

Management's Report on Fund Performance

The following is an interim report on BAM Split Corp.'s (the "company") performance. This interim report should be read in conjunction with the financial statements and notes thereto for the year ended September 30, 2006.

You can obtain a copy of the annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, BCE Place, Suite 300, P.O. Box 762, Toronto, Ontario M5J 2T3 or by visiting SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

INVESTMENT OBJECTIVE AND STRATEGIES

The company's objective consists of investing in Brookfield Asset Management Inc. Class A Limited Voting shares ("Brookfield shares") in order to generate fixed preferential cumulative quarterly dividends for the holders of the company's Preferred shares and to enable the holders of the company's Capital shares to participate in any capital appreciation in the Brookfield shares.

RISKS

The following are the principal risk factors relating to an investment in the company:

Interest Rate Fluctuations

The market value of a unit may, at any given time, be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the value of a unit and, in particular, the value of the company's fixed rate Preferred shares. A unit is considered to consist of one Capital share and one Preferred share.

Fluctuations in Value of Brookfield Shares

The value of a unit will vary according to the value of the Brookfield shares. The value of the investment may be influenced by factors not within the control of the company, including the financial performance of the Brookfield shares which may result in a decline in value of the investment portfolio and/or in dividend income from the investment, interest rates and other financial market conditions.

RESULTS OF OPERATIONS

Total assets at March 31, 2007 were \$1,814.1 million, compared to \$1,311.9 million at September 30, 2006. The increase in assets reflects an increase in unrealized gains within the portfolio of \$309.2 million and the acquisition of an additional 3.5 million Brookfield shares. The fair value of the company's investment portfolio at March 31, 2007 was \$1,811.1 million (September 30, 2006 – \$1,308.7 million).

As at March 31, 2007, the net asset value of the company was \$1,380.8 million, an increase of 29.1% from the value of \$1,069.8 million at September 30, 2006. Net asset value is calculated by the differential between total assets and total liabilities. On a per unit basis, the net asset value was \$103.33 as compared to \$137.04 as at September 30, 2006, representing a decrease of 24.6%. This reflects the dilution per unit arising from the issuance of 8.0 million Class AA Series III Preferred shares offset by the appreciation in the market value of the Brookfield shares.

The company generated income available for distribution for the six months ended March 31, 2007 of \$9.7 million, an increase from \$6.0 million for the same period in the prior year, as a result of the acquisition of additional Brookfield shares and an increase in the dividends received on the Brookfield shares.

During the six months, the company paid dividends of \$7.1 million and \$2.3 million to Preferred and Capital shareholders respectively, compared to \$5.9 million and \$0.1 million for the same period in the prior year.

The company issued 8.0 million Class AA Series III Preferred shares during the six-month period ended March 31, 2007 for \$194.7 million, net of associated transaction costs, which gave rise to the increase in Preferred share liabilities since September 30, 2006. There were no redemptions of Preferred shares during the period ended March 31, 2007. Shareholders' equity increased to \$1,380.8 million at March 31, 2007 from \$1,069.8 million at September 30, 2006 due primarily to unrealized gains on the Brookfield shares.

The company reclassified \$1.5 million of transaction costs from shareholders' equity to Preferred share liabilities under the new accounting rules which came into effect October 1, 2006. Transaction costs are amortized into income available for distribution using the effective interest rate method, over the life of the underlying financial instrument.

RECENT DEVELOPMENTS

On May 1, 2007, Brookfield announced a three-for-two stock split of its outstanding Class A shares. The split will be implemented by way of a stock dividend whereby shareholders will receive one-half of a Brookfield Class A Share for each Class A and Class B Share held (i.e. one additional share for every two shares held). Fractional shares will be paid in cash at the prevailing market price. The stock dividend will be payable on or about June 1, 2007 to shareholders of record at the close of business on May 24, 2007.

On May 1, 2007, Brookfield announced that it intends to distribute a direct interest in its infrastructure operations through a newly created publicly traded partnership to be named Brookfield Infrastructure Partners L.P. ("Brookfield Infrastructure"). Brookfield Infrastructure's initial operations will be principally comprised of interests in Brookfield's electricity transmission and timber businesses. Brookfield Infrastructure will serve as the primary vehicle through which Brookfield's future infrastructure related acquisitions, other than property and renewable power operations, will be made.

Brookfield will implement the spin-off by way of a special dividend currently estimated to be approximately US\$1.00 per Brookfield Class A Share, taking into account the pending three-for-two stock split, or approximately \$600 million in aggregate. The record date for, and the exact amount of, the dividend will be established at the time that regulatory filings are finalized, which is expected to be during the third quarter.

RELATED PARTY TRANSACTIONS

The company's operations are managed by Brookfield which is entitled to a fee of up to 10% of ordinary expenses of the company. For the six-month period ended March 31, 2007, Brookfield charged a fee of \$10,000 (2006 – nil).

FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the company and is intended to facilitate understanding of the company's financial performance since inception and is presented in accordance with NI-81-106. This information is derived from the company's interim financial statements.

<i>thousands, except per share amounts</i>	As at	As at September 30			
	March 31, 2007	2006	2005	2004	2003
Total assets	\$1,814,130	\$1,311,924	\$ 955,921	\$ 675,250	\$ 328,813
Net asset value	1,380,808	1,069,785	717,145	436,495	203,793
Number of units outstanding	17,548	9,548	9,548	5,000	5,000
Management expense ratio (excluding dividends on preferred shares and issue costs)	0.1%	0.1%	—%	0.1%	0.1%
Management expense ratio (including dividends on preferred shares and issue costs)	0.6%	1.4%	1.7%	3.0%	3.9%
Portfolio turnover rate	N/A	N/A	N/A	N/A	N/A
Redemption price of preferred shares					
Class A	\$ 26.00	\$ 26.00	\$ 26.25	\$ 26.50	\$ 26.50
Class AA Series I ¹	N/A	N/A	N/A	N/A	N/A
Class AA Series III ²	N/A	N/A	N/A	N/A	N/A

¹ Redemption period commences on March 25, 2009.

² Redemption period commences on January 10, 2012.

	Six months ended March 31, 2007	For the years ended September 30			
		2006	2005	2004	2003
Net asset value per unit, beginning of period	\$ 137.04	\$ 100.11	\$ 70.72	\$ 65.76	\$ 61.03
Financial instruments transition adjustment ¹	(0.12)	—	—	—	—
Increase (decrease) from operations:					
Share issuance proceeds	15.21	—	—	15.38	—
Share issuance costs	(0.41)	—	—	(0.41)	—
Net asset value dilution ²	(71.93)	—	—	(41.90)	—
Total revenue	0.79	1.64	1.33	1.54	1.95
Total expenses	(0.06)	(0.09)	(0.02)	(0.05)	(0.03)
Unrealized gains	23.52	36.96	29.39	32.01	4.67
Total increase from operations ³	(33.00)	38.51	30.70	6.57	6.59
Distributions:					
From interest and dividends	(0.71)	(1.57)	(1.31)	(1.61)	(1.86)
Total annual distributions	(0.71)	(1.57)	(1.31)	(1.61)	(1.86)
Net asset value per unit, end of period	\$ 103.33	\$ 137.04	\$ 100.11	\$ 70.72	\$ 65.76

¹ Refer to Note 2 to the Financial Statements for impact of new accounting policies related to financial instruments.

² Dilution occurred as a result of the issuance of capital shares for nominal consideration following the issuance of preferred shares during 2004 and 2007 so that the number of capital shares issued and outstanding was equal to the number of preferred shares issued and outstanding as required by the articles of the company. There was no dilution to holders of existing preferred shares.

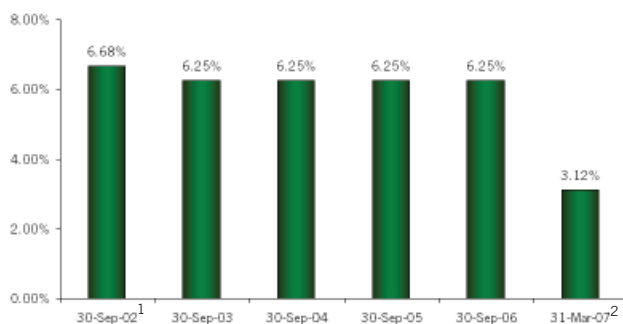
³ Net asset value and distributions are based on the actual units outstanding over the period. The increase (decrease) from operations is based on the weighted average number of units outstanding over the period.

PAST PERFORMANCE

Year by Year Returns

The following charts show the company's annual performance of its Class A and Class AA preferred shares since their issuance indicating, in percentage terms, that an investment made in the Class A, Class AA Series I and Class AA Series III preferred shares would yield 3.12%, 2.47% and 0.95%, respectively, for the six month period ended March 31, 2007, assuming the shares are sold at redemption price. Past performance is not an indication of how the shares will perform in the future.

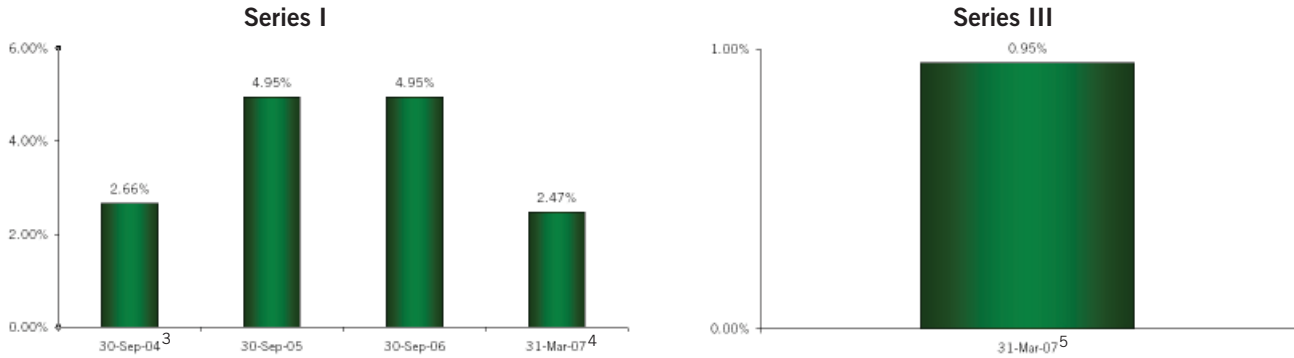
Annual Performance – Class A Preferred shares



¹ Reflects the period September 5, 2001 to September 30, 2002.

² Reflects the period October 1, 2006 to March 31, 2007.

Annual Performance – Class AA Preferred shares



³ Reflects the period March 18, 2004 to September 30, 2004.

⁴ Reflects the period October 1, 2006 to March 31, 2007.

⁵ Reflects the period January 10, 2007 to March 31, 2007.

Investment Portfolio

The investment in the Brookfield shares, the associated cost amounts and the fair values as at March 31, 2007 and September 30, 2006 are as follows:

	Number of Shares ¹		Cost		Fair Value	
	March 31, 2007	Sept. 30, 2006	March 31, 2007	Sept. 30, 2006	March 31, 2007	Sept. 30, 2006
<i>thousands</i>						
Brookfield Class A Limited Voting shares	30,015	26,481	\$ 548,068	\$ 354,829	\$ 1,811,123	\$ 1,308,706

¹ Reflects share split of Brookfield shares on April 4, 2006.

Review of Interim Financial Statements

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

On behalf of the Board of Directors,

Sachin G. Shah
Chief Financial Officer
May 10, 2007

Forward-Looking Statements

This interim report contains forward-looking statements concerning the company's business and operations. The company cautions that, by their nature, forward-looking statements involve risk and uncertainty and the company's actual results could differ materially from those expressed or implied in such statements. Reference should be made to the company's most recent Annual Information Form for a description of the major risk factors.

Statements of Net Assets

<i>thousands, except per share/unit amounts</i>	<i>(unaudited)</i> March 31 2007	September 30 2006
Assets		
Cash and cash equivalents	\$ —	\$ 210
Investment portfolio, at fair market value	1,811,123	1,308,706
Future tax asset	2,986	2,986
Accounts receivable	21	22
	1,814,130	1,311,924
Liabilities		
Accounts payable	289	2,000
Taxes payable	612	1,439
Preferred shares (Class A and AA)	432,421	238,700
Total liabilities	433,322	242,139
Net asset value	1,380,808	1,069,785
Shareholders' equity		
Capital shares	123,950	123,950
Retained earnings	1,256,858	945,835
	\$ 1,380,808	\$ 1,069,785
Number of units outstandings	17,548	9,548
Net asset value per capital share	\$ 78.33	\$ 112.04
Par value per preferred share	25.00	25.00
Net asset value per unit	\$ 103.33	\$ 137.04

On behalf of the Board,



Bruce K. Robertson
Director



Sachin G. Shah
Director

Statements of Investment Operations and Retained Earnings

(unaudited)
thousands, except per share amounts

Six months ended March 31
2007 2006

	2007	2006
Income		
Dividend income	\$ 10,439	\$ 6,135
Interest income	8	5
	10,447	6,140
Expenses		
Amortization ¹	609	—
Legal and audit fees	60	—
Listing fees	26	68
Other	16	4
Management fee	10	—
Administrative fees	7	4
Directors' fees	6	15
Custodial fees	3	5
Transfer agent fees	3	9
Taxes	—	24
Rating fees	—	5
	740	134
Income available for distribution	9,707	6,006
Dividends paid on preferred shares	(7,055)	(5,886)
Income available for distribution on Capital and Class A shares	2,652	120
Change in unrealized appreciation of investment	309,178	179,013
Results of investment operations	\$ 311,830	\$ 179,133
Opening retained earnings	\$ 945,835	\$ 593,195
Results of investment operations	311,830	179,133
Dividends paid on capital shares	(2,339)	(120)
Transition adjustment – October 1, 2006 ¹	1,532	—
Retained earnings, end of period	\$ 1,256,858	\$ 772,208
Results of investment operations per capital share	\$ 23.72	\$ 80.81

¹ Refer to Note 2 for impact of new accounting policies related to financial instruments.

Statements of Changes in Net Assets

<i>(unaudited)</i> <i>thousands</i>	Six months ended March 31	
	2007	2006
Investment transactions		
Change in unrealized appreciation of investment portfolio	\$ 309,178	\$ 179,013
Income transactions		
Income available for distribution	9,707	6,006
Dividends paid on preferred shares	(7,055)	(5,886)
	2,652	120
Capital transactions		
Dividends paid on capital shares	(2,339)	(120)
Change in net asset value during the period	309,491	179,013
Net asset value, beginning of period	1,069,785	717,145
Transition adjustment – October 1, 2006¹	1,532	—
Net asset value, end of period	\$ 1,380,808	\$ 896,158

¹ Refer to Note 2 for impact of new accounting policies related to financial instruments.

Statements of Cash Flows

<i>(unaudited)</i> <i>thousands</i>	Six months ended March 31	
	2007	2006
Cash flow from operating activities available for distribution		
Income available for distribution	\$ 9,707	\$ 6,006
Add non-cash items:		
Change in working capital	(1,921)	(80)
	7,786	5,926
Cash flow used in investing activities		
Purchase of investments	(193,239)	—
Cash flow used in financing activities		
Senior preferred share dividends	(7,055)	(5,886)
Capital share dividends	(2,339)	(120)
Preferred shares issued, net of retractions	199,975	—
Share issue costs	(5,338)	—
	185,243	(6,006)
Decrease in cash and cash equivalents	(210)	(80)
Cash and cash equivalents balance, beginning of period	210	102
Cash and cash equivalents balance, end of period	\$ —	\$ 22

Notes to the Financial Statements

1. Basis of Presentation

The company's portfolio of Class A Limited Voting shares ("Brookfield shares" or the "portfolio") of Brookfield Asset Management Inc. ("Brookfield") is carried at fair market value, which is the bid price on a recognized exchange, with any adjustment required being recorded as an unrealized appreciation (depreciation) on the Statements of Investment Operations.

During the fourth quarter of fiscal year 2006, the company received approval from its board of directors to change the company name to BAM Split Corp. This change incorporates into the company's name the stock symbol, "BAM," of its principal investment, Brookfield Asset Management Inc.

Cash and cash equivalents includes any instruments with a maturity of less than 90 days.

Dividend income is recorded on the ex-dividend date.

2. Changes in Accounting Policies

Effective October 1, 2006, the company adopted the new accounting standard, Handbook Section 3855 (Section 3855), Financial Instruments – Recognition and Measurement.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the balance sheet when the company becomes a party to the contractual provisions of the financial instrument or a non-financial derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, other liabilities or is an investment held by an investment company that is accounted for at fair value. Transaction costs related to trading financial assets or liabilities are expensed as incurred. For other financial instruments, transaction costs are capitalized on initial recognition and amortized using the effective interest method.

Impact of adopting Section 3855

The company recorded a transition adjustment effective October 1, 2006 to reclassify \$1.5 million of transaction costs from Shareholders' equity to Preferred share liabilities.

3. Securities

The company accounts for its investment in Brookfield at fair market value, which is the bid price on a recognized exchange, with any adjustments required being recorded as an unrealized appreciation (depreciation) in the Statements of Investment Operations.

The investment in the Brookfield shares, the associated cost amounts and the fair values as at March 31, 2007 and September 30, 2006 are as follows:

	Number of Shares ¹		Cost		Fair Value	
	March 31, 2007	Sept. 30, 2006	March 31, 2007	Sept. 30, 2006	March 31, 2007	Sept. 30, 2006
<i>thousands</i>						
Brookfield Class A Limited Voting shares	30,015	26,481	\$ 548,068	\$ 354,829	\$ 1,811,123	\$ 1,308,706

¹ Reflects share split of Brookfield shares on April 4, 2006.

4. Preferred Shares

The company is authorized to issue an unlimited number of Class A Preferred shares and Class AA Preferred shares. As at March 31, 2007, the following Preferred shares were issued and outstanding and have been included in liabilities, net of \$6.2 million of associated transaction costs.

		March 31, 2007	September 30, 2006
5,000,000	6.25% Class A	\$ 125,000,000	\$ 125,000,000
3,199,000	4.95% Class AA, Series I	79,975,000	80,000,000
1,348,000	0.00% Class AA, Series II	33,700,000	33,700,000
8,000,000	4.35% Class AA, Series III	200,000,000	—
		<u>\$ 438,675,000</u>	<u>\$ 238,700,000</u>

5. Share Capital

The company is authorized to issue an unlimited number of Capital shares.

The issued and outstanding share capital consists of:

		March 31, 2007	September 30, 2006
17,548,000	Capital shares	\$ 123,950,000	\$ 123,950,000
100	Class A Voting shares	100	100
		<u>\$ 123,950,100</u>	<u>\$ 123,950,100</u>

The company issued 8.0 million Capital shares during the six month period ended March 31, 2007, as a result of the issuance of 8.0 million Class AA, Series III Preferred shares.

Enquiries

Enquiries relating to the operations of the company should be directed to the company's Head Office:

BAM Split Corp.

Suite 300, P.O. Box 770
BCE Place, 181 Bay Street
Toronto, Ontario M5J 2T3

Telephone: (416) 363-9491

Facsimile: (416) 363-2856

Website: www.bamsplit.com

Enquiries relating to dividends, address changes and share certificates should be directed to the company's Transfer Agent:

CIBC Mellon Trust Company

P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9

Telephone: (416) 643-5500 or
(800) 387-0825 (toll free throughout North America)

Facsimile: (416) 643-5501

Website: www.cibcmellon.com

E-mail: inquiries@cibcmellon.com