

**Consolidated Balance Sheet Highlights** (Stated In \$'000)

	UNAUDITED As At 30 April 2007	UNAUDITED As At 30 April 2006	AUDITED As At 31 October 2006
<b>ASSETS</b>			
<b>CASH RESOURCES</b>			
Cash	\$ 61,417	\$ 65,386	\$ 70,387
Other cash resources	542,996	335,256	273,883
Deposits with Central Bank	1,076,968	710,854	962,118
Treasury bills	29,793	76,377	17,394
	<b>1,711,174</b>	<b>1,187,873</b>	<b>1,323,782</b>
<b>NET LOANS TO CUSTOMERS</b>	<b>8,169,039</b>	<b>6,269,978</b>	<b>6,982,560</b>
<b>INVESTMENTS</b>	<b>475,469</b>	<b>554,544</b>	<b>549,554</b>
<b>OTHER ASSETS</b>			
Property, plant and equipment	189,671	186,181	185,886
Miscellaneous assets	154,941	145,301	150,559
	<b>344,612</b>	<b>331,482</b>	<b>336,445</b>
<b>TOTAL ASSETS</b>	<b>\$ 10,700,294</b>	<b>\$ 8,343,877</b>	<b>\$ 9,192,341</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposits	\$ 8,209,066	\$ 6,623,017	\$ 6,772,531
Other fund raising instruments	-	6,659	-
Other deposit liabilities	487,047	9,705	492,899
Other liabilities	112,653	29,289	123,492
Securities sold under repurchase agreement	28,450	90,000	78,275
Provision for taxation	28,616	17,685	23,556
Policyholders' liabilities	152,139	98,629	124,032
Debt security in issue	200,000	200,000	200,000
	<b>9,217,971</b>	<b>7,074,984</b>	<b>7,814,785</b>
<b>DEFERRED TAX LIABILITY</b>	<b>24,178</b>	<b>25,241</b>	<b>24,232</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	267,563	117,563	267,563
Statutory reserve fund	272,778	252,748	272,778
Investment revaluation reserve	11,472	12,082	4,619
Retained earnings	906,332	861,259	808,364
	<b>1,458,145</b>	<b>1,243,652</b>	<b>1,353,324</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 10,700,294</b>	<b>\$ 8,343,877</b>	<b>\$ 9,192,341</b>

**Consolidated Income Statement** (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2007	UNAUDITED Six months ended 30 April 2006	AUDITED Year ended 31 October 2006
<b>NET INTEREST AND OTHER INCOME</b>			
Net Interest Income	\$ 292,385	\$ 245,751	\$ 520,546
Other Income	98,921	82,727	193,939
Net Interest and Other Income	<b>391,306</b>	<b>328,478</b>	<b>714,485</b>
<b>NON-INTEREST EXPENSES</b>			
Salaries and staff benefits	77,542	67,142	140,132
Premises and technology	36,747	28,262	62,979
Communications and marketing	10,074	12,092	28,960
Loan loss expense	(282)	3,906	5,908
Other	35,392	29,047	67,499
Non-Interest Expenses	<b>159,473</b>	<b>140,449</b>	<b>305,478</b>
<b>INCOME BEFORE TAXATION</b>	<b>231,833</b>	<b>188,029</b>	<b>409,007</b>
Provision for taxation	(54,510)	(44,183)	(93,947)
<b>INCOME AFTER TAXATION</b>	<b>\$ 177,323</b>	<b>\$ 143,846</b>	<b>\$ 315,060</b>
Dividends Paid & Proposed for financial year	\$ 74,064	\$ 54,079	\$ 123,441
Dividends per share*	42.0c	30.7c	70.0c
Earnings per share*	100.6c	81.6c	178.7c
Return on Equity	25.44%	24.11%	25.05%
Return on Total Assets	3.60%	3.24%	3.52%
Market Value	\$ 30.00	\$ 26.17	\$ 25.30

**SIGNIFICANT ACCOUNTING POLICIES**
**Basis of preparation**

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2006.

**TO OUR SHAREHOLDERS**

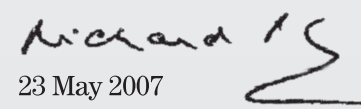
We are pleased to report another successful quarter for the Scotiabank Group, with income before tax recorded at \$231.8 million for the half year ended 30 April 2007.

The Group has maintained its strong earnings momentum with an increase in after tax profits of \$177.3 million, representing a 23.3% increase compared to the comparative period one year ago. In addition to the strong earnings over the period, there were significant improvements in a number of key performance metrics as follows:

- revenue growth
- customer satisfaction and loyalty
- new customer acquisition
- productivity ratio and
- loan loss experience

This overall business performance is testament to sound execution of the Group's corporate strategy.

On the basis of performance to date, the Directors have resolved that the Bank pay a second interim dividend of 21 cents per ordinary share (2006 - 15.3 cents) on 26 June 2007 to shareholders on record as at 05 June 2007.

  
 23 May 2007  
 Richard P. Young  
 Managing Director

## Consolidated Statement of Changes In Shareholders' Equity

FOR THE PERIOD ENDING 30 APRIL 2007 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>SIX MONTHS ENDED 30 APRIL 2007</b>					
<b>Balance as at 31 October 2006</b>	\$ 267,563	272,778	4,619	808,364	1,353,324
Changes in fair value, net of tax	-	-	6,853	-	6,853
Net profit for the period	-	-	-	177,323	177,323
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(79,355)	(79,355)
<b>Balance as at 30 April 2007</b>	\$ 267,563	272,778	11,472	906,332	1,458,145
<b>SIX MONTHS ENDED 30 APRIL 2006</b>					
<b>Balance as at 31 October 2005</b>	\$ 117,563	222,748	20,537	801,492	1,162,340
Changes in fair value, net of tax	-	-	(8,455)	-	(8,455)
Net profit for the period	-	-	-	143,846	143,846
Transfer to statutory reserve	-	30,000	-	(30,000)	-
Dividends paid	-	-	-	(54,079)	(54,079)
<b>Balance as at 30 April 2006</b>	\$ 117,563	252,748	12,082	861,259	1,243,652
<b>YEAR ENDED 31 OCTOBER 2006</b>					
<b>Balance as at 31 October 2005</b>	\$ 117,563	222,748	20,537	801,492	1,162,340
Changes in fair value, net of tax	-	-	(15,844)	-	(15,844)
Gains transferred to net profit, net of tax	-	-	(74)	-	(74)
Net income for the year	-	-	-	315,060	315,060
Transfer to statutory reserve	-	50,030	-	(50,030)	-
Issue of bonus shares	150,000	-	-	(150,000)	-
Dividends paid	-	-	-	(108,158)	(108,158)
<b>Balance as at 31 October 2006</b>	\$ 267,563	272,778	4,619	808,364	1,353,324

## Consolidated Cash Flow (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2007	UNAUDITED Six months ended 30 April 2006	AUDITED Year ended 31 October 2006
<b>Cash flows from operating activities</b>			
Net income before taxes	\$ 231,833	\$ 188,029	\$ 409,007
Increase in loans	(1,186,479)	(733,414)	(1,445,996)
Increase in deposits	1,386,711	462,277	756,411
Taxation paid	(50,926)	(60,274)	(102,987)
Other adjustments to reconcile income before taxation to net cash from operating activities	19,382	(34,872)	91,392
Net cash (used in) / from operating activities	\$ 400,521	\$ (178,254)	\$ (292,173)
<b>Cash flows used in investing activities</b>			
Increase in investments	\$ 82,361	\$ 84,570	\$ 80,863
Purchase of property, plant & equipment	(10,963)	(12,323)	(25,934)
Proceeds from disposal of property, plant & equipment	680	365	1,401
Net cash from investing activities	\$ 72,078	\$ 72,612	\$ 56,330
<b>Cash flows used in financing activities</b>			
Dividends paid	\$ (79,355)	\$ (54,079)	\$ (108,158)
Net cash used in financing activities	\$ (79,355)	\$ (54,079)	\$ (108,158)
(Decrease) / Increase in cash and cash equivalents	\$ 393,244	\$ (159,721)	\$ (344,001)
Cash and cash equivalents, beginning of period	830,883	1,337,889	1,174,884
Cash and cash equivalents, end of period	\$ 1,224,127	\$ 1,178,168	\$ 830,883
<b>Cash and cash equivalents</b>			
Cash resources	\$ 1,711,174	\$ 1,187,873	\$ 1,323,782
Other deposit liabilities	(487,047)	(9,705)	(492,899)
Cash and cash equivalents	\$ 1,224,127	\$ 1,178,168	\$ 830,883

