director's fees are paid in GBP.*

Group remuneration policy (continued)

DIRECTORS' PARTICIPATION IN SHARE INCENTIVE SCHEMES

Discovery's directors and Prescribed Officers participate in the various share incentive schemes offered by the Group and their participation is disclosed below. Refer to Group note 32.1 for a detailed description of the various schemes offered.

Discovery Limited phantom share scheme

Directors and prescribed officers participation as at 30 June 2017:

Directors and Prescribed Officers	Outstanding shares	Date granted	Strike price R	Final vesting date	Value at 30 June 2017 R
J Broomberg	4 315	30/09/12	–	30/09/17	**551 975**
	12 945	30/09/12	54.75	30/09/17	**960 337**
	20 072	01/07/13	–	30/09/17	**2 601 327**
	5 947	30/09/13	–	30/09/18	**755 649**
	11 893	30/09/13	84.76	30/09/18	**557 461**
	8 225	30/09/14	–	30/09/19	**1 038 312**
	16 451	30/09/14	97.89	30/09/19	**648 804**
	8 433	30/09/15	–	30/09/20	**1 057 323**
	16 866	30/09/15	134.94	30/09/20	**345 358**
	17 570	30/09/16	–	30/09/21	**2 171 744**
R Farber	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	18 434	01/07/13	–	30/09/17	**2 388 973**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	9 401	30/09/14	–	30/09/19	**1 186 669**
	18 801	30/09/14	97.89	30/09/19	**741 507**
	31 870	30/09/15	–	30/09/20	**3 995 836**
	63 739	30/09/15	134.94	30/09/20	**1 305 156**
	37 936	30/09/16	–	30/09/21	**4 689 088**
A Gore	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	16 295	01/07/13	–	30/09/17	**2 111 852**
	10 194	30/09/13	–	30/09/18	**1 295 399**
	20 388	30/09/13	84.76	30/09/18	**955 647**
	14 101	30/09/14	–	30/09/19	**1 780 003**
	28 201	30/09/14	97.89	30/09/19	**1 112 231**
	14 456	30/09/15	–	30/09/20	**1 812 482**
	28 913	30/09/15	134.94	30/09/20	**592 039**
	32 424	30/09/16	–	30/09/21	**4 007 776**
HD Kallner	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	27 651	01/07/13	–	30/09/17	**3 583 460**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	41 581	30/09/14	–	30/09/19	**5 248 932**
	83 162	30/09/14	97.89	30/09/19	**3 279 869**
	9 638	30/09/15	–	30/09/20	**1 208 405**
	19 275	30/09/15	134.94	30/09/20	**394 686**
	75 918	30/09/16	–	30/09/21	**9 383 861**
NS Koopowitz	40 861	01/07/13	–	30/09/17	**5 295 558**

DIRECTORS' PARTICIPATION IN SHARE INCENTIVE SCHEMES continued

Discovery Limited phantom share scheme continued

Directors and Prescribed Officers	Outstanding shares	Date granted	Strike price R	Final vesting date	Value at 30 June 2017 R
HP Mayers	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	26 360	01/07/13	–	30/09/17	**3 416 232**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	9 401	30/09/14	–	30/09/19	**1 186 669**
	18 801	30/09/14	97.89	30/09/19	**741 507**
	9 638	30/09/15	–	30/09/20	**1 208 405**
	19 275	30/09/15	134.94	30/09/20	**394 686**
A Ntsaluba	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	22 489	01/07/13	–	30/09/17	**2 914 547**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	9 401	30/09/14	–	30/09/19	**1 186 669**
	18 801	30/09/14	97.89	30/09/19	**741 507**
	9 638	30/09/15	–	30/09/20	**1 208 405**
	19 275	30/09/15	134.94	30/09/20	**394 686**
	38 229	30/09/16	–	30/09/21	**4 725 304**
A Pollard	1 546	30/09/12	–	30/09/17	**197 764**
	4 638	30/09/12	54.75	30/09/17	**344 075**
	19 663	01/07/13	–	30/09/17	**2 548 238**
	2 294	30/09/13	–	30/09/18	**291 446**
	4 588	30/09/13	84.76	30/09/18	**215 030**
	3 134	30/09/14	–	30/09/19	**395 556**
	6 267	30/09/14	97.89	30/09/19	**247 169**
	3 213	30/09/15	–	30/09/20	**402 843**
	6 425	30/09/15	134.94	30/09/20	**131 562**
	7 587	30/09/16	–	30/09/21	**937 793**
	15 175	30/09/16	134.94	30/09/21	**574 655**
K Rabson	4 315	30/09/12	–	30/09/17	**551 975**
	12 945	30/09/12	54.75	30/09/17	**960 337**
	20 789	01/07/13	–	30/09/17	**2 694 231**
	5 947	30/09/13	–	30/09/18	**755 649**
	11 893	30/09/13	84.76	30/09/18	**557 461**
	8 225	30/09/14	–	30/09/19	**1 038 312**
	16 451	30/09/14	97.89	30/09/19	**648 804**
	30 665	30/09/15	–	30/09/20	**3 844 754**
	61 330	30/09/15	134.94	30/09/20	**1 255 828**
	17 570	30/09/16	–	30/09/21	**2 171 744**
JM Robertson	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	20 277	01/07/13	–	30/09/17	**2 627 871**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	9 401	30/09/14	–	30/09/19	**1 186 669**
	18 801	30/09/14	97.89	30/09/19	**741 507**
	9 638	30/09/15	–	30/09/20	**1 208 405**
	19 275	30/09/15	134.94	30/09/20	**394 686**
	37 936	30/09/16	–	30/09/21	**4 689 088**
DM Viljoen	75 785	01/05/17	–	30/04/22	**9 222 553**

Group remuneration policy (continued)

DIRECTORS' PARTICIPATION IN SHARE INCENTIVE SCHEMES continued

Discovery Limited phantom share scheme continued

Directors and Prescribed Officers	Outstanding shares	Date granted	Strike price R	Final vesting date	Value at 30 June 2017 R
B Swartzberg	4 638	30/09/12	–	30/09/17	**593 325**
	13 915	30/09/12	54.75	30/09/17	**1 032 279**
	18 434	01/07/13	–	30/09/17	**2 388 973**
	6 796	30/09/13	–	30/09/18	**863 599**
	13 592	30/09/13	84.76	30/09/18	**637 098**
	9 401	30/09/14	–	30/09/19	**1 186 669**
	18 801	30/09/14	97.89	30/09/19	**741 507**
	9 638	30/09/15	–	30/09/20	**1 208 405**
	19 275	30/09/15	134.94	30/09/20	**394 686**
	43 493	30/09/16	–	30/09/21	**5 375 962**
P Moumakwa	4 315	30/09/12	–	30/09/17	**551 975**
	12 945	30/09/12	54.75	30/09/17	**960 337**
	14 983	01/07/13	–	30/09/17	**1 941 704**
	5 947	30/09/13	–	30/09/18	**755 649**
	11 893	30/09/13	84.76	30/09/18	**557 461**
	8 225	30/09/14	–	30/09/19	**1 038 312**
	16 451	30/09/14	97.89	30/09/19	**648 804**
	8 433	30/09/15	–	30/09/20	**1 057 323**
	16 866	30/09/15	134.94	30/09/20	**345 358**
	17 570	30/09/16	–	30/09/21	**2 171 744**

The Vitality Group Inc. phantom stock plan

Directors and Prescribed Officers participation as at 30 June 2017:

Directors and Prescribed Officers	Outstanding shares	Date granted	Strike price US$	Final vesting date	Value at 30 June 2017 US$
A Pollard	146 429	01/10/13	–	01/10/17	**117 143**
	312 814	01/10/14	–	01/10/18	**262 764**
	346 287	01/10/15	–	01/10/19	**305 887**
	355 773	01/10/16	–	01/10/19	**346 730**

The VitalityHealth and VitalityLife phantom share schemes

Directors and Prescribed Officers participation as at 30 June 2017:

Directors and Prescribed Officers	Outstanding shares	Date granted	Strike price GBP	Final vesting date	Value at 30 June 2017 GBP
NS Koopowitz	19 493	2016	–	2020	**562 178**
	19 978	2015	154.13	2019	**616 721**
	19 873	2015	–	2019	**570 554**
	7 960	2013	–	2017	**255 118**
HP Mayers	19 978	2015	154.13	2019	**616 721**
	19 493	2016	–	2020	**562 178**

Directors' interests in shares

According to the Register of Directors' Interests, maintained by Discovery in accordance with the provisions of section 30(4)(d) of the Companies Act, directors and prescribed officers of Discovery have disclosed the following interest in the ordinary shares of the Company at 30 June:

Directors and Prescribed Officers	Direct beneficial	Indirect beneficial	Total 2017	Direct beneficial	Indirect beneficial	Total 2016
A Gore	–	49 618 784	**49 618 784**	–	49 618 784	49 618 784
R Farber	55 076	–	**55 076**	139 576	–	139 576
HD Kallner	100 398	–	**100 398**	138 398	–	138 398
NS Koopowitz	250 000	852 764	**1 102 764**	250 000	852 764	1 102 764
HP Mayers	36 948	8 449 550	**8 486 498**	81 948	8 449 550	8 531 498
A Ntsaluba	110 164	–	**110 164**	85 164	–	85 164
A Pollard	1 423 099	–	**1 423 099**	1 453 099	–	1 453 099
JM Robertson	1 404 439	3 390 812	**4 795 251**	1 404 439	3 390 812	4 795 251
B Swartzberg	3 384 227	22 279 011	**25 663 238**	3 384 227	22 279 011	25 663 238
DM Viljoen	10 000	–	**10 000**	–	–	–
Dr J Broomberg	160 842	–	**160 842**	200 842	–	200 842
Dr P Moumakwa	13 284	–	**13 284**	13 284	–	13 284
H Bosman	–	77 027	**77 027**	–	77 027	77 027
Dr BA Brink	25 000	–	**25 000**	30 004	–	30 004
SB Epstein	–	–	**–**	19 250	–	19 250
Dr TV Maphai	1 919	1 074 349	**1 076 268**	1 864	1 429 784	1 431 648
K Rabson	–	755 000	**755 000**	–	825 000	825 000
SE de Bruyn Sebotsa	65 800	–	**65 800**	78 095	–	78 095
AL Owen	33 747	–	**33 747**	33 747	–	33 747
SV Zilwa	–	34 780	**34 780**	–	34 780	34 780
	7 074 943	86 532 077	**93 607 020**	7 313 937	86 957 512	94 271 449

There has been no change in the directors' interests in Discovery Limited shares between 30 June 2017 and the date of publication of this notice and the Integrated Annual Report.

Shareholder analysis

at 30 June 2017

	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	25 148	76.22	7 164 129	1.11
1 001 – 10 000 shares	6 538	19.82	18 295 196	2.84
10 001 – 100 000 shares	1 020	3.09	30 625 491	4.73
100 001 – 1 000 000 shares	216	0.65	65 362 559	10.10
1 000 001 shares and over	73	0.22	525 397 617	81.22
	32 995	**100.00**	**646 844 992**	**100.00**
DISTRIBUTION OF SHARES				
Black Economic Empowerment			43 602 009	6.74
Charity			815 932	0.13
Corporate holding			161 944 576	25.04
Custodians			5 079 244	0.79
Exchange-traded fund			7 041 246	1.09
Foreign government			1 411 340	0.22
Hedge fund			3 516 378	0.54
Insurance companies			4 959 450	0.77
Investment trusts			4 151 629	0.64
Local authority			305 225	0.05
Medical Aid Scheme			157 494	0.02
Other managed funds			19 758 175	3.05
Pension funds			93 494 822	14.45
Private investor			117 655 101	18.19
Sovereign wealth			23 888 942	3.69
Trading position			8 205 443	1.27
Unit trusts and mutual funds			150 477 317	23.26
University			184 853	0.03
Venture capital			195 816	0.03
			646 844 992	**100.00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	27	0.08	363 784 046	56.24
– Directors of the Company	15	0.04	91 601 626	14.16
– Empowerment*	6	0.02	54 133 394	8.37
– Own holdings	1	0.00	680 268	0.11
– Key management personnel	3	0.01	929 126	0.14
Strategic holdings (more than 5%)	2	0.01	216 439 632	33.46
Public shareholders	**32 968**	**99.92**	**283 060 946**	**43.76**
	32 995	**100.00**	**646 844 992**	**100.00**

** Included in empowerment are 1 076 268 shares that are held by a director of Discovery Limited.*

	Number of shares	%
BENEFICIAL SHAREHOLDERS' HOLDING OF 5% OR MORE		
Rand Merchant Insurance Holdings Limited	161 944 576	25.04
Government Employees Pension Fund	54 495 056	8.42
A Gore	49 618 784	7.67

Share capital

for the year ended 30 June 2017

Ordinary share capital and share premium

R million	Issued		Treasury shares			
	Share capital	Share premium	Discovery Health	BEE share trust	BEE transaction partners	Total outstanding
At 1 July 2015	1	7 558	(14)	(50)	(7)	7 488
Share movements:						
– treasury shares delivered	–	817	–	*	–	817
– treasury share purchases	–	3	–	(6)	(2)	(5)
Share issue costs	–	*	–	–	–	*
At 30 June 2016	1	8 378	(14)	(56)	(9)	8 300
Share movements:						
– treasury shares delivered	**–**	**–**	**–**	**–**	**11**	**11**
– treasury share purchases	**–**	**(1)**	**–**	**(2)**	**(2)**	**(5)**
At 30 June 2017	**1**	**8 377**	**(14)**	**(58)**	**–**	**8 306**

** Amount is less than R500 000.*

Number of shares	Issued	Treasury shares			
		Discovery Health	BEE share trust	BEE transaction partners	Total outstanding
At 1 July 2015	647 427 946	(680 268)	(1 438 216)	(16 311 021)	628 998 441
Share movements:					
– treasury shares delivered	–	–	154 104	15 129 467	15 283 571
– treasury share purchases	–	–	(40 000)	(19 000)	(59 000)
At 30 June 2016	647 427 946	(680 268)	(1 324 112)	(1 200 554)	644 223 012
Share movements:					
– cancelled from issue	**(582 954)**	**–**	**–**	**–**	**(582 954)**
– treasury shares delivered	**–**	**–**	**138 408**	**1 200 554**	**1 338 962**
– treasury share purchases	**–**	**–**	**(20 000)**	**–**	**(20 000)**
At 30 June 2017	**646 844 992**	**(680 268)**	**(1 205 704)**	**–**	**644 959 020**

The total authorised number of ordinary shares is 1 billion (2016: 1 billion), with a par value of 0.1 cent per share.

Expiry and refinancing of BEE transactions

In December 2005, Discovery concluded a BEE transaction pursuant to which 38 725 909 shares were issued to a consortium of BEE parties.

- 1 106 455 of these shares were issued to the Maphai SPV being one of the BEE consortium members for an initial period of 11 years (initial period). The shares were issued at R0.001 each, with a subscription consideration of R1.72 per share
- 14 226 181 of these shares were issued to the Discovery Foundation (The Foundation), another member of the BEE consortium, at R0.001 each, for an initial period of 10 years (initial period). No subscription consideration was payable.

The difference between the market value of the ordinary shares issued to the BEE parties and the subscription consideration, represented an outstanding funded amount provided by Discovery shareholders (funded amount). These shares were treated as treasury shares.

The BEE parties committed to utilise any dividend or capital distributions made by Discovery to acquire additional Discovery shares in the market within three months of the date of any distributions. These additional shares were also treated as treasury shares.

Share capital

for the year ended 30 June 2017 (continued)

At the end of the initial period,

- Discovery had the right to repurchase such number of ordinary shares at R0.001 per share that would provide Discovery with a notional return of the funded amount.
- In order for the BEE Partners to retain the full number of Discovery shares originally issued to them, the BEE Partners then had the right to simultaneously acquire from Discovery, at the then 30-day volume-weighted average price per Discovery share, the same number of shares repurchased by Discovery.

EXPIRY OF BEE TRANSACTION IN THE CURRENT FINANCIAL YEAR

The initial period of The Maphai SPV transaction expired in December 2016 and resulted in the following:

- Discovery repurchased 582 954 Discovery shares held by the Maphai SPV at a price of R0.001 per Discovery share.
- The Maphai SPV chose not to exercise their right to acquire the shares repurchased by Discovery. These shares have been cancelled from issue.

As a result of this transaction, treasury shares have decreased by 1 200 554 shares, representing shares funded through this transaction as well additional shares purchased by the Maphai SPV utilising dividend distributions. The delivery of treasury shares purchased by the Maphai SPV using dividend distributions received in the past, resulted in an increase in Share Premium of R11 million.

REFINANCING OF BEE TRANSACTION IN THE PRIOR FINANCIAL YEAR

The initial period of The Foundation transaction expired in December 2015 and resulted in the following:

- Discovery repurchased 5 666 134 Discovery shares held by The Foundation at a price of R0.001 per Discovery share.
- The issue to The Foundation by Discovery of 5 666 134 new Discovery shares at a price of R144.22 per Discovery share (representing the 30 day VWAP to 9 December 2015). This increased Share Capital and Share Premium by R817.2 million
- Treasury shares were decreased by 14 226 181 shares for this transaction.

All amounts funded in terms of the September 2005 BEE transaction have now been repaid.

Preference share capital

R million	Group 2017	Group 2016
Authorised		
40 000 000 A no par value preference shares 20 000 000 B preference shares of R100 each 20 000 000 C no par value preference shares	**2 000**	2 000
	2 000	2 000
Issued		
8 000 000 B preference shares of R100 each	**800**	800
Share issue costs	**(21)**	(21)
At 30 June	**779**	779

The B preference shares are non-compulsory, non-cumulative, non-participating, non-convertible, voluntarily redeemable preference shares and were issued at a coupon rate of 85% of prime rate. With the introduction of dividend withholding tax on 1 April 2012, the coupon rate on the preference shares was increased to 100% of the prime rate.

Administration

DIRECTORS AND PRESCRIBED OFFICERS

The following were directors and prescribed officers of the Company during the current and prior financial year:

Executive directors

A Gore
R Farber
HD Kallner
NS Koopowitz
HP Mayers
Dr A Ntsaluba
A Pollard
JM Robertson
B Swartzberg
DM Viljoen (appointed 1 May 2017)

Non-executive directors

MI Hilkowitz
HL Bosman
Dr BA Brink
SE de Bruyn Sebotsa
JJ Durand (resigned 13 January 2016)
R Enslin (appointed 4 May 2017)
SB Epstein (resigned 5 December 2016)
F Khanyile (appointed 22 October 2015)
Dr TV Maphai
TT Mboweni
AL Owen
T Slabbert (resigned 22 October 2015)
SV Zilwa

Prescribed officers

Dr J Broomberg
K Rabson
Dr P Moumakwa

SPONSORS

Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton 2196

TRANSFER SECRETARIES

Computershare Investor Services Pty Limited
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
PO Box 61051, Marshalltown 2107

AUDITORS

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill 2157

COMPANY SECRETARY

MJ Botha

REGISTERED OFFICE

155 West Street, Sandton 2146
PO Box 786722, Sandton 2146
Tel: (011) 529 2888 Fax: (011) 539 8003

DISCOVERY LIMITED

(Registration number: 1999/007789/06)
Company tax reference number: 9652/003/71/7
JSE share code: DSY ISIN: ZAE000022331
JSE share code: DSBP ISIN: ZAE000158564

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Discovery

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