OUR REF: TT/SL

MyState LIMITED
ABN 26 133 623 962

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28 February 2014

The Manager
Company Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir

MyState Limited – Half Year Report
(Appendix 4D) for the half year ended 31 December 2013

The Directors of MyState Limited (the "Company") are pleased to announce the audited results of the Company for the half year ended 31 December 2013 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from the Financial Statements for the half year ended	**$'000 31 December 2013**	**$'000 31 December 2012**	**% Change**
Revenue from operations	60,570	62,776	(3.5)
Profit after tax attributable to members	14,850	14,558	2.0
Net profit after tax attributable to members	14,850	14,558	2.0

Dividends for the current year are:	Amount per security	Franked amount per security
Interim Dividend 2014 fully franked at 30% Payable on 4 April 2014 Record date for determining entitlements for the interim dividend is 13 March 2014.	14.0 cents	14.0 cents
Dividends for the previous year were:		
Final dividend – 2013, fully franked at 30% Paid 4 October 2013	14.0 cents	14.0 cents
No Dividend reinvestment plans are operational for the final dividend	N/A	N/A
	2013	**2012**
Net Tangible Assets per share	235 cents	235 cents

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in the attached copy of the Financial Statements and comments on performance of the Company included in the Media and ASX Release dated 28 February 2014.

Further information regarding MyState Limited and its business activities can be obtained by visiting the company's website at www.mystatelimited.com.au.

Yours faithfully

Scott Lukianenko
Secretary
Phone (03) 6215 9454

ASX/media release

28 February 2014

MYSTATE 1H NPAT UP 2% TO $14.8M

Highlights of the Interim Result

- **Interim dividend steady at 14cps fully franked**
- **Group capital ratio up 40 basis points to 14.4%**
- **New core banking system implemented successfully**
- **Cost of funds benefits from RMBS transaction**
- **TPT FUM grows 2.4% to $995m**
- **Cost to income ratio improves 60 basis points to 65.1%**

MyState Limited, the banking and wealth management group, today announced a statutory after-tax profit of $14.8 million for the six months to 31 December 2013, 2.0% above the prior comparative period ($14.6 million). Earnings per share increased by 1.7% to 17 cents.

Directors have declared a fully franked interim dividend of 14 cents per share, payable on 4th April 2014 to shareholders on the register at the 13th March 2014 record date. The dividend payout ratio of 82.2% (pcp: 83.8%) is in line with the Board's dividend policy and previous dividend payments.

Return on average equity of 10.6% was consistent with the prior comparative period.

Group capital adequacy improved 70 basis points following MyState's successful return to the securitisation markets. MyState's total capital ratio of 14.4% highlights the strength of the Group's balance sheet and the capacity to grow into the future.

The Group's cost-to-income ratio improved to 65.1% from 65.7% in the prior comparative period.

Results summary for the half year ended	**31 Dec 13 ($ million)**	**31 Dec 12 ($ million)**	**Change %**
Group revenue	60.6	62.8	(3.5)
Net profit after tax	**14.8**	**14.6**	**2.0**
Earnings per share (cents)	17.0	16.7	1.7
Return on equity (%)	10.6	10.6	-
Dividend per share – fully franked (cents)	14.0	14.0	-
Dividend payout ratio (%)	82.2	83.8	(1.6)
Net interest margin (%)	2.57	2.52	0.5

At end of reporting period	31 Dec 13 ($ million)	30 June 13 ($ million)	Change %
Total loans	2,999.3	3,038.4	(1.3)
Net assets	282.6	279.7	1.0
Funds under management	995.5	972.5	2.4

"We are pleased to report a sound result during these challenging times of low credit growth," said MyState Limited's Managing Director, John Gilbert. "We have been able to increase MyState's half year profit through prudent management of the cost base, effectively repositioning the business for current market conditions. Importantly, this more efficient platform will also position us well for when conditions improve in our core markets. The Group has benefited from cultivating the high credit quality and low risk profile of our loan portfolio, which has resulted in arrears well below industry standards and a significant reduction in the credit charge against profit.

"Lower demand for credit has had an impact on the Group's loan portfolio, which together with borrowers accelerating their repayments, has led to a contraction in the loan book of 1.3%. We have been able, however, to maintain net interest margin through a reduction in the cost of funds, which has benefited from reduced competition in the market for deposits, as well as the successful launch of the RMBS transaction during the half."

Mr Gilbert added, "Our new core banking system was implemented successfully in November 2013, following 15 months of development. This new system will provide a platform that will underpin the future growth of our banking business and enable us to further increase productivity and introduce enhanced products and services in the future."

Banking Business **Result for the half year ended**	31 Dec 13 ($ million)	31 Dec 12 ($ million)	Change %
MyState Financial - Net profit after tax	11.3	11.1	1.7
The Rock Building Society – Net profit after tax	1.4	1.5	(6.5)
Total Banking Business	**12.7**	**12.6**	**0.7**

MyState operates its banking and financial services business through two ADI's, MyState Financial, which is based in Hobart, and The Rock, which is based in Rockhampton.

In a subdued credit growth environment, MyState's banking and financial services business delivered a sound performance in the six months to 31 December 2013, increasing NPAT $0.1m / 0.7% against the prior comparative period.

Reflecting the reduced demand for credit, the overall loan portfolio declined by 1.3%. MyState Financial's portfolio increased by 0.8% to $2.1 billion, a creditable result given the subdued economic climate that is only just beginning to show positive signs of improved business confidence.

The Rock's portfolio contracted by 6.8% to $0.9 billion, due mainly to subdued lending volumes through the third party broker channel and increased customer repayments.

A number of steps have been undertaken to reinvigorate broker lending volumes for both MyState Financial and The Rock, including enhancing the relationship management, investment in application processing technology, and more competitive pricing. There are emerging signs of a resurgence in new business through the third party channel, which is indicating that recent initiatives are beginning to bear fruit.

Despite weak business conditions, the credit quality of the loan portfolio remains sound, with the 30 day secured loan arrears percentage for the banking portfolio at 0.7%, which is well below industry standards.

Group net interest margin improved to 2.57%, from 2.52% in the second half of FY2013. The impact of the cash rate reduction was neutralised through careful management of the liability portfolio, securitisation funding and reduced competition for retail deposits in the low credit growth environment.

MyState Financial's net interest margin improved marginally to 2.82%, from 2.81% in the second half of FY2013. The Rock's net interest margin improved to 1.89%, from 1.78%, which was primarily due to the reduced competition for term deposit funds, in combination with the replacement of expensive warehouse and wholesale funding following the RMBS transaction and 3.0% growth in retail savings.

Wealth Management Business **Result for the half year ended**	**31 Dec 13 ($ million)**	**31 Dec 12 ($ million)**	**Change %**
Tasmanian Perpetual Trustees - Net profit after tax	2.1	1.9	9.5

Tasmanian Perpetual Trustees (TPT), which provides wealth management and trustee services, reported a solid increase in profit against the prior comparative period, aided by reductions in costs and a moderate increase in management fees from funds under management (FUM).

FUM grew 2.4% to $0.995 billion, driven largely by improvements in equity markets and investors seeking higher yielding assets in the lower interest rate environment. Performance of TPT funds continues to be above target benchmarks, providing a highly competitive product set with capital stability and attractive yield.

Outlook

There are tentative signs that business conditions are improving, as interest rate sensitive sectors of the economy begin to respond to the lower interest rate environment.

This is anticipated to lead to a modest rise in credit demand, and steps to enhance and expand MyState's third party broker relationships are leading to an improved flow of new business. Coupled with the initiatives the Group has taken to streamline its cost base, MyState is positioned to grow its earnings into the future.

Group earnings in the second half of the fiscal year are typically lower than the first due to the lower number of interest earning days. However with recent initiatives gaining traction, it is anticipated net profit after tax for the second half will be at least that of the first half.

In addition, the strong capital position of the Group affords the scope to consider appropriate organic and in-organic growth opportunities as they arise.

ENDS

About MyState Limited

MyState Limited, based in Tasmania, consists of MyState Financial (MSF), an authorised deposit-taking institution; Tasmanian Perpetual Trustees (TPT), a trustee and wealth management company; and The Rock Building Society Limited (The Rock). MyState Limited, MSF and The Rock are regulated by the Australian Prudential Regulatory Authority (APRA) and MyState Limited was enabled under Tasmanian legislation to own the authorised trustee company TPT. MSF, The Rock and TPT hold Australian Financial Services Licences issued by the Australian Securities and Investments Commission (ASIC).

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MyState Limited ABN 26 133 623 962

Directors' Report for the half-year ended 31 December 2013

Your Directors present their report on MyState Limited ABN 133 623 962 (the Company) for the half-year ended 31 December 2013.

Directors and Company Secretary
The Directors and Company Secretaries, who were in office from the beginning of the half-year until the date of this report, unless otherwise indicated, are as follows:

- **Miles L Hampton** BEc(Hons), FCIS, FCPA, FAICD
  Chairman and independent non-executive Director (appointed as Chairman 29 October 2013)
- **Michael J Vertigan** AC, BEc(Hons), PhD, Hon LLD, FAICD
  Chairman and independent non-executive Director (Resigned as Director and Chairman 29 October 2013)
- **G John Gilbert** B Com, FAICD, FAMI
  Managing Director - Executive Director
- **Peter D Armstrong** BEc(Hons), DipED, Dip FP, CPA, FAICD, FAMI
  Independent non-executive Director
- **Robert L Gordon** BSc, MIFA, MAICD, FAMI
  Independent non-executive Director
- **Colin M Hollingsworth** CPA, MAICD, FAMI
  Independent non-executive Director
- **Stephen Lonie** BCom, MBA, FCA, Senior FFin, FAICD, FIMCA
  Independent non-executive Director
- **Ian G Mansbridge** CPA, FCIS, FCIM
  Independent non-executive Director
- **Sarah Merridew** BEc, FCA, FAICD
  Independent non-executive Director
- **Scott A Lukianenko** Cert Gov(Prac), Ad Dip BMgmt, Grad Cert BA, GIA (Cert)
  Company Secretary (Appointed 1 November 2013)
- **Lindsay T Scott** B Bus, MBA, FCPA, FCSA, FCIS, MAICD
  Company Secretary (Resigned 1 November 2013)

Review of Operations

The half-year results represent a sound performance for the MyState Group, with Net Profit after Tax (NPAT) for the period at $14.8 million, representing a $0.3 million or 2.0% increase on the prior corresponding period.

The improvement in half year profit is a sound result given the subdued economic environment. Reduced demand for credit has had an adverse effect on the loan book, which contracted 1.3% for the half.

Across the Group, NIM remained flat over the period, with margin lost on lower asset volume growth made up through reductions in the cost of funds. MyState was also able to access the RMBS market in the half-year with the successful launch of the Conquest 2013-1 Trust.

Slow new business lending has reduced cross-sales opportunities and non-interest income revenues. In conjunction with deteriorating bank fee income, which is common across the industry, other revenues declined by $2.1 million or 10.9% against the prior comparative period.

The Group's cost-to-income ratio improved to 65.1%, from 65.7% in the prior comparative period.

The half year result has also benefited from a significant reduction in the credit charge to the Statement of Comprehensive Income, reflecting the high credit quality of the loan book and low arrears profile.

Despite the subdued credit growth environment, MyState's banking business delivered a sound performance in the 6 months to 31 December, increasing Net Profit after Tax $0.1m / 0.7% against the prior comparative period.

The loan portfolio performance for the half reflects the reduced demand for credit, declining by 1.3% for the Banking Business overall. MyState Financial's portfolio increased by 0.8%, to $2.1 billion. The Rock's portfolio contracted by 6.8% to $0.9 billion, as it focuses on restoring its level of third party originations.

The Group's Wealth Management arm, recorded an improved performance on the prior comparative period, with a $0.2 million increase in Net Profit after Tax to $2.1 million for the half in comparison to the 2013 first half. Funds under management (FUM) increased 3.8% to $0.995 billion, which has benefited from the increase in equity markets, as investors seek higher yielding assets.

Looking forward, the Group is challenged by the current economic conditions in Tasmania, with a significant focus on pursuing business grown through the third party broker channel, which now accounts for a significant volume of Australian loan originations.

Auditor's Independence Declaration to the Directors

In relation to our review of the financial report of MyState Limited and its controlled entities for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

D J McCarthy
Partner
Wise Lord & Ferguson
Hobart

Date 27th February 2014

Signed in accordance with a resolution of the Directors.

M L Hampton
Chairman

G J Gilbert
Managing Director

Date 27th February 2014
Hobart

MyState Limited
Income Statement
For the half-year ended 31 December 2013

	Notes	Consolidated 31 December 2013 $'000	Consolidated 31 December 2012 $'000
Interest income	2	93,077	109,194
Interest expense	2	(50,142)	(66,213)
Net Interest Margin		42,935	42,981
Other revenue	3	17,635	19,795
Other expenses	4	(39,438)	(41,250)
Profit before bad and doubtful debts and income tax		21,132	21,526
Less bad and doubtful debts (net of recoveries)	9 (b)	(327)	(965)
Profit before income tax expense	5	20,805	20,561
Income tax expense		5,955	6,003
Net profit after income tax		**14,850**	**14,558**
Basic earnings per share (cents per share)	8	17.04	16.73
Diluted earnings per share (cents per share)	8	17.04	16.73

The accompanying notes form part of these financial statements.

MyState Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2013

	Consolidated	
	31 December 2013	**31 December 2012**
	$'000	**$'000**
Net profit after income tax	14,850	14,558
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss		
Cashflow hedge movements	707	181
Net fair value losses on available for sale financial assets	(500)	(61)
Income tax effect	(62)	(36)
Total other comprehensive income for the period	145	84
Total comprehensive income for the period	**14,995**	**14,642**
Total comprehensive income for the period is attributable to:		
Ordinary equity holders of MyState Limited	14,995	14,642
Total comprehensive income for the period	**14,995**	**14,642**

MyState Limited
Statement of Financial Position
as at 31 December 2013

	Notes	Consolidated 31 December 2013 $'000	Consolidated 30 June 2013 $'000
ASSETS			
Cash and cash equivalents		74,009	66,834
Available for sale financial assets		405,983	395,844
Receivables		22,122	25,168
Loans at amortised cost	9 (a)	2,998,728	3,037,785
Other investments		5,020	5,020
Property, plant and equipment		17,277	17,818
Tax assets		6,858	6,216
Other assets		36	36
Intangible assets and goodwill		77,838	74,686
TOTAL ASSETS		**3,607,871**	**3,629,407**
LIABILITIES			
Deposits		2,303,792	2,310,298
Interest bearing loans and borrowings		975,276	980,805
Payables and other liabilities		32,877	47,039
Derivatives		1,362	2,988
Tax liabilities		6,262	2,957
Provisions		5,690	5,611
TOTAL LIABILITIES		**3,325,259**	**3,349,698**
NET ASSETS		**282,612**	**279,709**
EQUITY			
Share capital	12	132,355	132,242
Retained earnings		147,818	145,173
Asset revaluation reserve		2,340	2,340
Employee equity benefits reserve		500	500
Hedging reserve		(401)	(896)
Net unrealised gains reserve		-	350
TOTAL EQUITY		**282,612**	**279,709**

The accompanying notes form part of these financial statements.

MyState Limited
Statement of Changes in Equity

Consolidated	Attributable to equity holders of the company						
	Share Capital	Retained Earnings	Asset Revaluation Reserve	Employee Equity Benefit Reserve	Hedging Reserve	Net Unrealised Gains Reserve	Total
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
At 1 July 2012	131,786	141,094	2,340	526	(2,004)	135	273,877
Net profit after income tax	-	14,558	-	-	-	-	14,558
Other comprehensive income/ (expense) (net of tax)	-	-	-	-	127	(43)	84
Total comprehensive income for the period	-	14,558	-	-	127	(43)	14,642
Equity issued under employee share scheme	118	-	-	-	-	-	118
Share based payment expense recognised	-	-	-	165	-	-	165
Equity issued under Executive long term incentive plan	252	-	-	(252)	-	-	-
Dividends paid	-	(12,182)	-	-	-	-	(12,182)
At 31 December 2012	**132,156**	**143,470**	**2,340**	**439**	**(1,877)**	**92**	**276,620**
At 1 July 2013	132,242	145,173	2,340	500	(896)	350	279,709
Net profit after income tax	-	14,850	-	-	-	-	14,850
Other comprehensive income/ (expense) (net of tax)	-	-	-	-	495	(350)	145
Total comprehensive income for the period	-	14,850	-	-	495	(350)	14,995
Equity issued under employee share scheme	113	-	-	-	-	-	113
Share based payment expense recognised	-	-	-	-	-	-	-
Dividends paid	-	(12,205)	-	-	-	-	(12,205)
At 31 December 2013	**132,355**	**147,818**	**2,340**	**500**	**(401)**	**-**	**282,612**

The accompanying notes form part of these financial statements.

MyState Limited
Statement of Cash Flows
For the half-year ended 31 December 2013

	Notes	Consolidated 31 December 2013 $' 000	Consolidated 31 December 2012 $' 000
Cash flows from operating activities			
Interest received		91,520	105,653
Interest paid		(53,369)	(68,320)
Fees and commissions received		19,523	17,448
Other non-interest income received		300	549
Payments to suppliers and employees		(39,465)	(41,490)
Dividends received		418	507
Income tax paid		(3,353)	(4,990)
Net cash flows from operating activities		**15,574**	**9,357**
Cash flows from investing activities			
Net decrease / (increase) in loans to customers		39,348	(13,931)
Net increase in amounts due from other financial institutions		(10,640)	(18,238)
Purchase of intangible assets		(3,928)	(1,011)
Disposal of property, plant and equipment		3,481	3,149
Purchase of property, plant and equipment		(895)	(2,857)
Net cash flows from / (used in) investing activities		**27,366**	**(32,888)**
Cash flows from financing activities			
Net (decrease) / increase in deposits		(6,505)	121,696
Net decrease in amounts due to other financial institutions		(17,168)	(119,449)
Employee share issue		113	118
Dividends paid	7	(12,205)	(12,182)
Net cash flows (used in) / from financing activities		**(35,765)**	**(9,817)**
Net increase / (decrease) in cash held		7,175	(33,348)
Cash at beginning of the period		66,834	104,560
Closing cash carried forward	13 (a)	**74,009**	**71,212**

1 Summary of significant accounting policies

(a) Basis of accounting

This general purpose condensed financial report for the half-year ended 31 December 2013 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. It comprises the consolidated financial report of MyState Limited and the entities it controlled at the end of, or during the half-year. The financial report has been presented in Australian dollars.

MyState Limited is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and, in accordance with that Class Order, amounts in the Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

For the purpose of these financial statements, the following abbreviations have been applied:

the "Company"	MyState Limited;
the "consolidated entity"	MyState Limited and the entities it controlled at the end of, or during the period;
"MSF Group"	MyState Financial Limited and the entities it controlled at the end of, or during the period;
"MSF"	MyState Financial Limited;
"TPT"	Tasmanian Perpetual Trustees Limited;
"ROK Group"	The Rock Building Society Limited and the entities it controlled at the end of, or during the period;
"ROK"	The Rock Building Society Limited;
the "period"	the half-year ended 31 December 2013;
the "comparative period"	the half-year ended 31 December 2012;
"APRA"	the Australian Prudential Regulation Authority;
"ADI"	Authorised deposit-taking institution;
"ASIC"	Australian Securities and Investments Commission; and
"AFSL"	Australian financial services licence.

This interim financial report does not include all notes of the type normally included within the annual financial report and, therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual report of the Company for the year ended 30 June 2013 and considered together with any public announcements made by the Company during the period.

The comparative information disclosed in the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows is for the corresponding period of six months ended 31 December 2012. The comparative information disclosed in the Statement of Financial Position is as at 30 June 2013.

The accounting policies and methods of compilation are the same as those adopted in the most recent financial report for the year ended 30 June 2013.

	Consolidated	
	31 December 2013	31 December 2012
	$ '000	$ '000
2 Interest income and interest expense		
Interest income		
Loans, other than commercial	82,923	95,636
Cash flow hedges	919	1,799
Commercial loans	1,984	1,961
Deposits with other financial institutions	7,251	9,798
Total interest income	**93,077**	**109,194**
Interest expense		
Interest on deposits	33,070	42,486
Interest due to other financial institutions	15,358	21,263
Derivatives - net of interest received	1,714	2,464
Total interest expense	**50,142**	**66,213**
3 Other revenue		
Revenue from operating activities		
Banking operating income		
Loan fee income	1,495	1,513
Transaction fees	4,178	5,206
Commissions	2,394	3,012
Other income	301	697
Total revenue from operating activities	**8,368**	**10,428**
Wealth Management operating income		
Funds management income	4,578	4,492
Fees and commissions	4,271	4,368
	8,849	**8,860**
Total revenue from operating activities	**17,217**	**19,288**
Revenue from non-operating activities includes:		
Dividends and distributions:		
- Other corporations	418	507
Total revenue from non-operating activities	**418**	**507**
Total other revenue	**17,635**	**19,795**
4 Expenses		
Personnel costs	18,601	20,209
Marketing costs	1,608	1,788
Governance costs	1,526	1,560
Technology costs	3,698	4,037
Occupancy costs	2,763	2,932
Administration costs	9,029	8,544
Depreciation & Amortisation	2,213	2,180
Total expenses	**39,438**	**41,250**
5 Profit before income tax expense		
Profit before income tax expense includes the following specific revenues and expenses:		
(i) Revenue		
Special dividend from Cuscal Limited	-	273
(ii) Expenses		
Termination payments	225	905

6 Segment Financial information

For internal reporting purposes, the consolidated entity is divided into two operating divisions and a corporate cost centre. Performance is measured based on profit after income tax of each segment and is determined in accordance with the consolidated entity's accounting policies.

The banking division consists of two broad based financial institutions operating predominantly in Tasmania and Queensland. Its product offerings include: lending, encompassing home loans, personal, overdraft, line of credit and commercial products; transactional savings accounts and fixed term deposits; and, insurance products. It delivers these products and services through its branch network as well as through the mortgage broker channel. The banking division is conducted by the MSF Group and the ROK Group. Both MSF and ROK are ADIs, authorised by APRA.

The wealth management division is a provider of funds management, financial planning and trustee services. It operates predominantly within Tasmania. It holds over $975 million in funds under management on behalf of personal, business and wholesale investors as the responsible entity for 13 managed investment schemes. The wealth management division is conducted by TPT. TPT is a trustee company licensed within the meaning of Chapter 5D of the Corporations Act 2001 and is the only private trustee company with significant operations in Tasmania. TPT holds an AFSL issued by ASIC.

The corporate cost centre is responsible for the governance of the consolidated entity. The corporate cost centre charges the operating divisions on a cost recovery basis for costs it has incurred.

The consolidated entity's segments have changed from that disclosed in the last annual financial report. The banking division is comprised of what were formerly identified as the MSF and ROK segments. These two businesses, as described in the foregoing, both operate in the same industry sector. The business activities that they engage in and the economic environments in which they operate are similar. ROK was acquired in December 2009 and, since that time, the consolidated entity has, and continues to, integrate the activities of ROK and MSF such that that they are operated as one business unit. The consolidated entity expects that, in due course, the activities of this segment will be conducted within one legal entity as a single seamless business unit. Taking these factors into account, it was considered appropriate to revise the basis of the segmentation of the consolidated entity.

The wealth management sector, other than that it has been renamed, is the same as the TPT segment as disclosed in the last annual financial report.

The basis of the measurement of segment results, assets and liabilities has not changed from prior periods. The comparative information has been revised to reflect the new segments.

	Banking	Wealth Management	Corporate and consolidation adjustment	Consolidated Total
Half-year ended 31 December 2013	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Interest revenue	91,947	119	1,011	93,077
Interest expense	50,142	-	-	50,142
Other revenue	9,185	8,849	(399)	17,635
Income tax expense	4,762	914	279	5,955
Segment net profit after income tax	12,081	2,130	639	14,850
Segment assets	3,528,801	29,229	49,841	3,607,871
Segment liabilities	3,321,590	3,138	531	3,325,259
Half-year ended 31 December 2012	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Interest revenue	107,168	145	1,881	109,194
Interest expense	66,213	-	-	66,213
Other revenue	11,274	8,887	(366)	19,795
Income tax expense	5,184	826	(7)	6,003
Segment net profit after income tax	10,543	1,920	2,095	14,558
Balances as at 30 June 2013	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Segment assets	3,551,640	30,040	47,727	3,629,407
Segment liabilities	3,347,940	3,228	(1,470)	3,349,698

	Consolidated	
	31 December 2013	31 December 2012
	$ '000	$ '000
7 Dividends		
a) Dividends paid		
2013 Final dividend paid: 14 cents per share (2012: 14 cents per share)	12,205	12,182
	12,205	**12,182**

The dividends paid during the period were fully franked at the 30 per cent corporate tax rate.

8 Earnings per share	Consolidated 31 December 2013 cents	31 December 2012 cents
Basic earnings per share	17.04	16.73
Diluted earnings per share	17.04	16.73

The following information reflects the income and share data used in the calculation of basic and diluted earnings per share:

	31 December 2013 $ '000	31 December 2012 $ '000
Net Profit	14,850	14,558
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share:	87,169,357	87,023,793

9 Loans held at amortised cost		Consolidated 31 December 2013 $' 000	30 June 2013 $' 000
(a) Classification			
Residential		2,761,721	2,789,768
Personal		178,611	191,355
Commercial		58,977	57,312
Total loans		**2,999,308**	**3,038,435**
Provision for doubtful debts	9 (b)	(580)	(650)
Total net loans		**2,998,728**	**3,037,785**
(b) Provision for doubtful debts			
Specific provision			
Opening balance		650	1,030
Charge / (credit) against profit		49	(380)
Write-off of previously provisioned facilities		(119)	-
Closing balance		**580**	**650**

	Consolidated 31 December 2013 $ '000	31 December 2012 $ '000
Charge to profit for bad and doubtful debts comprises:		
Bad debts written off directly	1,156	2,168
Increase / (decrease) in doubtful debts provisions	49	(495)
Bad debts recovered	(878)	(708)
Total charge for bad and doubtful debts	**327**	**965**

There are no loans that individually represent 10% or more of shareholders' equity. The banking divisions customers are predominantly in the states of Tasmania, Queensland, New South Wales and Victoria. The majority of Wealth Management loans are advanced to customers in the State of Tasmania.

		Consolidated	
		31 December 2013	30 June 2013
		$' 000	$' 000
10 Impaired assets			
Non-accrual loans			
With provisions		3,301	2,211
Specific provision for impairment		(580)	(650)
Net non-accrual loans		**2,721**	**1,561**
Specific provision			
Non-accrual loans		(580)	(650)
Total specific provision for impairment	9 (b)	**(580)**	**(650)**
Past due loans		4,046	5,579

	31 December 2013		30 June 2013	
11 Fair value of Assets and Liabilities	**Carrying Value $' 000**	**Fair value $' 000**	**Carrying Value $' 000**	**Fair value $' 000**
Assets				
Cash and Cash Equivalents (1)	74,009	-	66,834	-
Available for sale financial assets (2)	405,983	405,983	395,844	395,844
Receivables (1)	22,122	-	25,502	-
Loans at amortised cost	2,998,728	3,004,237	3,037,785	3,043,938
Other investments (1)	5,020	-	5,020	-
Liabilities				
Deposits	2,303,792	2,304,262	2,310,298	2,310,462
Interest bearing loans and borrowings (1)	975,276	-	980,805	-
Payables and other liabilities (1)	32,877	-	47,373	-
Derivatives (2)	1,362	1,362	2,988	2,988

Fair values have been determined as follows:

- All assets and liabilities with a maturity of less than 12 months were determined based on the assumption that the carrying amounts in the Statement of Financial Position approximate fair value because of their short term to maturity;
- The fair value of available for sale financial assets with more than 12 months to maturity are $10.06 million;
- The fair value of loans at amortised cost includes loans with a floating interest rate of $2,708.27 million. Loans with a fixed interest rate and more than 12 months to maturity are $396.29 million.
- The net fair value of deposits with more than 12 months to maturity assumes the carrying amount is discounted by the market rate.
- The net fair value of fixed loans with more than 12 months to maturity assumes the carrying amount is discounted by the market rate.

The fair value measurements are considered to fall within Level 2 of the fair value hierarchy as the principal inputs into the calculations are observable current market interest rates and yield curves.

(1) Fair value is not disclosed for this item because the carrying amount is considered to be a reasonable approximation of fair value because of: the short term to maturity; or, that they are receivable on demand.

(2) This item is carried at fair value in the Statement of Financial Position.

	Consolidated	
	31 December 2013	30 June 2013
	Amount	Amount
	$	$
12 Share Capital		
Issued and paid up capital		
Ordinary shares fully paid	132,354,963	132,241,756

	Consolidated 31 December 2013	
Movements in share capital	Number of shares	Amount $
Ordinary Shares		
Opening balance	87,153,047	132,241,756
Shares issued pursuant to the Employee share scheme of the consolidated entity	24,398	113,207
Closing balance	**87,177,445**	**132,354,963**

	30 June 2013	
	Number of shares	Amount $
Ordinary Shares		
Opening balance	86,977,573	131,785,926
Shares issued pursuant to the Employee share scheme of the consolidated entity	35,090	117,551
Shares issued under the Executive long term incentive plan	140,384	338,279
Closing balance	**87,153,047**	**132,241,756**

13 Statement of Cash Flows

(a) For the purpose of the Statement of Cash Flows, cash includes the items as defined in note 1 (g) of the most recent financial report for the year ended 30 June 2013, which are reconciled to the related items in the Statement of Financial Position.

	Consolidated	
	31 December 2013	31 December 2012
	$ '000	$ '000
Cash on hand	74,009	71,212
Total cash and cash equivalents	**74,009**	**71,212**

(b) Liquidity facilities

The consolidated entity has an approved overdraft of $13.5 million. Cuscal Limited holds an equitable charge over all the assets of MSF as security for facilities provided. In addition, there is an MSF uncommitted $10 million overnight facility with the National Australia Bank. Bendigo and Adelaide Bank Limited (BABL) provides an overdraft facility of $100,000, a business card facility of $100,000, an asset purchase/lease facility of $200,000 and a "within-the-day" facility of $10 million to TPT. These facilities are secured by a negative pledge from TPT not to mortgage or encumber, without the consent of BABL, the assets owned by TPT. None of the facilities were in use at 31 December 2013.

At 31 December 2013, the ConQuest Securities securitisation program had a number of support facilities provided by Westpac Banking Corporation available, including a $5 million cash advance facility specifically available to meet cash shortfalls as a result of the timing of the receipt of payments on loans and a $200 million liquidity facility available for the repayment of maturing ConQuest notes in the event that the notes could not be reissued within the market place at the time of maturity. As at 31 December 2013, this facility had not been used since the inception of the program.

A liquidity facility of $1.4 million is supplied to the ConQuest 2007-1 Trust by the Commonwealth Bank of Australia Limited for the express purpose of meeting any payment shortfalls as defined in the ConQuest 2007-1 Series Notice. At the reporting date, this facility has not been used.

ConQuest 2010-1R Trust has collateral liquidity of $1 million held in a separate account with Bankwest to provide liquidity support. As at 31 December 2013, this facility has not been used. The ConQuest 2010-2 Trust has collateral liquidity of $2.4 million held in a separate account with Bankwest to provide liquidity support. MSF provides a redraw facility to the ConQuest 2010-2 Trust of $500,000 to meet redraw commitments if there are cash shortfalls. As at 31 December 2013, both facilities had not been used.

Conquest 2013-1 has a liquidity facility of $4.9 million provided by Westpac Banking Corporation and a Redraw Facility of $0.507 million for the purpose of meeting payment shortfalls as defined in the ConQuest 2013-1 Series Notice. Conquest 2013-1 also holds a yield reserve of $500,000 for the purposes of covering any payment shortfall. As at 31 Dec 2013, these facilities had not been used.

13 Statement of Cash Flows (continued)

(c) Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:

(i) Customer deposits and withdrawals from savings and fixed-term deposit accounts;
(ii) Movements in investments;
(iii) Due from other financial institutions;
(iv) Due to other financial institutions; and
(v) Customer loans.

	Consolidated	
	31 December 2013 $ '000	31 December 2012 $ '000
14 Contingent liabilities and expenditure commitments		
(a) Loans approved but not advanced	41,712	32,063
(b) Undrawn continuing lines of credit	84,946	92,887
(c) Performance guarantees	1,742	2,416

There have been no material changes in contingent liabilities or expenditure commitments since the end of the last reporting period ended 30 June 2013.

15 Events subsequent to balance date

There were no matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

MyState Limited
Directors' Declaration
For the half-year ended 31 December 2013

In accordance with a resolution of the Directors of MyState Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity set out on pages 1 to 12 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the period ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that MyState Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

M L Hampton
Chairman

C M Hollingsworth
Director

Hobart
Dated this 27 February 2014.

Wise Lord & Ferguson
Chartered Accountants
advice to advantage

To the members of MyState Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MyState Limited, which comprises the condensed statement of financial position as at 31 December 2013, the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MyState Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Partners: Harvey Gibson, Danny McCarthy, Douglas Thomson, Joanne Doyle, Stuart Clutterbuck, Ian Wheeler, Dean Johnson, Marg Marshall, Paul Lyons, Alicia Leis, Nick Carter
Managers: Melanie Richardson, Simon Jones, Trent Queen, Rachel Burns, Nathan Brereton, Melissa Johnson, Donna Powell
Consultant: Peter Beven

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MyState Limited is not in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DJ MCCARTHY
PARTNER
WISE LORD & FERGUSON
CHARTERED ACCOUNTANTS

Date: 27.2.14.