MyState LIMITED
ABN 26 133 623 962

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22 February 2016

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 2015

The Directors of MyState Limited (the "Company") are pleased to announce the audited results of the Company for the half year ended 31 December 2015 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from the Financial Statements for the half year ended	$'000 31 December 2015	$'000 31 December 2014	% Change
Revenue from operations	61,289	60,351	1.55
Profit after tax attributable to members	15,084	14,858	1.52
Net profit after tax attributable to members	15,084	14,858	1.52

Dividends for the current year are:	**Amount per security**	**Franked amount per security**
Interim Dividend FY2016 fully franked at 30% Payable on 24 March 2016 Record date for determining entitlements for the interim dividend is 2 March 2016.	14.0 cents	14.0 cents
Dividends for the previous year were:	**Amount per security**	**Franked amount per security**
Final dividend – 2015, fully franked at 30% Paid 2 October 2015	14.5 cents	14.5 cents
Dividend Reinvestment Plan	**Last Date for Receipt of DRP Election Notice**	
The MyState Limited Dividend Reinvestment Plan is operational for this interim dividend.	3 March 2016	
Net Tangible Assets per share	**2015**	**2014**
	248 cents	240 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 22 February 2016.

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
Company Secretary



Financial Statements

For the Half Year ended 31 December 2015

Directors' Report

for the half-year ended 31 December 2015

Your Directors present their report on MyState Limited ABN 133 623 962 (the Company) for the half-year ended 31 December 2015.

Directors and Company Secretary

The names and particulars of the Directors and Company Secretary in office during the period and since the end of the period are:

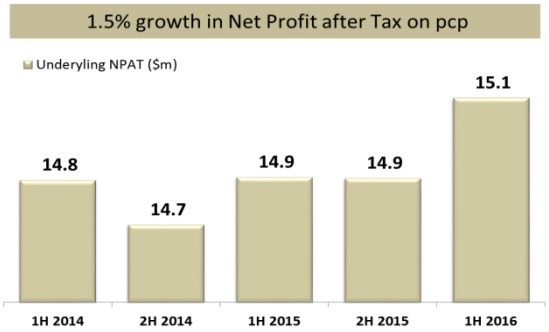
Directors

- **Miles L Hampton** BEc(Hons), FCIS, FCPA, FAICD
  Chairman and independent non-executive Director.
- **Melos A Sulicich** BBus, GAICD
  Managing 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.

Company Secretary

- **Scott A Lukianenko** Ad Dip BMgmt, Grad Cert BA, GIA (Cert)
  Company Secretary .

Review of Operations

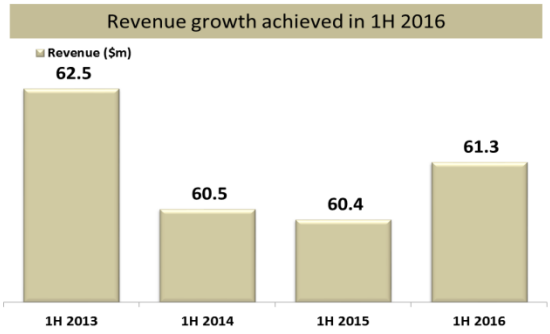


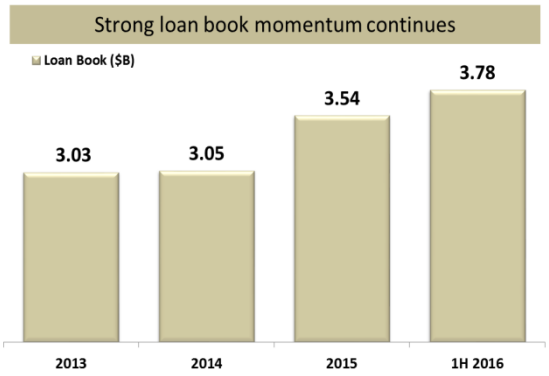
The Group reported a Net Profit after tax of $15.1m for the half year ended 31 December 2015. The result is an improvement of $0.2 million or 1.5% on the prior corresponding period (pcp).

Progress continues to be made in delivering on our strategic pillars of Grow, Simplify, Strength, Relationships, and Transform. These strategic pillars guide our sustainable growth path whilst ensuring that we place the customer at the heart of all decisions.

Total revenue increased on pcp by $0.9m or 1.6%. This was driven by net interest income growth of $1.6m or 3.9% on pcp, and is a reflection of the strong loan book momentum over the past 18 months.

The banking division's loan book increased by $233m or 6.6% since June 2015, an annualised growth of 13.1% (circa 2 times system credit growth). The bank continues to grow above system despite the strong competition for loans in the Australian market.





Credit quality remains sound, with loan impairment expense steady on pcp at $0.62m. 30 day arrears of 0.49% is below regional peers and the major banks.

Geographic diversification continues, with NSW and VIC making up over 22% of the banking home loan book at December 2015. Loan growth was achieved in all states, a reflection of a successful broker strategy and a strong retail focus.

Net Interest Margin (NIM) of 2.12% for the period remains above industry peers and has improved following the loan book repricing that occurred in November 2015.

The Group continues to manage its cost base prudently. Expense growth has been contained to 0.85% on pcp, a reflection of simplification efficiencies and ongoing expenditure prioritisation.

The Cost-to-income ratio also improved to 64.0%, from 64.5% in the pcp.

Total Funds Under Management (FUM) in the wealth division increased modestly by 1.3% to $1.030b since June 2015, an annualised growth of 2.6%. The wealth division continues to provide consistent returns to the Group in a challenging low interest rate environment with strong competition.

The business has maintained its balance sheet strength, with a capital ratio at 13.03%, and S&P including a positive outlook for MyState Bank's BBB credit rating in its recent review. The inaugural Medium Term

Note issuance in August 2015 provided the Group with capital and funding diversification that will continue to support lending growth and targeted investment in systems to enhance the customer experience and deliver productivity improvements.

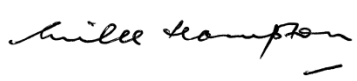
Statutory earnings per share increased by 1.8% to 17.28 cents per share on the pcp, with return on equity remaining at 10.4% over the same period.

Looking forward, the Group continues to invest in its digital capability to enhance service levels for our retail customers and brokers, as well as streamline our business. In addition, we expect that the execution on our strategy will continue to deliver growth in revenue and earnings.

Auditor's Independence Declaration to the Directors under section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the Directors:





M L Hampton
Chairman

M A Sulicich
Managing Director

22nd February 2016, Hobart.

Auditor's Independence Declaration to the Directors of MyState Limited

In relation to our review of the financial report of MyState Limited for the half-year ended 31 December 2015, 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.



JOANNE DOYLE
Partner
Wise Lord & Ferguson

Date: 22 February 2016

Consolidated Income Statement

for the half year ended 31 December 2015

	Notes	31 Dec 2015 $'000	31 Dec 2014 $'000
Interest income	2	**90,258**	87,900
Less: Interest expense	2	**(46,595)**	(45,871)
Net interest income		**43,663**	42,029
Non-interest income from banking activities	2	**8,565**	8,948
Net banking operating income		**52,228**	50,977
Income from wealth management activities	3	**9,060**	9,008
Income from other activities	4	**-**	366
Total operating income		**61,288**	60,351
Less: Expenses			
Personnel costs		**18,812**	19,085
Marketing costs		**1,797**	1,625
Governance costs		**1,388**	1,574
Technology costs		**4,857**	4,616
Occupancy costs		**3,690**	3,948
Administration costs		**8,681**	8,049
Total operating expenses	5	**39,225**	**38,897**
Profit before impairment expense on loans and advances and income tax		**22,063**	21,454
Less: Impairment expense on loans and advances at amortised cost	9	**(619)**	(618)
Profit before income tax expense		**21,444**	**20,836**
Income tax expense		**6,358**	5,978
Profit for the period		**15,086**	**14,858**
Profit for the period is attributable to:			
Equity holders of MyState Limited		15,086	14,858
Basic earnings per share (cents per share)	6	17.28	17.02
Diluted earnings per share (cents per share)	6	17.28	17.02

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2015

	Notes	31 Dec 2015 $'000	31 Dec 2014 $'000
Profit for the period		**15,086**	14,858
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Net gains / (losses) taken to equity		**239**	(339)
Change in fair value of assets classified as available for sale		**-**	546
Income tax effect		**(72)**	(62)
Total other comprehensive income for the period		**167**	145
Total comprehensive income for the period		**15,253**	**15,003**
Total comprehensive income for the period is attributable to:			
Equity holders of MyState Limited		**15,253**	**15,003**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	31 Dec 2015 $'000	30 Jun 2015 $'000
Assets			
Cash and liquid assets		93,260	66,290
Due from financial institutions and other entities		20,274	27,546
Financial instruments		359,331	338,837
Loans and advances	9	3,785,866	3,550,907
Other investments		1,673	1,721
Property, plant and equipment		10,009	11,654
Tax assets		4,204	4,323
Intangible assets and goodwill		79,332	78,677
Total assets		**4,353,949**	**4,079,955**
Liabilities			
Due to financial institutions and other entities		30,513	41,773
Deposits and other borrowings		4,018,157	3,730,683
Derivatives		325	564
Employee benefit provisions		5,147	5,418
Tax liabilities		3,902	8,377
Total liabilities		**4,058,044**	**3,786,815**
Net assets		**295,905**	**293,140**
Equity			
Share capital	11	132,813	132,670
Retained earnings		158,299	155,872
Reserves		4,793	4,598
Total equity		**295,905**	**293,140**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2015

	Share capital	Retained earnings	General reserve for credit losses	Asset revaluation reserve	Employee equity benefits reserve	Hedging reserve	Net unrealised gains reserve	Total
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
At 1 July 2014	**132,566**	**146,343**	**3,984**	**2,340**	**481**	**-**	**(65)**	**285,649**
Net profit after income tax	-	14,858	-	-	-	-	-	14,858
Other comprehensive income/ (expense) (net of tax)	-	-	-	-	-	(237)	382	145
Total comprehensive income for the period	-	14,858	-	-	-	(237)	382	15,003
Equity issued under employee share scheme	104	-	-	-	-	-	-	104
Share based payment expense recognised	-	-	-	-	59	-	-	59
Transfer to / (from) retained earnings	-	463	(463)	-	-	-	-	-
Dividends paid	-	(12,660)	-	-	-	-	-	(12,660)
At 31 December 2014	**132,670**	**149,004**	**3,521**	**2,340**	**540**	**(237)**	**317**	**288,155**
At 1 July 2015	**132,670**	**155,872**	**4,428**	**-**	**564**	**(394)**	**-**	**293,140**
Net profit after income tax	-	15,086	-	-	-	-	-	15,086
Other comprehensive income/ (expense) (net of tax)	-	-	-	-	-	167	-	167
Total comprehensive income for the period	-	15,086	-	-	-	167	-	15,253
Equity issued under employee share scheme	97	-	-	-	-	-	-	97
Equity issued under executive long term incentive plan	46	-	-	-	(46)	-	-	-
Share based payment expense recognised	-	-	-	-	74	-	-	74
Dividends paid	-	(12,659)	-	-	-	-	-	(12,659)
At 31 December 2015	**132,813**	**158,299**	**4,428**	**-**	**592**	**(227)**	**-**	**295,905**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2015

	Notes	31 Dec 2015 $' 000	31 Dec 2014 $' 000
Cash flows from operating activities			
Interest received		92,685	88,811
Interest paid		(49,306)	(44,455)
Fees and commissions received		16,894	15,551
Other non-interest income received		547	450
Payments to suppliers and employees		(46,655)	(47,469)
Dividends received		-	366
Income tax paid		(10,928)	(5,181)
Net cash flows from operating activities		**3,237**	**8,073**
Cash flows from investing activities			
Purchase of intangible assets		(1,244)	(1,772)
Proceeds from sale of property, plant and equipment		37	2,491
Purchase of property, plant and equipment		(122)	(133)
Net increase in loans to customers		(238,390)	(158,894)
Net (increase)/decrease in amounts due from financial institutions and other entities including financial instruments		(11,652)	1,778
Net cash flows used in investing activities		**(251,371)**	**(156,530)**
Cash flows from financing activities			
Net increase in deposits, borrowings and derivatives		287,618	191,447
Employee share issue		145	103
Dividends paid	7	(12,659)	(12,660)
Net cash flows from financing activities		**275,104**	**178,890**
Net increase in cash held		26,970	30,433
Cash at beginning of the period		66,290	57,958
Closing cash carried forward	12	**93,260**	**88,391**

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

for the half year ended 31 December 2015

1 Summary of significant accounting policies

1.1 Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

1.2 Basis of preparation

The condensed consolidated financial statements comprise of MyState Limited (the 'Company') and the entities it controlled during the half year. They have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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:

Consolidated entity	MyState Limited and the entities it controlled at the end of, or during the period;
TPT	Tasmanian Perpetual Trustees Limited;
Period	the half year ended 31 December 2015;
ASIC	Australian Securities and Investments Commission.

The comparative information disclosed in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows is for the six months ended 31 December 2014. The comparative information disclosed in the Consolidated Statement of Financial Position is as at 30 June 2015. Comparative information may contain reallocation of amounts. Any adjustments are to assist in providing more meaningful information within the financial statements.

The accounting policies and methods of compilation are the same as those adopted in the most recent annual financial report which is for the year ended 30 June 2015.

Notes to the consolidated financial statements

for the half year ended 31 December 2015

	31 Dec 2015 $ '000	31 Dec 2014 $ '000
2 Income from banking activities		
Interest income		
Loans and advances	84,872	81,513
Investment securities	5,386	6,387
Total interest income	**90,258**	**87,900**
Interest expense		
At call deposits	29,838	31,706
Fixed term deposits	16,757	14,165
Total interest expense	**46,595**	**45,871**
Non-interest income from banking activities		
Transaction fees	3,949	4,151
Loan fees	2,364	1,828
Banking commissions	1,828	2,119
Other banking operations income	424	850
Total non-interest income from banking activities	**8,565**	**8,948**
3 Income from wealth management activities		
Funds management income	4,672	4,703
Fees and commissions	4,388	4,305
Total income from wealth management activities	**9,060**	**9,008**
4 Income from other activities		
Dividends and distributions	-	366
5 Expenses		
The following items are included within each item of specified expenses:		
Occupancy costs include:		
Depreciation - leasehold and freehold improvements	1,069	1,131
Technology costs include:		
Operating lease payments	127	199
Amortisation - computer software	945	1,012
Depreciation - computer equipment	70	157
Administration costs include:		
Amortisation - other intangibles	250	191
Depreciation - motor vehicles	8	15

	31 Dec 2015 cents	31 Dec 2014 cents
6 Earnings per share		
Basic earnings per share	17.28	17.02
Diluted earnings per share	17.28	17.02

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

	31 Dec 2015 $ '000	31 Dec 2014 $ '000
Profit for the period	15,086	14,858

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share:	87,311,633	87,276,664

	31 Dec 2015 $ '000	31 Dec 2014 $ '000
7 Dividends		
Dividends paid		
2015 Final dividend paid: 14.5 cents per share (2014 Final dividend: 14.5 cents per share)	12,659	12,660

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

8 Segment information

The Group has identified two operating divisions and a corporate division which are its reportable segments. These divisions offer different products and services and are managed separately. The Group's management committee review internal management reports for each of these divisions at least monthly.

Banking division

The banking division consists of one authorised deposit-taking institution (ADI) which trades as the MyState Bank brand and incorporates the Rock as a division of MyState Bank. Its product offerings include lending, encompassing home loans, personal, 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. Prior to 30 September the Banking division included a second ADI, the Rock Building Society Limited. On the 30th of September 2015, the assets and liabilities of this ADI were transferred into MyState Bank Limited and the Rock Building Society Limited ceased to operate as a separate ADI.

Wealth management division

The wealth management division is a provider of funds management, financial planning and trustee services. It operates predominantly within Tasmania. It holds over $1 billion in funds under management on behalf of personal, business and wholesale investors as the responsible entity for 10 managed investment schemes. The wealth management division is conducted by Tasmanian Perpetual Trustees Limited. Tasmanian Perpetual Trustees Limited 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.

Corporate and consolidation division

The corporate cost centre is responsible for the governance of the Group. The corporate cost centre charges the operating divisions on a cost recovery basis for costs it has incurred. This division is also where eliminations are shown between the banking division and the wealth management division.

	Banking	Wealth management	Corporate and consolidation adjustment	Total
	$ '000	$ '000	$ '000	$ '000
Half year ended 31 December 2015				
Interest income	90,048	100	110	90,258
Interest expense	(46,595)	-	-	(46,595)
Other income	8,656	9,060	(91)	17,625
Other expenses	(33,767)	(6,058)	(19)	(39,844)
Income tax expense	(5,460)	(898)	-	(6,358)
Segment net profit after income tax	12,882	2,204	-	15,086
Segment assets	4,274,384	28,942	50,623	4,353,949
Segment liabilities	4,054,368	2,858	818	4,058,044
Half year ended 31 December 2014				
Interest income	87,667	127	106	87,900
Interest expense	(45,871)	-	-	(45,871)
Other income	9,578	9,008	(264)	18,322
Other expenses	(33,524)	(6,149)	158	(39,515)
Income tax expense	(5,067)	(908)	(3)	(5,978)
Segment net profit after income tax	12,783	2,078	(3)	14,858
Balances as at 30 June 2015				
Segment assets	4,000,522	28,394	51,039	4,079,955
Segment liabilities	3,782,607	2,804	1,404	3,786,815

	31 Dec 2015 $' 000	30 Jun 2015 $' 000
9 Loans and advances at amortised cost		
Classification of loans and advances at amortised cost		
Residential owner occupier loans secured by mortgage	3,116,104	2,905,878
Residential investor loans secured by mortgage	469,397	436,630
Personal loans and unsecured overdrafts	80,961	83,803
Overdrafts secured by mortgage	59,148	65,651
Commercial loans	50,502	50,965
Total loans and advances at amortised cost	**3,776,112**	**3,542,927**
Loan origination costs	10,665	8,642
Specific provision for impairment	172	115
Collective provision for impairment	739	547
Total loans and advances at amortised cost net of provisions for impairment	**3,785,866**	**3,550,907**
Provision for impairment		
Specific provision for impairment		
Opening balance (1)	115	180
Charge / (credit) against profit	57	(65)
Closing balance of specific provision for impairment	**172**	**115**
Collective provision for impairment		
Opening balance (1)	547	915
Charge / (credit) against profit	192	(368)
Closing balance of collective provision for impairment	**739**	**547**

(1) The opening balance for the comparative period is 1 January 2015, the closing balance is 30 June 2015.

	31 Dec 2015 $' 000	31 Dec 2014 $' 000
Charge to profit for impairment on loans and advances at amortised cost		
- Increase / (decrease) in specific provision for impairment	57	125
- Increase / (decrease) in collective provision for impairment	192	144
- Bad debts recovered	(634)	(652)
- Bad debts written off directly	1,004	1,001
Total impairment on loans and advances at amortised cost	**619**	**618**

There are no loans that individually represent 10% or more of shareholders' equity. The banking division's 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.

10 Fair value of financial instruments

Classification of financial instruments

Cash and liquid assets, amounts due to financial institutions and amounts due from financial institutions are carried at cost. As these assets are short term assets, their cost is considered to approximate their fair value.

The following financial assets and liabilities are also carried at amortised cost:

- Financial instruments at amortised cost;
- Loans and advances at amortised cost;
- Other investments;
- Deposits; and
- Other borrowings.

The aggregate net fair values of financial assets and financial liabilities which are carried at amortised cost are:

	31 Dec 2015		30 Jun 2015	
	Carrying value $ '000	Net fair value $ '000	Carrying value $ '000	Net fair value $ '000
Financial assets				
Financial instruments at amortised cost	359,331	358,192	338,837	338,993
Loans and advances at amortised cost	3,785,866	3,790,298	3,550,907	3,550,610
Other investments	1,673	1,673	1,721	1,721
Total financial assets	**4,146,870**	**4,150,163**	**3,891,465**	**3,891,324**
Financial liabilities				
Deposits	3,221,687	3,221,230	2,933,235	2,934,197
Other borrowings	796,470	796,470	797,448	797,448
Total financial liabilities	**4,018,157**	**4,017,700**	**3,730,683**	**3,731,645**

Fair value hierarchy

The level in the fair value hierarchy of the inputs used in determining the fair values is shown below. The fair value of these assets is:

Level 1 - inputs that are prices quoted for identical instruments in active markets;
Level 2 - inputs based on observable market data other than those in level 1; and
Level 3 - inputs for which there is no observable market data.

Where the expected maturity is in excess of 12 months, the fair value is discounted to its present value. During the year, there have been no material transfers between levels of the fair value hierarchy. Significant unobservable inputs which are sensitive to reasonably possible changes in non-market assumptions would not have a material impact on the consolidated result.

10 Fair value of financial instruments

Fair value hierarchy (continued)

	Level 1 value $ '000	Level 2 value $ '000	Level 3 value $ '000	Total value $ '000
31 Dec 2015				
Financial assets				
Financial instruments	**-**	**358,192**	**-**	**358,192**
Loans and advances at amortised cost	**3,790,298**	**-**	**-**	**3,790,298**
Other investments	**1,000**	**36**	**637**	**1,673**
Financial liabilities				
Deposits	**-**	**3,221,230**	**-**	**3,221,230**
Other borrowings	**-**	**796,470**	**-**	**796,470**
30 Jun 2015				
Financial assets				
Financial instruments	-	338,993	-	338,993
Loans and advances at amortised cost	3,550,610	-	-	3,550,610
Other investments	1,000	36	685	1,721
Financial liabilities				
Deposits	-	2,934,197	-	2,934,197
Other borrowings	-	797,448	-	797,448

There has not been an impact on profit and loss of fair value movements of assets that are within Level 3 of the fair value hierarchy.

	31 Dec 2015 Amount $ '000	30 Jun 2015 Amount $ '000
11 Share Capital		
Issued and paid up capital		
Ordinary shares fully paid	**132,813**	132,670

Movements in share capital

	31 December 2015 Number of shares	31 December 2015 Amount $ '000
Ordinary Shares		
Opening balance as at 1 July 2015	**87,283,417**	**132,670**
Shares issued pursuant to the executive long term incentive plan of the consolidated entity	**27,901**	**46**
Shares issued pursuant to the employee share scheme of the consolidated entity	**21,054**	**97**
Closing balance as at 31 December 2015	**87,332,372**	**132,813**

	31 December 2014 Number of shares	31 December 2014 Amount $ '000
Ordinary Shares		
Opening balance as at 1 July 2014	87,261,995	132,566
Shares issued pursuant to the employee share scheme of the consolidated entity	21,422	104
Closing balance as at 31 December 2014	**87,283,417**	**132,670**

	31 Dec 2015 $ '000	31 Dec 2014 $ '000
12 Statement of Cash Flows		
For the purpose of the Statement of Cash Flows, cash and liquid assets includes:		
Notes, coins and cash at bank	**82,572**	76,637
Other short term liquid assets	**10,688**	11,754
Total cash and liquid assets	**93,260**	**88,391**

	31 Dec 2015 $ '000	30 Jun 2015 $ '000
13 Contingent liabilities and expenditure commitments		
(a) Loans approved but not advanced	**32,040**	49,702
(b) Undrawn continuing lines of credit	**79,329**	79,931
(c) Performance guarantees	**4,121**	3,964

There have been no material changes in contingent liabilities or expenditure commitments since the end of the last reporting period ended 30 June 2015.

14 Average balance sheet and source of net interest income

The following table shows the major categories of interest-earning assets and interest-bearing liabilities, together with their respective interest earned or paid by the Group and the average interest rates. Averages are calculated based on the balance at each month end.

	Half year ended 31 Dec 2015			Full year ended 30 Jun 2015		
	Average balance	Interest	Average rate (annualised)	Average balance	Interest	Average rate
	$ '000	$ '000	%	$ '000	$ '000	%
Average assets and interest income						
Interest-earning assets						
Financial instruments	**414,455**	**5,386**	**2.58%**	409,649	12,108	2.96%
Loans and advances	**3,657,812**	**84,872**	**4.60%**	3,256,095	163,131	5.01%
Total average interest-earning assets	**4,072,267**	**90,258**	**4.40%**	**3,665,744**	**175,239**	**4.78%**
Non-interest earning assets	**126,798**	**-**	**-**	127,413	-	-
Total average assets	**4,199,065**	**90,258**	**4.26%**	**3,793,157**	**175,239**	**4.62%**
Average liabilities and interest expense						
Interest-bearing liabilities						
Deposits	**3,084,262**	**33,558**	**2.16%**	2,842,808	70,221	2.47%
Notes and bonds on issue	**772,028**	**13,037**	**3.35%**	617,773	21,583	3.49%
Total average interest-bearing liabilities	**3,856,290**	**46,595**	**2.40%**	**3,460,581**	**91,804**	**2.65%**
Non-interest bearing liabilities	**43,016**	**-**	**-**	47,295	-	-
Total average liabilities	**3,899,306**	**46,595**	**2.37%**	**3,507,876**	**91,804**	**2.62%**
Equity	**312,562**	**-**	**-**	297,846	-	-
Total average liabilities and equity	**4,211,868**	**46,595**	**2.19%**	**3,805,722**	**91,804**	**2.41%**

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.

Directors' Declaration

For the half year ended 31 December 2015

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 group set out on pages 5 to 19 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the group's financial position as at 31 December 2015 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 22 February 2016.

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 consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 2015 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.

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.

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 2015 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*.



JOANNE DOYLE
Partner
Wise Lord & Ferguson

Date: 22 February 2016