

Management's Report on Fund Performance

The following is a report on the performance of BAM Split Corp. ("the company") and contains financial highlights but does not contain the complete financial statements of the company. This report follows the disclosure obligations under National Instrument 81-106 Investment Fund Continuous Disclosure ("NI-81-106" or the "Instrument") and should be read in conjunction with the financial statements and notes thereto for the year ended September 30, 2007.

You can receive a copy of the company's annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, Brookfield 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 is to invest in Class A Limited Voting shares of Brookfield Asset Management Inc. ("Brookfield") that will generate cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of the company's preferred shares and enable the holders of the company's capital shares to participate in any capital appreciation in the Brookfield shares. The company's capital shares and preferred shares are also referred to collectively as units, with each unit consisting of one capital share and one preferred share.

RISKS

The following are 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. An increase (decrease) in interest rates will, on its own, likely reduce (increase) the value of a preferred share, given that the dividends on such preferred shares are fixed rate.

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: 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.

Foreign Currency Exchange Fluctuations

Brookfield's functional currency is the United States dollar and declares dividends in that currency. Accordingly, changes in the exchange rate between the Canadian and United States currencies may impact the value of the company's investment portfolio and cashflows relative to its financial obligations which are denominated principally in Canadian currency.

RESULTS OF OPERATIONS

Total assets at March 31, 2008 were \$1,276.4 million, compared to \$1,715.5 million at September 30, 2007. The decrease in the carrying value of the assets reflects a decrease in the quoted market value of the investment portfolio of \$476.6 million which is partially offset by the acquisition of an additional 1.1 million Brookfield shares. The fair value of the company's investment portfolio at March 31, 2008 was \$1,274.5 million (September 30, 2007 – \$1,714.0 million).

The company issued 1.5 million Class AAA Series I Preferred shares in consideration for the purchase of 1.1 million Brookfield Class A shares through a private placement. As a result, the company subdivided the Capital Shares to reflect the increase in Preferred shares outstanding.

As at March 31, 2008, the net asset value of the company was \$804.3 million, a decrease of 37.2% from the value of \$1,281.7 million at September 30, 2007 which primarily reflects the decline in the quoted market price of a Brookfield share from \$38.07 at September 30, 2007 to \$27.61 per share at March 31, 2008. Net asset value is calculated by the differential between total assets and total liabilities. On a per unit basis, net asset value was \$67.02 compared to \$97.74 as at September 30, 2007, representing a decrease of 31.4%. This reflects the change in market value noted above as well as dilution per unit from the subdivision of the Capital shares caused by the issuance of 1.5 million Class AAA Series I Preferred shares.

The company generated income available for distribution for the period ended March 31, 2008 of \$46.6 million, an increase from \$9.7 million for the same period in the prior year. The increase was due to a \$37.1 million special dividend received on the Brookfield shares.

During the year, the company paid dividends of \$10.2 million and \$37.1 million to Preferred and Capital shareholders, respectively, compared to \$7.1 million and \$2.3 million for the same period in the prior year. The increase in dividends paid is due to the issue of additional preferred shares during the six months ended March 31, 2007, and the distribution of the special dividend received on the Brookfield Class A shares to the Capital shareholders.

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, 2008, Brookfield charged a fee of \$10,000 (2007 – \$10,000).

FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the company and is intended to facilitate an 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 unaudited semi-annual interim report and the audited financial statements.

	Six months ended	For the years ended September 30			
	March 31, 2008	2007	2006	2005	2004
Net asset value per unit, beginning of period	\$ 97.74	\$ 137.04	\$ 100.11	\$ 70.72	\$ 65.76
Financial instruments transition adjustment	—	(0.10)	—	—	—
Share issuance proceeds	2.37	13.05	—	—	15.38
Share issuance costs	(0.26)	(0.35)	—	—	(0.41)
Net asset value dilution ¹	(6.30)	(65.64)	—	—	(41.90)
Increase (decrease) from operations:					
Total revenue	2.65	1.45	1.64	1.33	1.54
Total expenses	(0.06)	(0.17)	(0.09)	(0.02)	(0.05)
Unrealized (losses) gains for the period	(26.49)	13.84	36.96	29.39	32.01
Total (decrease) increase from operations ²	(28.09)	15.12	38.51	30.70	33.50
Distributions:					
From interest and dividends	(2.63)	(1.38)	(1.57)	(1.31)	(1.61)
Total annual distributions	(2.63)	(1.38)	(1.57)	(1.31)	(1.61)
Net asset value per unit, end of period	\$ 67.02	\$ 97.74	\$ 137.04	\$ 100.11	\$ 70.72

¹ Dilution occurred as a result of the subdivision of Capital shares following the issuance of Preferred shares during 2004, 2007 and 2008 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.

² Net asset value and distributions are based on the actual number of units outstanding over the period. The (decrease) increase from operations is based on the weighted average number of units outstanding over the period.

	As at March 31,	As at September 30			
	2008	2007	2006	2005	2004
<i>thousands, except per share/unit amounts</i>					
Total assets	\$1,276,448	\$1,715,530	\$1,311,924	\$955,921	\$675,250
Net asset value	804,324	1,281,730	1,069,785	717,145	436,495
Number of units outstanding	19,032	17,547	9,548	9,548	9,548
Management expense ratio (excluding dividends on Preferred shares and issue costs)	0.1%	0.2%	0.1%	—	0.1%
Management expense ratio (including dividends on Preferred shares and issue costs)	1.4%	1.6%	1.4%	1.7%	3.0%
Portfolio turnover rate ¹	N/A	N/A	N/A	N/A	N/A
Redemption price of Preferred shares					
Class A ²	\$ 25.75	\$ 25.75	\$ 26.00	\$ 26.25	\$ 26.50
Class AA Series I ³	N/A	N/A	N/A	N/A	N/A
Class AA Series III ⁴	N/A	N/A	N/A	N/A	N/A

¹ The company has not sold any securities within its investment portfolio since inception.

² The company amended the mandatory redemption date and redemption price on August 21, 2003.

³ Redemption period commences on March 25, 2009.

⁴ Redemption period commences on January 10, 2012.

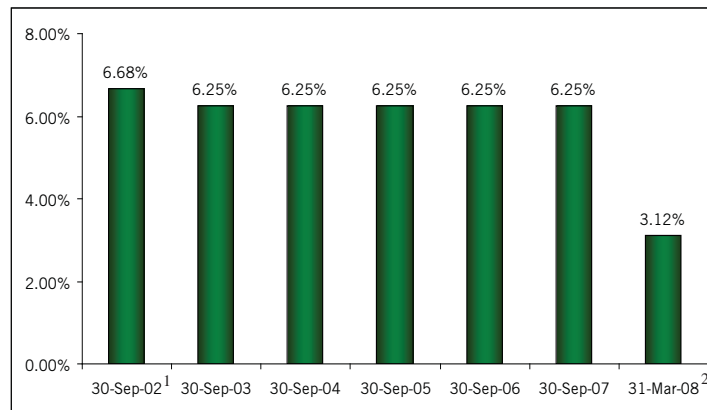
⁵ Class A and Class AA Series 1 and 3 Preferred shares may be surrendered for retraction at any time.

PAST PERFORMANCE

Year by Year Returns

The following charts show the company's annual performance of its Class A Preferred shares, Class AA Series 1 Preferred shares and Class AA Series 3 Preferred shares since their issuance indicating, in percentage terms, that an investment made in these shares at issuance would yield 3.12%, 2.47% and 2.17%, for the six month period ended March 31, 2008, respectively, assuming the shares are sold at redemption price. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the shares will perform in the future.

Annual Performance – Class A Preferred shares

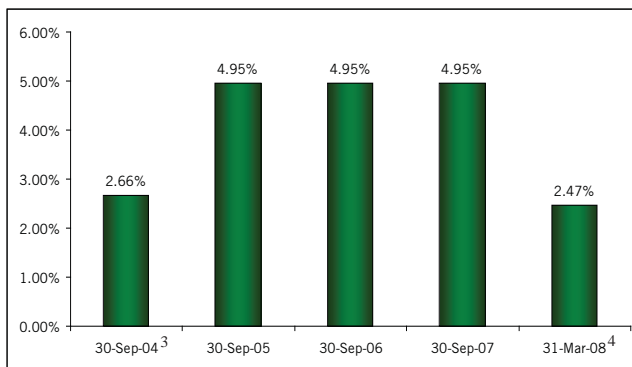


¹ Reflects the period September 5, 2001 to September 30, 2002.

² Reflects the period October 1, 2007 to March 31, 2008.

Annual Performance – Class AA Preferred shares

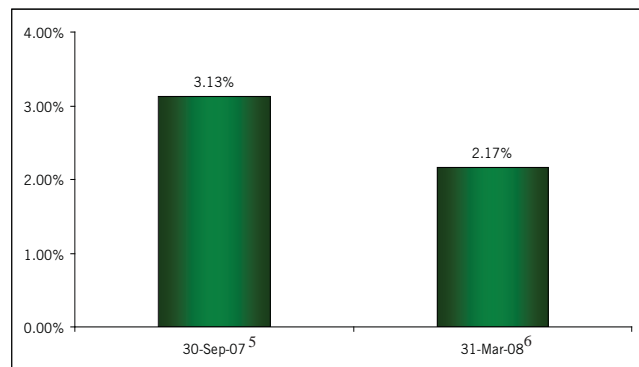
Series 1



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

⁴ Reflects the period October 1, 2007 to March 31, 2008.

Series 3



⁵ Reflects the period January 10, 2007 to September 30, 2007.

⁶ Reflects the period October 1, 2007 to March 31, 2008

Investment Portfolio

The investment in the Brookfield shares, the associated costs and the fair values as at March 31, 2008, and September 30, 2007 are as follows:

	Number of Shares		Cost		Fair Value	
	March 31, 2008	Sept. 30, 2007	March 31, 2008	Sept. 30, 2007	March 31, 2008	Sept. 30, 2007
<i>thousands</i>						
Brookfield Class A Limited Voting shares	46,161	45,023	\$585,185	\$548,068	\$1,274,495	\$1,714,024

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 Directors,



Bruce K. Robertson
President and Chief Executive Officer
May 29, 2008

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, 2008	<i>September 30,</i> 2007
Assets		
Cash and cash equivalents	\$ 453	\$ 6
Investment portfolio, at fair market value	1,274,495	1,714,024
Future tax asset	1,479	1,479
Accounts receivable	21	21
	1,276,448	1,715,530
Liabilities		
Accounts payable	958	587
Preferred shares	471,166	433,213
Total liabilities	472,124	433,800
Net asset value	\$ 804,324	\$ 1,281,730
Shareholders' equity		
Capital shares	\$ 123,937	\$ 123,937
Retained earnings	680,387	1,157,793
	\$ 804,324	\$ 1,281,730
Number of units outstanding	19,032	17,547
Net asset value per Capital share ¹	\$ 42.26	\$ 67.35
Book value per Preferred share	24.76	24.69
Net asset value per unit	\$ 67.02	\$ 97.74

¹ Prior year adjusted to reflect February 7, 2008 Capital share split.

On behalf of the Board,



Bruce K. Robertson
Director



Brian D. Lawson
Director

Statements of Investment Operations and Retained Earnings

(unaudited) thousands, except per share amounts	Six months ended March 31	
	2008	2007
Income		
Dividend income	\$ 47,591	\$ 10,439
Interest income	4	8
	47,595	10,447
Expenses		
Amortization of share issuance costs	837	560
Legal and audit fees	50	60
Listing fees	77	64
Management fees	10	10
Administrative fees	13	7
Directors fees	13	13
Custodial fees	5	3
Transfer agent fees	15	7
Rating fees	5	5
Other	6	11
	1,031	740
Income available for distribution	46,564	9,707
Dividends paid on Preferred shares	(10,237)	(7,055)
Income available for distribution on Capital shares	36,327	2,652
Change in unrealized (depreciation) appreciation on investment	(476,646)	309,178
Results of investment operations	\$ (440,319)	\$ 311,830
Opening retained earnings	\$ 1,157,793	\$ 945,835
Results of investment operations	(440,319)	311,830
Dividends paid on Capital shares	(37,087)	(2,339)
Transition adjustment - October 1, 2006	—	1,532
Retained earnings, end of period	\$ 680,387	\$ 1,256,858
Results of investment operations per Capital share^{1,2}	\$ (24.47)	\$ 17.33

¹ Based on weighted average number of Capital shares outstanding.

² Prior year adjusted to reflect February 7, 2008 Capital share split.

Statements of Changes in Net Assets

<i>(unaudited)</i> <i>thousands</i>	<i>Six months ended March 31</i>	
	2008	2007
Investment transactions		
Change in unrealized (depreciation) appreciation of investment portfolio	\$ (476,646)	\$ 309,178
Income transactions		
Income available for distribution	46,564	9,707
Dividends paid on Preferred shares	(10,237)	(7,055)
	36,327	2,652
Capital transactions		
Dividends paid on Capital shares	(37,087)	(2,339)
Change in net asset value during the period	(477,406)	309,491
Net asset value, beginning of period	1,281,730	1,069,785
Transition adjustment - October 1, 2006	—	1,532
Net asset value, end of period	\$ 804,324	\$ 1,380,808

Statements of Cash Flows

<i>(unaudited)</i> <i>thousands</i>	<i>Six months ended March 31</i>	
	2008	2007
Cash flow from operating activities		
Income available for distribution	\$ 46,564	\$ 9,707
Add (deduct) non-cash items:		
Amortization of share issuance costs	837	—
Brookfield special dividend received in kind	(37,087)	—
Net change in non-cash working capital	370	(1,921)
	10,684	7,786
Cash flow used in investing activities		
Purchase of investments	—	(193,239)
	—	(193,239)
Cash flow used in financing activities		
Preferred share dividends	(10,237)	(7,055)
Capital share dividends	—	(2,339)
Preferred shares issued, net of retractions	—	199,975
Share issue costs on Preferred share issuance	—	(5,338)
	(10,237)	185,243
Increase (decrease) in cash and cash equivalents	447	(210)
Cash and cash equivalents balance, beginning of period	6	210
Cash and cash equivalents balance, end of period	\$ 453	\$ —

Notes to the Financial Statements

1. BASIS OF PRESENTATION

Reference is made to the company's annual financial statements for 2007 that includes information necessary or useful to the understanding of the company's business and financial statement presentation. The interim financial statements are unaudited and follow the accounting policies summarized in the notes to the annual financial statements and changes to these policies are described in Note 2 below.

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 and Retained Earnings.

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

Dividend income is recorded on the ex-dividend date.

Certain comparative figures have been reclassified to conform with the current year's presentation.

Guarantees

In the normal course of operations, the company may execute agreements that provide for indemnification and guarantees to third parties. The nature of substantially all the indemnification undertakings precludes the possibility of making a reasonable estimate of the maximum potential amount that the company could be required to pay to third parties as the agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically the company has not made any significant payments under such indemnification agreements and guarantees.

2. CHANGES IN ACCOUNTING POLICIES

Financial Instruments-Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards, Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. These standards replace Section 3861, *Financial Instruments – Disclosures and Presentations* and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. These standards were effective on October 1, 2007.

Capital Disclosures

On December 1, 2006, the CICA issued Section 1535, *Capital Disclosures*. Section 1535 requires the disclosure of: (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. This standard was effective on October 1, 2007.

3. INVESTMENT PORTFOLIO

The company accounts for its investment in Brookfield at fair market value, which is considered for their purposes to be the bid price on a recognized exchange, with any adjustments required being recorded as an unrealized appreciation (depreciation) in the Statements of Investment Operations and Retained Earnings. On February 7, 2008, the company acquired 1.1 million Brookfield shares for consideration of \$37.1 million.

The investment in the Brookfield shares, the associated cost amounts and the fair values as at March 31, 2008 and September 30, 2007 are as follows:

	Number of Shares		Cost		Fair Value	
	2008	2007	2008	2007	2008	2007
<i>thousands</i>						
Brookfield Class A Limited Voting shares	46,161	45,023	\$ 585,185	\$ 548,068	\$1,274,495	\$1,714,024

4. PREFERRED SHARES

The company is authorized to issue an unlimited number of Class A, Class AA and 2,500,000 Class AAA Preferred shares.

As at March 31, 2008 and September 30, 2007, the following Preferred shares were issued and outstanding and have been included in liabilities, net of \$4.6 million (September 30, 2007 – \$5.5 million) of associated transaction costs.

		March 31, 2008	September 30, 2007
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	79,975,000
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	200,000,000
1,484,672	0.00% Class AAA, Series I	37,116,800	—
		\$ 475,791,800	\$ 438,675,000

The company issued 1.5 million Class AAA, Series I Preferred shares, for consideration of 1.1 million Brookfield shares through a private placement, during the period ended March 31, 2008.

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, 2008	September 30, 2007	March 31, 2008	September 30, 2007
Capital shares	19,031,672	17,547,000	\$ 123,950,000	\$ 123,950,000
Class A Voting shares	100	100	100	100
			\$ 123,950,100	\$ 123,950,100

The Capital shares were subdivided following the issuance of 1.5 million Class AAA, Series I Preferred shares during the period ended March 31, 2008.

6. RISK MANAGEMENT

The company is exposed to the following risks as a result of holding financial instruments: foreign currency risk, market price risk, interest rate risk and credit risk.

Foreign Currency Risk

Brookfield declares dividends in U.S. dollars, which are then converted to Canadian dollars for distribution to Canadian shareholders, including the company. During the three month period ended March 31, 2008, a \$0.01 appreciation in the U.S. dollar relative to the Canadian dollar would have increased income available for distribution by \$0.1 million related to the Brookfield dividends.

Market Price Risk

The value of Brookfield Class A shares are exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the company's investment portfolio may vary from time to time. The company records these investments at market value. A \$1.00 increase in the market price will increase the carrying value of the investment in Brookfield by \$46.2 million, on a pre-tax basis.

Interest Rate Risk

The company's Preferred shares are fixed rate and the company has negligible floating rate assets or liabilities. Accordingly, changes in the interest rates do not have an impact on income available for distribution.

Credit Risk

The company has no material counterparty risk as of March 31, 2008.

Liquidity Risk

The company's Preferred shares expose the company to liquidity risk to fund dividend obligations. The company endeavors to maintain dividend income that exceeds the projected dividend obligations and expects to be able to continue to achieve this objective based on current circumstances. Management expects to fund any retraction obligations through a combination of ongoing cash flow, the proceeds from any new financing and proceeds from the sale of Brookfield shares.

7. CAPITAL MANAGEMENT

The capital base managed by the company consists of shareholders' equity with a carrying value of \$804.3 million at March 31, 2008, and \$475.8 million of retractable fixed rate Preferred shares. There have been no material changes in the company's capital during the six months ended March 31, 2008. The company has complied with all covenants, which are limited, and is subject to any externally imposed capital requirements.

Corporate Information

OFFICERS AND DIRECTORS

Brian D. Lawson
Director and Chairman

Bruce K. Robertson
Director, President and Chief Executive Officer

John P. Barratt^{(1) (2)}
Director

James L.R. Kelly^{(1) (2)}
Director

R. Frank Lewarne⁽¹⁾
Director

Derek E. Gorgi
Director and Chief Financial Officer

Loretta M. Corso
Corporate Secretary

(1) Member of the Audit Committee

(2) Member of the Independent Review Committee

AUDITORS

Deloitte & Touche LLP
Chartered Accountants

LEGAL COUNSEL

Torys LLP

STOCK EXCHANGE LISTING

The company's Preferred shares are listed on the Toronto Stock Exchange under the following symbols:

<i>Security</i>	<i>Symbol</i>
Class A Preferred Shares	BNA.PR.A
Class AA Preferred Shares, Series 1	BNA.PR.B
Class AA Preferred Shares, Series 3	BNA.PR.C

YEAR END

September 30

Enquiries

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

BAM Split Corp.
Brookfield Place, 181 Bay Street
Suite 300, P.O. Box 770
Toronto, Ontario
M5J 2T3

Tel: (416) 363-9491
Fax: (416) 365-9642
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

Tel: (416) 643-5500 or
(800) 387-0825
(toll free within North America)
Fax: (416) 643-5501
Website: www.cibcmellon.com
E-mail: inquiries@cibcmellon.com



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