

CONSOLIDATED STATEMENT OF INCOME

<i>(Unaudited)</i>	<i>Three months ended Sept. 30</i>		<i>Nine months ended Sept. 30</i>	
<i>US\$ millions, except per share amounts</i>	2006	2005	2006	2005
Total revenues	\$ 1,405	\$ 1,356	\$ 3,993	\$ 3,480
Fees earned	\$ 64	\$ 58	\$ 187	\$ 140
Revenues less direct operating costs				
Property	380	270	999	749
Power generation	122	92	478	341
Timberlands	24	13	86	31
Transmission infrastructure	56	6	70	18
Specialty funds	29	17	97	43
Investment and other income	180	95	354	268
	855	551	2,271	1,590
Expenses				
Interest	291	218	765	652
Operating costs	70	60	225	164
Current income taxes	23	28	74	74
Non-controlling interests in net income before the following	108	74	326	235
	363	171	881	465
Other items				
Equity accounted income (loss) from investments	(7)	34	(26)	210
Gain on disposition of investment	—	785	—	1,350
Depreciation and amortization	(136)	(102)	(367)	(271)
Future income taxes and other provisions	(45)	(180)	(112)	(329)
Non-controlling interests in the foregoing items	70	28	183	86
Net income	\$ 245	\$ 736	\$ 559	\$ 1,511
Net income per common share				
Diluted	\$ 0.60	\$ 1.82	\$ 1.34	\$ 3.72
Basic	\$ 0.62	\$ 1.86	\$ 1.38	\$ 3.81

CONSOLIDATED STATEMENT OF CASH FLOW FROM OPERATIONS

<i>(Unaudited)</i>	<i>Three months ended Sept. 30</i>		<i>Nine months ended Sept. 30</i>	
<i>US\$ millions</i>	2006	2005	2006	2005
Income before non-cash items¹	\$ 363	\$ 171	\$ 881	\$ 465
Dividends from investments ²	5	115	61	191
Cash flow from operations	\$ 368	\$ 286	\$ 942	\$ 656

¹ Net income excluding other items

² Represents dividends received that are not included in income before non-cash items.



CONSOLIDATED BALANCE SHEET

<i>US\$ millions</i>	<i>(Unaudited)</i>	
	September 30 2006	December 31 2005
Assets		
Operating assets		
Securities	\$ 1,429	\$ 1,802
Loans and notes receivable	735	348
Property, plant and equipment		
Property	12,653	11,141
Power generating	4,247	3,568
Timberlands	1,029	888
Transmission infrastructure	1,910	130
Other plant and equipment	706	316
	22,709	18,193
Cash and cash equivalents	727	951
Financial assets	1,653	2,171
Investments	585	595
Accounts receivable and other	5,876	4,148
	\$ 31,550	\$ 26,058
Liabilities and Shareholders' Equity		
Liabilities		
Corporate borrowings	\$ 1,637	\$ 1,620
Non-recourse borrowings		
Property specific mortgages	11,658	8,756
Other debt of subsidiaries	3,213	2,510
Accounts payable and other liabilities	5,338	4,561
Capital securities	1,651	1,598
Minority interests of others in assets	2,633	1,984
Preferred equity	515	515
Common equity	4,905	4,514
	\$ 31,550	\$ 26,058

Note 1

The press release and accompanying consolidated financial statements make reference to cash flow from operations on a total and per share basis. Management uses cash flow from operations as a key measure to evaluate performance and to determine the underlying value of its businesses. The consolidated statement of cash flow from operations provides a full reconciliation between this measure and net income. Readers are encouraged to consider both measures in assessing Brookfield Asset Management's results. In addition, the consolidated balance sheet above presents the company's cost accounted investment in Canary Wharf Group as part of its property operations, consistent with management's determination of business segments, whereas it is included in "Securities" in the company's statutory financial statements.

