

MEDIA RELEASE

May 26, 2011

SCOTIA INVESTMENTS POSTS SIX-MONTH EARNINGS OF \$932.7 MILLION.

SECOND QUARTER 2011 HIGHLIGHTS

- Net income of \$466 million
- Earnings per share of \$1.10
- Return on average equity of 19.92%
- Productivity ratio of 32.37%
- Second quarter dividend of 33.0 cents per share

Scotia Investments today reported its unaudited financial results for the six months ended April 30, 2011. Net income for the period amounted to \$932.7 million up \$185 million or 25% over the \$747.7 million earned for the same period last year. Net income for the quarter was \$466.1 million, consistent with the \$466.6 million earned in the previous quarter.

Earnings per share (EPS) for the quarter was \$1.10 compared to \$0.48 for the same period last year. The company's annualized return on average equity (ROE) was 19.92% at the end of the quarter, down marginally from the 20.73% at the end of the last quarter.

In commenting on the results for the six month period, Anya Schnoor, CEO stated, "We have built on the solid performance of the first quarter and our results to date continue to be driven by strong growth in fee-based revenue, well-managed interest margins in a declining interest rate environment and strong expense management. During the quarter our fixed income unit trust fund became the first in Jamaica to surpass J\$15 billion in assets. We also successfully grew our Caribbean Income Fund to in excess of US\$50 million.

During the quarter we entered into a sale agreement to sell our 100% shareholding in Asset Management Company Limited, a subsidiary which provides credit financing for the hire purchase of consumer durables under the "Easy Own" brand. The sale was completed in May 2011 and the proceeds from that sale were not included in the results for the quarter. This sale forms part of the ongoing strategic realignment of our core business.

We strategically underwent a name change to Scotia Investments Jamaica Limited during the quarter. Our fund management subsidiary and related products were also re-branded and these changes bring the company in line with the international brand, and visibly reinforce our association with the strength and global footprint of the Scotiabank Group."



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REVENUES

Total revenues comprising of net interest revenue and other income was \$996 million for the quarter, an increase of \$34 million over the last quarter and up \$70.9 million when compared to the same period last year.

Net Interest Income

Net interest income for the second quarter amounted to \$713 million, a decrease of 2% over the \$730 million reported for the first quarter. The decline in interest earnings was impacted primarily by lower prevailing yields on the securities portfolio.

Other Revenue

Other revenue, which includes fee income and net foreign exchange trading income was \$262 million for the quarter, up \$36 million or 16% from the \$226 million reported for first quarter. The results were also up \$82 million or 46% above the \$180 million recorded for the same period last year. The company continues to record strong Unit Trust and mutual fund sales and the quarterly results were boosted by higher fee income on these managed funds as well as improved securities trading income.

NON-INTEREST EXPENSES AND PRODUCTIVITY

Our productivity ratio (operating expense / total revenue) - a key measure of cost efficiency – was 32.37% for the second quarter compared to 37.02% for the same period last year.

Operating expenses amounted to \$322 million for the quarter, a marginal increase of \$15 million or 5% over the previous quarter. This was due primarily to the timing of business expenses.

BALANCE SHEET

Total assets increased year over year by \$1.05 billion to \$71.1 billion. The increase in total assets was driven by the growth in repo liabilities which reflected upwards growth due primarily to inflows from stable funding institutional clients.

OFF BALANCE SHEET HIGHLIGHTS

At the end of the quarter, funds being managed on a non-recourse basis on behalf of investors totaled \$21.4 billion. This represented a growth of \$10.1 billion or 89% when compared to the same period last year. The Group also manages pension and trust funds which had a total asset value of \$46.2 billion at the end of the quarter, an increase of \$5.4 billion over prior year.

During the quarter we recorded net inflows into our unit trust products of J\$1.94 billion while net inflows into our mutual fund products were US\$9.1 million.



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CAPITAL

The strength of our capital base is evident with total shareholders' equity standing at \$9.55 billion at the end of the quarter. This represented an increase of \$1.26 billion or 15% over the equity reported as at the end of the comparative period last year and was also up \$389 million or 4.2% over the previous quarter. Our investment reserve shows a marked improvement over last year due to sustained recovery of bond prices as interest rates continue to fall. At the end of the quarter, our capital adequacy ratio remained strong at 80.01%, significantly above the 10% statutory requirement.

DIVIDEND

At the Board of Directors meeting on May 26, 2011 the Board approved an interim dividend of 33.0 cents per stock unit, payable on July 7, 2011, to stockholders on record as at June 15, 2011.

NON-FINANCIAL HIGHLIGHTS

The Company held its Annual General Meeting on March 2, 2011 at the Jamaica Pegasus, at which the shareholders passed the resolution to effect the name change to Scotia Investments Jamaica Limited. A symbolic renaming ceremony was held on Friday, April 15, 2011 at the Jamaica Stock Exchange.

Two customer appreciation events were hosted during the quarter for select clients. Signature clients were feted at a Signature Soiree held at Caffé de Vinci at Market Place, to allow interaction in an intimate and relaxed atmosphere. A "Cocktails & Conversation" function was also held at Devon House at the pub where unit trust, investment management and corporate trust clients were thanked for their business.

Two webinars were also conducted that allowed Scotia Investments to bring different perspectives to the 2011/2012 Budget Debate. One was held on April 20 with excerpts carried on TVJ and CVM. The other was held on May 2, 2011 and an article appeared in the Sunday Gleaner with content pulled from the Webinar. Our Webinar series is the only one of its kind in the marketplace and provides clients across the world via the internet access to information on topics of public interest

Scotia Investments echoes the sentiments of the Scotiabank Group, in thanking all of our stakeholders for their continued support over this past quarter. To our clients, thank you for your continued loyalty and allowing us to be your most trusted financial advisor. To our shareholders, thank you for the commitment, trust and confidence. To our employees, our continued success is as a result of great execution by our dedicated and skilled team. Your consistent focus on customer satisfaction will ensure that we continue to deliver superior customer service.



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A graphic illustration of a hand holding a pencil, with the words "PASSION" and "for Service & Excellence" written in a circular, stylized font around the hand. The background is a light, textured grey.

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SCOTIA INVESTMENTS JAMAICA LIMITED
CONSOLIDATED STATEMENT OF INCOME

Unaudited (\$'000's)	For the three months ended			For the six months ended	
	April 2011	January 2011	April 2010	April 2011	April 2010
GROSS OPERATING INCOME	1,625,691	1,692,668	2,009,355	3,318,359	4,660,282
Interest income	1,363,271	1,466,075	1,829,494	2,829,346	4,338,594
Interest expense	(650,203)	(735,723)	(1,091,542)	(1,385,925)	(2,605,197)
Net Interest Income	713,068	730,352	737,952	1,443,421	1,733,397
Impairment losses on loans	20,745	5,123	7,506	25,868	1,934
Net interest income after impairment losses	733,813	735,475	745,458	1,469,289	1,735,331
Net fee and commission income	160,674	140,740	98,352	301,414	179,490
Net foreign exchange trading income	17,047	25,575	27,116	42,622	63,994
Net gains/(losses) on financial assets classified as held for trading	5,478	9,790	5,215	15,269	11,948
Net gains on financial assets available for sale	-	6,138	9,458	6,137	9,458
Gains less losses on securities trading	75,775	40,521	38,953	116,296	47,604
Other revenue	3,446	3,829	767	7,275	9,194
	262,420	226,593	179,861	489,013	321,688
TOTAL OPERATING INCOME	996,233	962,068	925,319	1,958,302	2,057,019
OPERATING EXPENSES					
Salaries and staff benefits	181,537	189,720	191,521	371,257	406,663
Property expenses, including depreciation	35,447	36,497	53,903	71,945	86,371
Amortisation of intangible assets	718	822	2,082	1,540	4,622
Other operating expenses	104,767	80,024	95,070	184,790	185,354
	322,469	307,063	342,576	629,532	683,010
PROFIT BEFORE TAXATION	673,764	655,005	582,743	1,328,770	1,374,009
Taxation	(207,599)	(188,426)	(380,605)	(396,026)	(626,307)
PROFIT FOR THE PERIOD	466,165	466,579	202,138	932,744	747,702
PROFIT AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	466,165	466,579	202,138	932,744	747,702
Earnings per stock unit - Basic (cents)	110	110	48	220	177
Return on average equity (annualized)	19.92%	20.73%	9.87%	20.31%	18.64%
Productivity ratio	32.37%	31.92%	37.02%	32.15%	33.20%



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SCOTIA INVESTMENTS JAMAICA LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited (\$000's)	For the three months ended			For the six months ended	
	April 2011	January 2011	April 2010	April 2011	April 2010
Profit for the period	466,165	466,579	202,138	932,744	747,702
Other comprehensive income					
Unrealised gains on available for sale securities	93,214	20,777	335,952	113,990	319,183
Realised gains on available for sale securities	(21)	(9,296)	(100,648)	(9,316)	(100,648)
	93,193	11,481	235,304	104,674	218,535
Taxation	(31,061)	(3,827)	(78,427)	(34,888)	(72,838)
Other comprehensive income, net of tax	62,132	7,654	156,877	69,786	145,697
Total comprehensive income for the period	528,297	474,233	359,015	1,002,530	893,399
TOTAL COMPREHENSIVE INCOME AFTER TAXATION ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	528,297	474,233	359,015	1,002,530	893,399



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SCOTIA INVESTMENTS JAMAICA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Period ended April 30	Year ended October 31	Period ended April 30
Unaudited (\$000's)	2011	2010	2010
ASSETS			
CASH RESOURCES	1,444,294	3,899,049	1,048,262
INVESTMENTS			
Financial assets at fair value through profit and loss	349,786	127,895	52,166
Securities available-for-sale	402,044	112,202	260,644
	751,830	240,167	321,710
PLEGGED ASSETS	69,617,249	84,689,175	63,920,885
LOANS, AFTER MAKING PROVISIONS FOR LOSSES	410,309	411,790	2,287,000
LEASES AND HIRE PURCHASE CONTRACTS	-	-	95,254
OTHER ASSETS			
Customers' liability under guarantees	1,248,857	940,667	624,238
Taxation recoverable	378,288	393,747	364,355
Other assets	112,443	50,087	137,951
Property, plant and equipment at cost, less depreciation	46,486	52,371	62,158
Intangible assets	28,097	29,637	73,696
Deferred taxation	12,102	12,101	14,785
	1,824,273	1,478,610	1,477,092
Assets classified as held for sale	56,894	56,076	-
TOTAL ASSETS	71,104,849	70,974,893	70,048,984
LIABILITIES			
DEPOSITS			
Deposits by the public	-	-	2,159,246
CAPITAL MANAGEMENT ACCOUNTS & GOVERNMENT SECURITIES FUND	14,390,049	15,165,808	15,690,450
OTHER LIABILITIES			
Promissory notes	2,392	7,980	39,637
Guarantees issued	1,248,857	940,667	624,238
Liabilities under repurchase agreements	45,204,500	45,025,686	42,180,246
Other liabilities	246,842	272,462	271,603
Taxation payable	185,151	513,559	263,122
Deferred taxation	217,381	178,805	250,680
Assets held in trust on behalf of participants	38,404	37,371	49,066
	47,153,617	46,975,459	43,893,092
Liabilities classified as held for sale	3,435	6,109	-
STOCKHOLDERS' EQUITY			
Share capital	1,911,903	1,911,903	1,911,903
Reserve fund	-	-	120,655
Retained earnings reserve	-	-	498,688
Cumulative remeasurement result from available-for-sale financial assets	130,201	60,415	(5,614)
Loan loss reserve	-	-	21,667
Capital reserve	22,075	22,075	22,075
Reserve for own shares	(45,441)	(44,461)	(58,004)
Unappropriated profits	7,539,010	6,885,075	5,783,540
	9,557,748	8,835,617	8,297,599
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	71,104,849	70,974,893	70,048,984

Anif
Director

Robert Brown
Director



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SCOTIA INVESTMENTS JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Unaudited (\$'000's)	Share Capital	Reserve Fund	Retained Earnings Reserve	Cumulative Re-measurement Result from Available-for-sale Financial Assets	Loan Loss Reserve	Capital Reserve	Reserve for own shares	Unappropriated Profits	Total
Balance as at 31 October 2009	1,911,903	117,038	477,235	(151,311)	21,967	22,075	(52,518)	5,340,603	7,686,992
Net profit	-	-	-	-	-	-	-	747,702	747,702
Other comprehensive income:									
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	212,799	-	-	-	-	212,799
Realised gains on available-for-sale securities	-	-	-	(67,102)	-	-	-	-	(67,102)
Total other comprehensive income	-	-	-	145,697	-	-	-	-	145,697
Total comprehensive income for the period	-	-	-	145,697	-	-	-	747,702	893,399
Other equity transactions:									
Dividends paid	-	-	-	-	-	-	-	(279,309)	(279,309)
Own shares sold by ESOP	-	-	-	-	-	-	(3,486)	-	(3,486)
Transfer to retained earnings reserve	-	-	21,633	-	-	-	-	(21,633)	-
Transfer to reserve fund	-	3,817	-	-	-	-	-	(3,817)	-
Balance as at 30 April 2010	1,911,903	120,855	498,868	(5,614)	21,967	22,075	(56,004)	5,783,546	8,297,596
Balance as at 31 October 2010	1,911,903	-	-	60,415	-	22,075	(44,451)	6,885,575	8,835,517
Net Profit	-	-	-	-	-	-	-	932,744	932,744
Other comprehensive income:									
Unrealised gains on available-for-sale securities, net of taxes	-	-	-	75,997	-	-	-	-	75,997
Realised gains on available-for-sale securities	-	-	-	(6,211)	-	-	-	-	(6,211)
Total other comprehensive income	-	-	-	69,786	-	-	-	-	69,786
Total comprehensive income for the period	-	-	-	69,786	-	-	-	932,744	1,002,530
Other equity transactions:									
Dividends paid	-	-	-	-	-	-	-	(279,309)	(279,309)
Own shares sold by ESOP	-	-	-	-	-	-	(960)	-	(960)
Balance as at 30 April 2011	1,911,903	-	-	130,201	-	22,075	(45,441)	7,539,010	9,557,748



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SCOTIA INVESTMENTS JAMAICA LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (\$000's)	Three months ended April 30 2011	Three months ended April 30 2010
Cash flows (used in)/provided by operating activities		
Profit for the period	932,744	747,702
Adjustments to net income:		
Depreciation	10,681	15,034
Amortisation of intangible assets	1,540	4,622
Impairment losses on loans	(25,868)	(1,934)
Other, net	(1,047,396)	(1,107,788)
	(128,299)	(342,364)
Changes in operating assets and liabilities		
Pledged assets	(167,534)	5,040,050
Securities sold under repurchase agreements	256,817	(3,325,076)
Financial assets at fair value through profit and loss	(221,178)	53,203
Other, net	(120,587)	1,428,478
	(380,781)	2,854,291
Cash flows (used in)/provided by investing activities		
Investment securities	(161,821)	749,367
Shares acquired for ESOP	(990)	(3,486)
Property, plant and equipment, Intangibles, net	(4,796)	766
	(167,607)	746,647
Cash flows used in financing activities		
Dividends paid	(279,309)	(279,309)
	(279,309)	(279,309)
Effect of exchange rate on cash and cash equivalents	21,768	(13,682)
Net change in cash and cash equivalents	(805,929)	3,307,947
Cash and cash equivalents at beginning of year	7,206,075	2,846,674
	6,400,146	6,154,621
Represented by:		
Cash resources	1,444,294	1,948,262
Less: statutory reserves at Bank of Jamaica	-	(171,986)
Less: amounts due from Bank of Jamaica greater than ninety days	-	(145,659)
Less: accrued interest on cash resources	(369)	(13,094)
GOJ treasury bills, repurchase agreements and bonds less than ninety days	4,950,399	4,537,098
Cash and bank balances included in assets classified as held for sale	5,822	-
	6,400,146	6,154,621



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Scotia Investments Jamaica Limited
Notes to the Consolidated Financial Statements
April 30, 2011

1. Identification

Scotia Investments Jamaica Limited is a 77.01% subsidiary of Scotia Group Jamaica Limited, which is incorporated and domiciled in Jamaica. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is the ultimate parent.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and they also comply with the provisions of the Companies Act. New and revised standards that became effective this year did not have any material impact on the financial statements and the accounting policies are consistent with those applied in the audited financial statements for the year ended October 31, 2010. These financial statements are presented in Jamaican dollars, which is the Group's functional currency.

Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operation of the Company and its subsidiaries, and the Employee Share Ownership Plan (ESOP) which is classified as a special purpose entity. The results of the ESOP are not material to the Group. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

Comparative Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; loans and receivables; available-for-sale and held-to-maturity. Management determines the classification of its investments at initial recognition.

- *Financial Assets at Fair Value through Profit and Loss*
This category includes financial assets acquired principally for the purpose of selling in the short term or if so designated by management.
- *Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.
- *Available-for-Sale*
Available for sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates or equity prices.
- *Held-to-Maturity*
Held-to-maturity are non derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.



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Scotia Investments Jamaica Limited
Notes to the Consolidated Financial Statements
April 30, 2011

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all available-for-sale instruments and financial assets at fair value through profit and loss are measured at fair value, except that any available-for-sale instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transactions costs, less impairment losses. Gains and losses arising from changes in the fair value of available-for-sale instruments are recognized directly in statement of comprehensive income, while gains and losses arising from changes in the fair value of trading securities are included in the statement of income in the period in which they arise. Interest calculated using the effective interest method is recognized in the statement of income.

4. Pledged assets

Assets pledged as collateral under repurchase agreements with clients and other financial institutions are government securities.

- i. All repurchase agreements mature within twelve (12) months and are conducted under terms that are usual and customary to standard securities borrowing and repurchase agreements.
- ii. The capital management fund and the government securities fund are managed on a non-recourse basis, on behalf of investors.

	Asset		Related Liability	
	2011 000's	2010 000's	2011 000's	2010 000's
Securities sold under repurchase agreements:				
Clients	46,192,703	46,528,724	39,726,163	39,368,765
Other financial institutions	5,733,861	3,210,745	5,478,427	2,791,481
Capital management fund and government securities fund	14,690,685	14,181,196	14,390,049	15,699,450
	<u>66,617,249</u>	<u>63,920,665</u>	<u>59,594,639</u>	<u>57,859,696</u>

5. Loan loss provision

IFRS loan loss 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 flow, discounted based on the interest rate at inception or the last re-price date of the loan. Regulatory loan loss provisioning requirements that exceed these amounts are maintained within a loan loss reserve in the equity component of the balance sheet.

6. 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.

7. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment loss.



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Scotia Investments Jamaica Limited
Notes to the Consolidated Financial Statements
April 30, 2011

8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in their fair value.

9. Managed funds

Scotia Asset Management (Ja) Limited, a wholly owned subsidiary, manages funds, on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements. At April 30, 2011, these funds aggregated \$21,439,118,000 (April 30, 2010: \$11,335,800,000).

The Group also manages pension and trust funds with a total asset value of \$46,245,599,000 as at April 30, 2011 (April 30, 2010: \$40,813,552,000).

10. Subsequent Event

On May 2, 2011 Scotia Investments Jamaica Limited sold its 100% interest in its subsidiary Asset Management Company Limited. This followed an approval by the Board of Directors in 2010 to sell the Company. The assets and liabilities of Asset Management Company Limited have been presented as held for sale as at 30 April 2011.



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A graphic in the bottom right corner showing a hand holding a lit matchstick. The word 'PASSION' is written in a curved path above the hand, and 'for Service & Excellence' is written in a curved path below the hand, both in a light, semi-transparent font.

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