

## Management's Report on Fund Performance

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The following is a report on the performance of BAM Split Corp. (the "company") and contains financial highlights and interim financial statements 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, 2009.

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](http://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 investment objective is to invest in Class A Limited Voting Shares ("Brookfield 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 risk factors relating to an investment in the company include those disclosed below. A complete list of the risk factors relating to an investment in the company is disclosed in the company's most recent Annual Information Form available at [www.sedar.com](http://www.sedar.com) or by contacting the company by the means described above.

#### 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, general economic conditions, availability of equity and debt financing and 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, 2010 were \$1,371.1 million, compared to \$1,295.5 million at September 30, 2009. The increase in total assets reflects an increase in the quoted market value of the investment portfolio of \$75.5 million. The fair value of the company's investment portfolio at March 31, 2010 was \$1,371.0 million (September 30, 2009 – 1,295.5 million).

As at March 31, 2010, the net asset value of the company was \$1,008.5 million, an increase of 8.0% from the value of \$933.9 million at September 30, 2009 which primarily reflects the rise in the quoted market price of a Brookfield Share from \$24.37 at September 30, 2009 to \$25.79 at March 31, 2010. Net asset value is calculated by the differential between total assets and total liabilities. On a per unit basis, which consists of one Capital Share and one Preferred Share, net asset value at March 31, 2010 was \$93.19 compared to \$88.05 at September 30, 2009, representing an increase of 5.8%. This reflects the change in the market value of the investment portfolio noted above.

The company generated income available for distribution for the period ended March 31, 2010 of \$13.7 million, an increase from \$13.6 million for the same period in the prior year. The increase in income available for distribution reflects the acquisition of 7.0 million Brookfield shares in July 2009, partially offset by a decrease in the value of the U.S. dollar relative to the Canadian dollar on dividends received by the company, which are declared in U.S. dollars.

During the six months ended March 31, 2010, the company paid dividends of \$10.0 million and \$4.6 million to holders of its Preferred Shares and Capital Shares, respectively, compared to \$10.2 million and \$nil for the same period in the prior year.

## 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, 2010, Brookfield charged a fee of \$15,000 (March 31, 2009 – \$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 annual financial statements.

	Six months ended	For the years ended September 30			
	March 31, 2010	2009	2008	2007	2006
Net asset value per unit, beginning of period	\$ 88.05	\$ 69.59	\$ 97.74	\$ 137.04	\$ 100.11
Financial instruments transition adjustment	—	—	—	(0.10)	—
Share issuance proceeds	—	8.01	2.00	13.05	—
Share issuance costs	—	(0.13)	—	(0.35)	—
Net asset value anti-dilution (dilution) <sup>1</sup>	—	20.03	(6.96)	(65.64)	—
Increase (decrease) from operations:					
Total revenue	1.01	1.57	1.23	1.45	1.64
Total expenses	(0.01)	(0.17)	(0.18)	(0.17)	(0.10)
Unrealized gains (losses) for the period	5.13	(9.25)	(21.13)	13.84	36.96
Total increase (decrease) from operations <sup>2</sup>	6.13	(7.85)	(20.08)	15.12	38.50
Distributions:					
From interest and dividends	(0.99)	(1.60)	(3.11) <sup>3</sup>	(1.38)	(1.57)
Total annual distributions	(0.99)	(1.60)	(3.11)	(1.38)	(1.57)
Net asset value per unit, end of period	\$ 93.19	\$ 88.05	\$ 69.59	\$ 97.74	\$ 137.04

<sup>1</sup> Anti-dilution/dilution occurred as a result of the redemption/subdivision of Capital Shares following the retraction of Preferred Shares during the year ended September, 2010 and the issuance of Preferred Shares during 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 anti-dilution/dilution to holders of existing Preferred Shares.

<sup>2</sup> 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.

<sup>3</sup> Includes a special distribution to holders of the Capital Shares of securities received on a dividend in kind from the company's investment in Brookfield.

<i>thousands, except per share amounts</i>	As at March 31		As at September 30		
	2010	2009	2008	2007	2006
Total assets	<b>\$1,371,118</b>	\$1,295,547	\$1,324,645	\$1,715,531	\$1,311,924
Net asset value	<b>1,008,512</b>	933,866	852,455	1,281,731	1,069,785
Number of units outstanding	<b>14,713</b>	14,713	19,032	17,547	9,548
Management expense ratio (excluding dividends on Preferred Shares and issue costs)	<b>0.0%</b>	0.0%	0.4%	0.2%	0.1%
Management expense ratio (including dividends on Preferred Shares and issue costs)	<b>0.9%</b>	2.5%	2.8%	1.6%	1.4%
Portfolio turnover rate <sup>1</sup>	<b>N/A</b>		N/A	N/A	N/A
Redemption price of Preferred Shares					
Class A <sup>2</sup>	<b>\$ —</b>	\$ —	\$ 25.50	\$ 25.75	\$ 26.00
Class AA Series I <sup>3</sup>	<b>26.00</b>	26.00	N/A	N/A	N/A
Class AA Series III <sup>4</sup>	<b>N/A</b>	N/A	N/A	N/A	N/A
Class AA Series IV	<b>26.00</b>	26.00	N/A	N/A	N/A

<sup>1</sup> The company has not sold any securities within its investment portfolio since inception.

<sup>2</sup> The company amended the mandatory redemption date and redemption price on August 21, 2003. The Class A Preferred Shares were redeemed in July, 2009.

<sup>3</sup> Redemption period commenced on March 25, 2009.

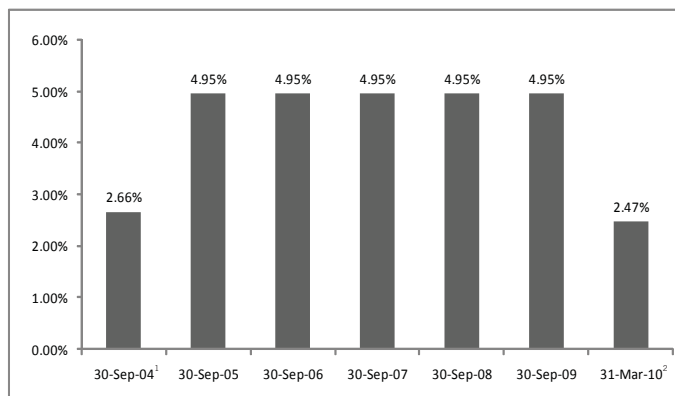
<sup>4</sup> Redemption period commences on January 10, 2012.

## PAST PERFORMANCE

### Year by Year Returns

The following charts show the company's annual performance of its Class AA Series I, Series III, Series IV Preferred Shares since issuance indicating, in percentage terms, that an investment made in these Preferred Shares at issuance would yield 2.47%, 2.17% and 3.63%, respectively, for the six month period ended March 31, 2010, assuming the Preferred 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 Preferred Shares will perform in the future.

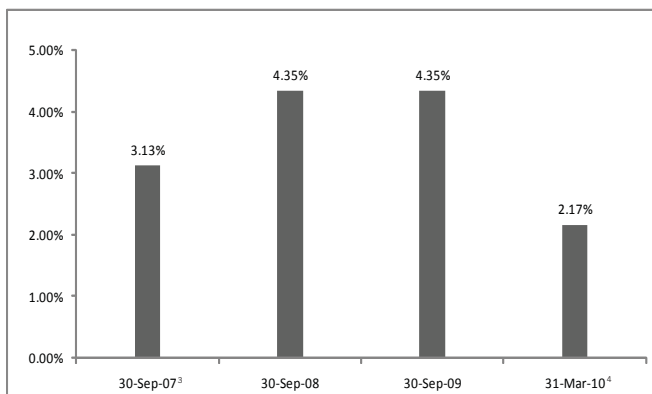
#### Class AA Series I Preferred Shares



<sup>1</sup> Reflects the period September 18, 2004 to September 30, 2004.

<sup>2</sup> Reflects the period October 1, 2009 to March 31, 2010.

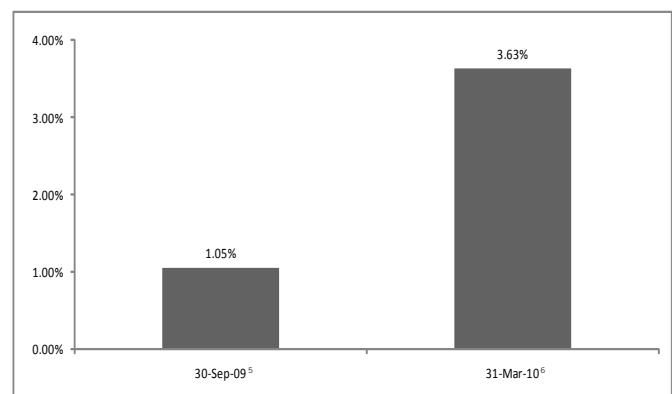
#### Class AA Series III Preferred Shares



<sup>3</sup> Reflects the period January 10, 2007 to September 30, 2007.

<sup>4</sup> Reflects the period October 1, 2009 to March 31, 2010.

#### Class AA Series IV Preferred Shares



<sup>5</sup> Reflects the period July 9, 2009 to September 30, 2009.

<sup>6</sup> Reflects the period October 1, 2009 to March 31, 2010.

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## INVESTMENT PORTFOLIO

The investment in the Brookfield Shares, the associated costs and the fair values as at March 31, 2010, and September 30, 2009 are as follows:

	Number of Shares		Cost		Fair Value	
	March 31 2010	Sept. 30 2009	March 31 2010	Sept. 30 2009	March 31 2010	Sept. 30 2009
<i>thousands</i>						
Brookfield Class A Limited Voting shares	53,161	53,161	\$715,234	\$715,234	\$1,371,013	\$1,295,525

## INTERNATIONAL FINANCIAL REPORTING STANDARDS

The AcSB confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The company has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters. The company expects to complete its implementation of this plan prior to the filing of its first financial statement prepared under IFRS. Overall responsibility for the implementation and success of the company’s conversion plan rests with the company’s senior financial management who report to and are overseen by the company’s Audit Committee.

### Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS will not change the cash flows generated by the company, however, the adoption of IFRS may result in changes to the reported financial position and results of operations of the company.

A detailed analysis of the differences between IFRS and the company’s current accounting policies under Canadian GAAP is currently in process. At this time, the company has not identified any significant differences between Canadian GAAP and IFRS.

### IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The company does not expect to elect any of the available optional exemptions on adoption of IFRS.

## 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,



Edward C. Kress  
President  
May 27, 2010

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**Forward-Looking Information**

*This semi-annual report to shareholders contains forward-looking information concerning the company's business and operations. The words "enable", "believe", "principally", "primarily", "likely", "often", "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "could", "may" or "will", are predictions of or indicate future events, trends or prospects and which do not relate to historical matters or identify forward-looking information. Forward-looking information in this interim report includes, among others, statements with respect to the company's objective of investing in Class A Limited Voting Shares of Brookfield Asset Management Inc. ("Brookfield Shares") to generate cash dividends to fund quarterly fixed cumulative fixed preferential dividends for the holders of the company's Preferred Shares and to enable holders of its Capital Shares to participate in any capital appreciation of the Brookfield Shares, fluctuations in the market value of units of the company due to interest rate levels and the value of Brookfield Shares, fluctuations in the value of the company's investment portfolio and cash flows due to foreign currency exchange rates, and future payments by the company under its contracted indemnification obligations, the company's international financial reporting standards ("IFRS") conversion plan, and the impact of the adoption of IFRS on the company's reported financial position and results of operations.*

*Although the company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.*

*Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include: the behavior of financial markets, including fluctuations in the value of Brookfield Shares and interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the company's other documents filed with the Canadian securities regulators.*

*We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise. 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>(unaudited)</i> <b>March 31</b>	September 30
<i>thousands, except per share amounts</i>	<b>2010</b>	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 96	\$ 1
Investment portfolio, at fair market value	1,371,013	1,295,525
Accounts receivable	9	21
	<b>1,371,118</b>	<b>1,295,547</b>
<b>Liabilities</b>		
Accounts payable	94	89
Preferred Shares	362,512	361,592
Total liabilities	362,606	361,681
<b>Net asset value</b>	<b>\$ 1,008,512</b>	<b>\$ 933,866</b>
<b>Shareholders' equity</b>		
Capital Shares	\$ 380,244	\$ 380,244
Retained earnings	628,268	553,622
	<b>\$ 1,008,512</b>	<b>\$ 933,866</b>
Number of units outstanding	14,713	14,713
Net asset value per Capital Share	\$ 68.55	\$ 63.47
Book value per Preferred Share	24.64	24.58
Net asset value per unit	\$ 93.19	\$ 88.05

On behalf of the Board,



Edward C. Kress  
*Director*



Brian D. Lawson  
*Director*

## Statements of Investment Operations and Retained Earnings

(unaudited) thousands, except per share amounts	Six months ended March 31	
	2010	2009
<b>Income</b>		
Dividend income	\$ 14,786	\$ 14,570
Interest and other income	2	55
	<b>14,788</b>	<b>14,625</b>
<b>Expenses</b>		
Amortization of share issuance costs	923	837
Legal and audit fees	20	14
Listing fees	62	60
Management fees	15	10
Administrative fees	10	16
Directors fees	24	16
Custodial fees	6	5
Transfer agent fees	16	14
Rating fees	5	5
Other	5	5
	<b>1,086</b>	<b>982</b>
Income available for distribution	<b>13,702</b>	13,643
Dividends paid on Preferred Shares	<b>(9,968)</b>	(10,234)
Income available for distribution on Capital Shares	<b>3,734</b>	3,409
Change in unrealized appreciation (depreciation) on investment portfolio	<b>75,487</b>	(521,154)
<b>Results of investment operations</b>	<b>\$ 79,221</b>	<b>\$ (517,745)</b>
<b>Opening retained earnings</b>	<b>\$ 553,622</b>	<b>\$ 728,518</b>
Results of investment operations	<b>79,221</b>	(517,745)
Dividends paid on Capital Shares	<b>(4,575)</b>	—
Redemption of Capital Shares	—	(109)
<b>Retained earnings, end of period</b>	<b>\$ 628,268</b>	<b>\$ 210,664</b>
<b>Results of investment operations per Capital Share<sup>1</sup></b>	<b>\$ 5.38</b>	<b>\$ (27.21)</b>

<sup>1</sup> Based on weighted average number of Capital Shares outstanding.



## Statements of Changes in Net Assets

<i>(unaudited)</i> <i>thousands</i>	Six months ended March 31	
	2010	2009
<b>Investment transactions</b>		
Change in unrealized appreciation (depreciation) of investment portfolio	\$ 75,487	\$ (521,154)
<b>Income transactions</b>		
Income available for distribution	13,702	13,643
Dividends paid on Preferred Shares	(9,968)	(10,234)
	<b>3,734</b>	<b>3,409</b>
<b>Capital transactions</b>		
Dividends paid on Capital Shares	(4,575)	—
<b>Change in net asset value during the period</b>	<b>74,646</b>	<b>(517,745)</b>
<b>Net asset value, beginning of period</b>	<b>933,866</b>	<b>852,455</b>
<b>Redemption of Capital Shares</b>	<b>—</b>	<b>(173)</b>
<b>Net asset value, end of period</b>	<b>\$ 1,008,512</b>	<b>\$ 334,537</b>

## Statements of Cash Flows

<i>(unaudited)</i> <i>thousands</i>	Six months ended March 31	
	2009	2009
<b>Cash flow from operating activities</b>		
Income available for distribution	\$ 13,702	\$ 13,643
Add (deduct) non-cash items:		
Amortization of share issuance costs	923	837
Net change in non-cash working capital	13	1,636
	<b>14,638</b>	<b>16,116</b>
<b>Cash flow used in financing activities</b>		
Preferred Share dividends	(9,968)	(10,234)
Capital share dividends	(4,575)	—
Preferred Shares redeemed	—	(215)
Share issue costs on preferred share issuance	—	—
	<b>(14,543)</b>	<b>(10,449)</b>
Increase in cash and cash equivalents	95	5,667
Cash and cash equivalents balance, beginning of period	1	—
<b>Cash and cash equivalents balance, end of period</b>	<b>\$ 96</b>	<b>\$ 5,667</b>

## Notes to the Financial Statements

### 1. BASIS OF PRESENTATION

Reference is made to the company's annual financial statements for 2009 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.

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.

### 2. 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 changes in fair value recorded as an unrealized appreciation (depreciation) in the Statements of Investment Operations and Retained Earnings.

The investment in the Brookfield Shares, the associated cost amounts and the fair values as at March 31, 2010 and September 30, 2009 are as follows:

	Number of Shares		Cost		Fair Value	
	Mar. 31 2010	Sept. 30 2009	Mar. 31 2010	Sept. 30 2009	Mar. 31 2010	Sept. 30 2009
<i>thousands</i>						
Brookfield Class A Limited Voting Shares	<b>53,161</b>	53,161	<b>\$715,234</b>	\$715,234	<b>\$1,371,013</b>	\$1,295,525

### 3. PREFERRED SHARES

The company is authorized to issue an unlimited number of Class A, Class AA and Class AAA Preferred Shares.

As at March 31, 2010 the following Preferred Shares were issued and outstanding and have been included in liabilities, net of \$5.3 million (September 30, 2009 – \$6.2 million) of associated transaction costs which are amortized using the effective interest method of amortization.

	Issued and Outstanding			
	March 31 2010	September 30 2009	March 31 2010	September 30 2009
4.95% Class AA, Series I	<b>2,076,200</b>	2,076,200	<b>\$ 51,905,000</b>	\$ 51,905,000
4.35% Class AA, Series III	<b>7,636,800</b>	7,636,800	<b>190,920,000</b>	190,920,000
7.25% Class AA, Series IV	<b>5,000,000</b>	5,000,000	<b>125,000,000</b>	125,000,000
	<b>14,713,000</b>	14,713,000	<b>\$ 367,825,000</b>	\$ 367,825,000

The fair values of the Class AA Series I, Series III and Series IV Preferred Shares based on quoted market prices as at March 31, 2010 were \$23.55 and \$19.27 and \$26.16 per share, respectively.

### 4. SHARE CAPITAL

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

The issued and outstanding share capital consists of:

	Issued and Outstanding			
	March 31 2010	September 30 2009	March 31 2010	September 30 2009
Capital Shares	<b>14,713,000</b>	14,713,000	<b>\$ 380,244,098</b>	\$ 380,244,098
Class A Voting Shares	<b>100</b>	100	<b>100</b>	100
			<b>\$ 380,244,198</b>	\$ 380,244,198

## Corporate Information

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### OFFICERS AND DIRECTORS

**Frank N. C. Lochan**  
*Director and Chairman*

**Edward C. Kress**  
*Director and President*

**John P. Barratt**<sup>(1) (2)</sup>  
*Director*

**Derek E. Gorgi**  
*Director and Chief Financial Officer*

**James L. R. Kelly**<sup>(1) (2)</sup>  
*Director*

**Brian D. Lawson**  
*Director*

**R. Frank Lewarne**<sup>(1)</sup>  
*Director*

**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 AA Preferred Shares, Series 1	<b>BNA.PR.B</b>
Class AA Preferred Shares, Series 3	<b>BNA.PR.C</b>
Class AA Preferred Shares, Series 4	<b>BNA.PR.D</b>

### YEAR END

September 30

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## Enquiries

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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](http://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](http://www.cibcmellon.com)  
E-mail: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)



**BAM Split Corp.**

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