

CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Nova Scotia Jamaica Limited  
Consolidated Statement of Income

Unaudited (\$ millions)	For the three months ended			For the six months ended	
	April 2005	January 2005	April 2004	April 2005	April 2004
<b>GROSS OPERATING INCOME</b>	<b>6,133</b>	<b>6,278</b>	<b>5,767</b>	<b>12,411</b>	<b>12,548</b>
<b>INTEREST INCOME</b>					
Loans and deposits with banks	2,877	3,357	2,818	6,234	6,198
Securities	2,450	2,047	2,333	4,497	5,044
	5,327	5,404	5,151	10,731	11,242
<b>INTEREST EXPENSE</b>					
Deposits and repurchase agreements	1,911	2,071	1,499	3,982	3,780
Net interest income	3,416	3,333	3,652	6,749	7,462
Provision for credit losses	(73)	(86)	(45)	(159)	(70)
Net interest income after provision for credit losses	3,343	3,247	3,607	6,590	7,392
Net fee and commission income	550	586	433	1,136	902
Insurance premium income	82	77	57	159	137
Gains less losses from foreign currencies	173	207	117	380	258
Other operating income	1	4	9	5	9
	806	874	616	1,680	1,306
<b>TOTAL OPERATING INCOME</b>	<b>4,149</b>	<b>4,121</b>	<b>4,223</b>	<b>8,270</b>	<b>8,698</b>
<b>OPERATING EXPENSES</b>					
Staff costs	958	1,091	972	2,049	1,917
Premises and equipment, including depreciation	228	251	229	479	472
Changes in policyholders' reserves	576	379	453	955	1,031
Other operating expenses	378	433	354	811	740
	2,140	2,154	2,008	4,294	4,160
<b>PROFIT BEFORE TAXATION</b>	<b>2,009</b>	<b>1,967</b>	<b>2,215</b>	<b>3,976</b>	<b>4,538</b>
Taxation	(575)	(545)	(590)	(1,120)	(1,228)
<b>NET PROFIT</b>	<b>1,434</b>	<b>1,422</b>	<b>1,625</b>	<b>2,856</b>	<b>3,310</b>
Earnings per share based on 2,927,232,000 shares (cents) *	49	49	56	98	113
Dividend per share (cents) *	25.0	25.0	22.5	50.0	42.5
Dividend payout ratio	51.04%	51.46%	40.53%	51.25%	37.59%
Return on average equity	26.55%	27.18%	34.37%	26.86%	35.80%
Return on assets	3.31%	3.31%	4.00%	3.29%	4.08%
Book value per common shares *	7.38	7.15	6.46	7.27	6.32
P/E Multiple *	14.67	16.44	13.78	14.67	13.66
Productivity ratio	52.42%	53.24%	48.10%	52.83%	48.25%
Productivity ratio (excluding Life Insurance Business)	39.53%	45.06%	37.99%	42.30%	37.06%

Note:

Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

\* Restated for comparative purposes, based on 2,927,232,000 stock units in issue after adjusting for the March 10, 2005, 1:1 Bonus Issue.

The Bank of Nova Scotia Jamaica Limited  
Consolidated Balance Sheet

	Six months ended April 30	Year ended October 31	Six months ended April 30
<i>Unaudited</i> (\$ millions)	2005	2004	2004
<b>ASSETS</b>			
<b>CASH RESOURCES</b>	44,338	40,450	39,575
<b>INVESTMENTS</b>			
Originated Securities	26,202	26,280	28,764
Securities available for sale	7,746	8,799	7,125
	33,949	35,079	35,889
<b>GOVERNMENT SECURITIES UNDER REPURCHASE AGREEMENT</b>	25,769	25,046	20,859
<b>LOANS, AFTER MAKING PROVISIONS FOR LOSSES</b>	54,645	53,460	49,928
<b>OTHER ASSETS</b>			
Customers' Liability under acceptances, guarantees and letters of credit	2,861	2,459	3,086
Real estate & equipment at cost, less depreciation	1,992	2,037	2,001
Deferred Taxation	86	87	87
Retirement Benefit Asset	3,495	3,339	3,120
Other assets	6,322	6,202	7,439
	14,756	14,124	15,733
<b>TOTAL ASSETS</b>	<b>173,456</b>	<b>168,159</b>	<b>161,984</b>
<b>LIABILITIES</b>			
<b>DEPOSITS</b>			
Deposits by public	101,285	98,811	96,702
Other deposits	4,706	4,843	4,771
	105,991	103,654	101,473
<b>OTHER LIABILITIES</b>			
Acceptances, guarantees & Letters of Credit	2,861	2,459	3,086
Liabilities under repurchase agreements	17,168	18,546	16,872
Deferred Taxation	1,388	1,406	1,163
Retirement Benefit Obligation	298	265	245
Other liabilities	5,756	5,128	5,722
	27,470	27,804	27,088
<b>POLICY HOLDER'S FUND</b>	18,044	16,101	13,937
<b>SHAREHOLDERS' EQUITY</b>			
Capital- Authorized, 1,500,000,000 ordinary shares Issued and fully paid, 1,463,616,000			
Ordinary stock units of \$1 each	2,927	1,464	1,464
Reserve Fund	3,158	1,695	1,695
Retained Earnings Reserve	4,043	6,670	6,220
Loan Loss Reserve	807	807	807
Other Reserves	27	27	27
Investment Cumulative Remeasurement result from Available for Sale Financial Assets	186	227	268
Dividends Proposed	732	732	659
Unappropriated Profits	10,071	8,978	8,346
	21,951	20,600	19,486
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>173,456</b>	<b>168,159</b>	<b>161,984</b>

Note:

Where necessary, certain comparative amounts have been restated to conform to current year's presentation.

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Director

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Director

**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Statement of Changes in Shareholders' Equity**

<i>Unaudited</i>	<b>Cumulative</b>									
<i>(\$ millions)</i>	<b>Share</b>	<b>Reserve</b>	<b>Retained</b>	<b>Other</b>	<b>Loan Loss</b>	<b>Cumulative</b>	<b>Paid and</b>	<b>Unappropriated</b>		
	<b>Capital</b>	<b>Fund</b>	<b>Earnings</b>	<b>Reserves</b>	<b>Reserve</b>	<b>from AFS</b>	<b>Proposed</b>	<b>Profits</b>	<b>Total</b>	
	<b>assets</b>					<b>Dividends</b>				
<b>Balance at 31 October 2003</b>	<b>1,464</b>	<b>1,695</b>	<b>5,920</b>	<b>27</b>	<b>807</b>	<b>23</b>	<b>1,142</b>	<b>6,580</b>	<b>17,658</b>	
Net profit	-	-	-	-	-	-	-	5,856	5,856	
Retained earnings transfer	-	-	750	-	-	-	-	(750)	-	
Transfers	-	-	-	-	-	-	(1,142)	(1,976)	(3,118)	
Dividends paid	-	-	-	-	-	-	732	(732)	-	
Dividends proposed	-	-	-	-	-	-	-	-	-	
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	204	-	-	204	
<b>Balance at 31 October 2004</b>	<b>1,464</b>	<b>1,695</b>	<b>6,670</b>	<b>27</b>	<b>807</b>	<b>227</b>	<b>732</b>	<b>8,978</b>	<b>20,600</b>	
Net profit	-	-	-	-	-	-	-	2,856	2,856	
Retained earnings transfer	-	-	300	-	-	-	-	(300)	-	
Dividends paid	-	-	-	-	-	-	(732)	(732)	(1,464)	
Dividends proposed	-	-	-	-	-	-	732	(732)	-	
Bonus Share Issue	1,464	1,464	(2,927)							-
Gains/(losses) from changes in fair value, net of tax	-	-	-	-	-	(41)	-	-	(41)	
<b>Balance as at 30 April 2005</b>	<b>2,927</b>	<b>3,158</b>	<b>4,043</b>	<b>27</b>	<b>807</b>	<b>186</b>	<b>732</b>	<b>10,070</b>	<b>21,951</b>	

**The Bank of Nova Scotia Jamaica Limited**  
**Consolidated Statement of Cash Flows**

<i>Unaudited (\$ millions)</i>	Six Months ended April 30 2005	Six Months ended April 30 2004
<b>Cash flows provided by operating activities</b>		
Net Income	2,856	3,310
Adjustments to net income to determine Net Cash Flows:		
Depreciation	144	156
Policyholders reserve	1,943	2,462
Other, net	397	345
	5,340	6,273
<b>Cash flows provided by/ (used in) investing activities</b>		
Investment securities (net purchases and proceeds)	1,090	(4,513)
Loans	(1,296)	(1,891)
Government Securities Purchased Under Repurchase Agreement	(723)	(3,610)
Other, net	(916)	(2,138)
	(1,845)	(12,152)
<b>Cash flows provided by/ (used in) financing activities</b>		
Deposits	2,474	9,635
Dividends paid	(1,464)	(1,727)
Other, net	(1,490)	2,043
	(480)	9,951
Net change in cash	3,015	4,072
Cash at beginning of period	37,565	32,669
Cash at end of period	40,580	36,741
Represented by :		
Cash Resources	44,338	39,575
Cheques and other instruments in transit, net	(3,758)	(2,834)
<b>CASH AT END OF PERIOD</b>	<b>40,580</b>	<b>36,741</b>



Segment Reporting Information

Consolidated Statement of Income

Unaudited	(\$'millions)	April 30, 2005						For the six months ended April 30, 2004						January 31, 2005								
		Investment					Consol. adj.	Group Total	Investment					Consol. adj.	Group Total	Investment					Consol. adj.	Group Total
		Financial Services	Management Services	Insurance Services	Other				Financial Services	Management Services	Insurance Services	Other				Financial Services	Management Services	Insurance Services	Other			
External Revenues		6,174	209	1,869	18		8,270	6,490	266	1,897	45		8,698	3,069	106	931	15		4,121			
Revenues from other segments		14	7			(21)	0	3	6		(9)	-	7	4			(11)	-				
		6,188	216	1,869	18	(21)	8,270	6,493	272	1,897	45	(9)	8,698	3,076	110	931	15	(11)	4,121			
Operating expenses		(3,054)	(82)	(1,152)	(27)	21	(4,294)	(2,870)	(65)	(1,195)	(39)	9	(4,160)	(1,613)	(42)	(486)	(24)	11	(2,154)			
Profit before taxation		3,134	134	717	(9)	-	3,976	3,623	207	702	6	-	4,538	1,463	68	445	(9)	-	1,967			
Taxation							(1,120)						(1,228)						(545)			
Net profit							2,856						3,310						1,422			

Consolidated Balance Sheet

Unaudited	(\$'millions)	As at April 30, 2005						As at April 30, 2004					
		Investment					Consol. adj.	Group Total	Investment				
Financial Services	Management Services	Insurance Services	Other		Financial Services	Management Services			Insurance Services	Other			
Segment assets		134,470	18,295	21,636	170	(1,115)	173,456	128,612	21,962	16,712	235	(5,537)	161,984
Segment liabilities		117,116	17,104	18,125	75	(915)	151,505	112,727	20,962	14,019	127	(5,337)	142,498

## The Bank of Nova Scotia Jamaica Limited

### Notes to the Consolidated Financial Statements

#### 1. Basis of presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

#### 2. Investment Securities

Investment securities are classified as originated or available for sale, and are initially recognised at cost. Management determines an appropriate classification at the time of purchase.

Originated investment securities are subsequently re-measured at amortised cost.

Available for sale investment securities are subsequently re-measured at fair value. On adoption, the difference between the original carrying amount and the fair value of these investments was credited to the Cumulative Re-measurement from AFS assets (see Consolidated Statement of Changes in Shareholders Equity). Gains and losses arising from the change in the fair value of these securities are recognised as changes in the Cumulative Re-measurement from AFS assets.

#### 3. Loan loss provision

A provision is established on the difference between the carrying amount and the recoverable amount of loans. The recoverable amount being the present value of expected future cash flows, discounted based on the interest rate at inception or last reprice date of the loan.

Regulatory loan loss reserve requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the Balance Sheet.

#### 4. Employee benefits

Pension asset – The group participates in a defined benefit pension plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement, and the net of the present value of the pension obligation and the fair value of the plan assets, is reflected as an asset on the balance sheet.

Other post-retirement obligations – The Group provides post retirement healthcare and group life insurance benefits to retirees. The method of accounting used to recognise the liability is similar to that for the defined benefit pension plan.

#### 5. Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

#### 6. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

#### 7. Provisions

A provision is made for the estimated liability for annual vacation leave as a result of services rendered by employees up to the balance sheet date.

#### 8. Share Capital

On March 10, 2005, the authorised share capital of the Bank was increased to \$2,927,232,000 by the creation of an additional 1,463,616,000 ordinary shares of \$1 each to rank pari passu with existing ordinary shares of the Bank in all respects. Shares totalling 1,463,616,000 units were then issued as fully paid up bonus shares by the capitalization of profits of \$1,463,616,000 on the basis of one ordinary share for every one ordinary share held.

#### 9. Reserve Fund

In accordance with the regulations, the Statutory Reserve Fund was also increased by \$1,463,616,000, which requires that the Reserve Fund be equal to the Paid up Capital.

#### 10. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash resources and cheques in transit.

#### 11. Segment reporting

The Group is organised into three main business segments:

- Financial services – This incorporates retail and corporate banking services
- Investment Management Services – This includes investment and pension funds management and administration of trust accounts
- Insurance services – This incorporates the provision of life insurance.

Other operations of the Group comprise general insurance brokering.