

To Our Shareholders

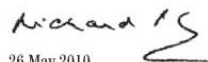
The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$238.6 million for the period ended 30 April 2010 which was an increase of 5.1% over the comparative period, a year ago.

Despite challenging economic conditions, the Group continues to deliver sustainable results as a direct consequence of its astute risk management strategies and the loyalty and commitment of its employees.

The Directors anticipate that current market conditions would persist for the short term.

However, it is confident that Scotiabank's management and risk strategies are sufficiently robust to mitigate such challenges.

On the basis of performance to date, the Directors have resolved that the Bank pay a second interim dividend of 25 cents per ordinary share (2009 - 25 cents) on 06 July 2010 to shareholders on record as at 07 June 2010.


26 May 2010
R.P. Young - Managing Director

Consolidated Statement of Financial Position (Stated In \$'000)

	UNAUDITED As at 30 April 2010	UNAUDITED As at 30 April 2009	AUDITED As at 31 October 2009
ASSETS			
Cash on hand and in transit	\$ 81,389	\$ 117,258	\$ 83,281
Due from banks and related companies	966,741	1,297,537	1,161,750
Treasury bills	509,168	617,339	721,075
Deposits with Central Bank	2,746,588	2,566,786	2,648,623
Net Loans to customers	10,380,865	10,633,570	10,325,293
Assets purchased under resale agreements	8,271	9,216	8,271
Investment securities	764,957	673,570	658,275
Investment in associate companies	12,105	9,684	12,105
Property, plant and equipment	253,670	226,689	243,085
Miscellaneous assets	120,638	155,817	150,918
Goodwill	2,951	2,974	2,951
TOTAL ASSETS	\$ 15,847,343	\$ 16,310,440	\$ 16,015,627
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 11,689,285	\$ 12,103,096	\$ 11,919,474
Due to banks and related companies	80,304	545,323	250,040
Other liabilities	218,621	209,083	204,246
Securities sold under repurchase agreement	59,912	84,188	80,317
Provision for taxation	30,733	29,406	32,996
Policyholders' funds	401,997	310,098	354,831
Debt security in issue	1,000,000	1,000,000	1,000,000
Deferred tax liability	29,777	24,785	25,016
TOTAL LIABILITIES	13,510,629	14,305,979	13,866,920
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	357,563	337,563	337,563
Investment revaluation reserve	71,619	29,570	34,034
Retained earnings	1,639,969	1,369,765	1,509,547
TOTAL SHAREHOLDERS' EQUITY	2,336,714	2,004,461	2,148,707
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 15,847,343	\$ 16,310,440	\$ 16,015,627

Consolidated Income Statement (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2010	UNAUDITED Six months ended 30 April 2009	AUDITED Year ended 31 October 2009
NET INTEREST AND OTHER INCOME			
Net Interest Income	\$ 429,862	\$ 396,154	\$ 831,867
Other Income	172,507	140,953	303,111
Net Interest and Other Income	602,369	537,107	1,134,978
NON-INTEREST EXPENSES			
Loan loss expense	39,804	29,189	86,932
Other	257,813	216,253	462,551
Non-Interest Expenses	297,617	245,442	549,483
INCOME BEFORE TAXATION	304,752	291,665	585,495
Provision for taxation	(66,158)	(64,568)	(130,444)
INCOME AFTER TAXATION	\$ 238,594	\$ 227,097	\$ 455,051
Dividends Paid & Proposed for financial year	\$ 88,172	\$ 88,172	\$ 176,344
Dividends per share	50.0 c	50.0 c	100.0 c
Earnings per share	135.3 c	128.8 c	258.0 c
Return on Equity	21.45 %	23.87 %	22.86 %
Return on Total Assets	3.02 %	2.99 %	3.00 %
Market Value	\$ 34.50	\$ 28.00	\$ 30.02

Consolidated Statement of Comprehensive Income (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2010	UNAUDITED Six months ended 30 April 2009	AUDITED Year ended 31 October 2009
OTHER COMPREHENSIVE INCOME:			
Income after taxation	\$ 238,594	\$ 227,097	\$ 455,051
Changes in fair value, net of tax	37,585	33,048	37,512
TOTAL COMPREHENSIVE INCOME, NET OF TAX	\$ 276,179	\$ 260,145	\$ 492,563

Consolidated Statement of Changes In Shareholders' Equity

FOR THE PERIOD ENDED 30 APRIL 2010 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Six months ended 30 April 2010					
Balance as at 31 October 2009	\$ 267,563	337,563	34,034	1,509,547	2,148,707
Other comprehensive income, net of tax	-	-	37,585	-	37,585
- Changes in fair value, net of tax	-	-	-	-	-
- Net profit for the period	-	-	-	238,594	238,594
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(88,172)	(88,172)
Balance as at 30 April 2010	\$ 267,563	357,563	71,619	1,639,969	2,336,714
Six months ended 30 April 2009					
Balance as at 31 October 2008	\$ 267,563	297,563	(3,478)	1,270,840	1,832,488
Other comprehensive income, net of tax	-	-	33,048	-	33,048
- Changes in fair value, net of tax	-	-	-	-	-
- Net profit for the period	-	-	-	227,097	227,097
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(88,172)	(88,172)
Balance as at 30 April 2009	\$ 267,563	337,563	29,570	1,369,765	2,004,461
Year ended 31 October 2009					
Balance as at 31 October 2008	\$ 267,563	297,563	(3,478)	1,270,840	1,832,488
Other comprehensive income, net of tax	-	-	37,512	-	37,512
- Changes in fair value, net of tax	-	-	-	-	-
- Net profit for the period	-	-	-	455,051	455,051
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(176,344)	(176,344)
Balance as at 31 October 2009	\$ 267,563	337,563	34,034	1,509,547	2,148,707

Consolidated Cash Flow (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2010	UNAUDITED Six months ended 30 April 2009	AUDITED Year ended 31 October 2009
Cash flows (used in) / from operating activities			
Net income before taxes	\$ 304,752	\$ 291,665	\$ 585,495
(Increase) / Decrease in loans	(55,572)	(157,267)	151,011
Decrease in assets purchased under resale agreement	-	4,660	5,605
(Decrease) / Increase in deposits	(230,189)	2,431,467	2,247,846
Decrease in securities sold under repurchase agreement	(20,405)	(83,791)	(87,662)
Taxation paid	(75,489)	(79,991)	(144,144)
Other adjustments to reconcile income before taxation to net cash from operating activities	(168,127)	(1,540,323)	(1,865,818)
Net cash (used in) / from operating activities	\$ (245,030)	\$ 866,420	\$ 892,333
Cash flows used in investing activities			
Increase in investments	\$ (57,266)	\$ (25,425)	\$ (3,569)
Purchase of property, plant & equipment	(18,342)	(24,870)	(50,524)
Investment in subsidiary	-	(479)	(455)
Proceeds from disposal of property, plant & equipment	2	5	10
Net cash used in investing activities	\$ (75,606)	\$ (50,769)	\$ (54,538)
Cash flows used in financing activities			
Dividends paid	(88,172)	(88,172)	(176,344)
Net cash used in financing activities	\$ (88,172)	\$ (88,172)	\$ (176,344)
(Decrease) / Increase in cash and cash equivalents	\$ (408,808)	\$ 727,479	\$ 661,451
Cash and cash equivalents, beginning of period	1,966,106	1,304,655	1,304,655
Cash and cash equivalents, end of period	\$ 1,557,298	\$ 2,032,134	\$ 1,966,106
Cash and cash equivalents			
Cash on hand and intransit	\$ 81,389	\$ 117,258	\$ 83,281
Due from banks and related companies	966,741	1,297,537	1,161,750
Treasury bills	509,168	617,339	721,075
Cash and cash equivalents	\$ 1,557,298	\$ 2,032,134	\$ 1,966,106

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 2009, except for the adoption of amendments to IAS 1 which became effective for annual periods beginning on or after 01 January, 2009. This amendment required the inclusion of an additional financial statement, the "Statement of Comprehensive Income".

Comparative information

Comparative amounts in the Consolidated Statement of Income has been restated to conform to presentation changes in the current financial period.