

## CONSOLIDATED STATEMENTS OF CASH FLOW FROM OPERATIONS

<i>(Unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions, except per share amounts</i>	<b>2007</b>	2006
Fees earned	\$ 132	\$ 54
Revenues less direct operating costs		
Property	534	282
Power generation	188	200
Timberlands	31	39
Transmission	58	7
Specialty funds	62	39
Investment and other income	299	95
	<b>1,304</b>	716
<b>Expenses</b>		
Interest	398	224
Operating costs	110	71
Current income taxes	20	14
Non-controlling interests in net income before the following	205	100
	<b>\$ 571</b>	<b>\$ 307</b>
<b>Cash flow from operations per common share</b>		
Diluted	\$ 1.40	\$ 0.75
Basic	\$ 1.45	\$ 0.77

### Note

The consolidated statements of cash flow from operations above are prepared on a basis that is consistent with management's discussion and analysis and differ from the company's consolidated financial statements presented in its interim report, which are prepared in accordance with GAAP. Management uses cash flow from operations as a key measure to evaluate performance and to determine the underlying value of its businesses. Readers are encouraged to consider both measures in assessing Brookfield Asset Management's results. Cash flow from operations is equal to net income excluding "other items" as presented in the following consolidated statements of income and including dividends from equity accounted investments and the gain on the sale of an exchangeable debenture investment. The gain would have been included in income prior to the implementation of recent accounting requirements but, as a result of transitional provision, has been recorded in shareholders' equity. In addition, the consolidated balance sheet 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.

<i>(Unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	<b>2007</b>	2006
Cash flow from operations is reconciled to the statement of net income as follows:		
<b>Net income excluding other items</b>	<b>\$ 401</b>	<b>\$ 302</b>
Dividends from equity accounted investments <sup>(1)</sup>	5	5
Gain on sale of exchangeable investments <sup>(1)</sup>	165	—
<b>Cash flow from operations</b>	<b>\$ 571</b>	<b>\$ 307</b>

(1) Included in Investment and Other Income in the Statement of Cash Flow from Operations



## CONSOLIDATED BALANCE SHEETS

<i>US\$ millions</i>	<i>(Unaudited)</i>	
	<b>March 31 2007</b>	December 31 2006
<b>Assets</b>		
Operating assets		
Securities	\$ 1,540	\$ 1,529
Loans and notes receivable	702	651
Property, plant and equipment		
Property	20,327	20,396
Power generating	4,426	4,309
Timberlands	1,014	1,011
Transmission	1,913	1,929
Other plant and equipment	628	619
	<b>30,550</b>	30,444
Cash and cash equivalents	1,221	1,204
Financial assets	2,306	1,665
Investments	736	775
Goodwill	669	669
Accounts receivable and other	5,813	5,951
	<b>\$ 41,295</b>	\$ 40,708
<b>Liabilities and Shareholders' Equity</b>		
Liabilities		
Corporate borrowings	\$ 1,495	\$ 1,507
Non-recourse borrowings		
Property specific mortgages	16,917	17,148
Other debt of subsidiaries	4,134	4,153
Accounts payable and other liabilities	6,651	6,497
Capital securities	1,476	1,585
Non-controlling interests of others in assets	3,872	3,734
Preferred equity	689	689
Common equity	6,061	5,395
	<b>\$ 41,295</b>	\$ 40,708

### Note

Includes investment in Canary Wharf Group in "Property" with a carried value of \$182 million (2006 - \$182 million), which is included in "Securities" in the company's consolidated financial statements which are prepared in accordance with GAAP.



## CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i> <i>US\$ millions, except per share amounts</i>	<i>Three months ended March 31</i>	
	<b>2007</b>	2006
Total revenues	<b>\$ 1,841</b>	\$ 1,183
Fees earned	<b>\$ 132</b>	\$ 54
Revenues less direct operating costs		
Property	<b>534</b>	282
Power generation	<b>188</b>	200
Timberlands	<b>31</b>	39
Transmission	<b>58</b>	7
Specialty funds	<b>62</b>	39
Investment and other income	<b>129</b>	90
	<b>1,134</b>	711
<b>Expenses</b>		
Interest	<b>398</b>	224
Operating costs	<b>110</b>	71
Current income taxes	<b>20</b>	14
Non-controlling interests in net income before the following	<b>205</b>	100
	<b>401</b>	302
<b>Other items</b>		
Depreciation and amortization	<b>(223)</b>	(104)
Equity accounted loss from investments	<b>(39)</b>	(22)
Provisions and other	<b>5</b>	20
Future income taxes	<b>(65)</b>	(71)
Non-controlling interests in the foregoing items	<b>116</b>	54
<b>Net income</b>	<b>\$ 195</b>	\$ 179
Net income per common share		
Diluted	<b>\$ 0.46</b>	\$ 0.43
Basic	<b>\$ 0.48</b>	\$ 0.44

### Note

The consolidated statements of income and comprehensive income are prepared on a basis consistent with the company's financial statements presented in its interim report, which are prepared in accordance with GAAP.



## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(Unaudited)</i> US\$ millions	<i>Three months ended March 31</i>	
	<b>2007</b>	2006
<b>Comprehensive income</b>		
Net income	\$ 195	\$ 179
Other comprehensive income (loss)		
Foreign currency translation	64	16
Available-for-sale securities	38	—
Derivative instruments designated as cash flow hedges	(38)	—
Future income taxes	3	—
	<b>67</b>	<b>16</b>
<b>Comprehensive income</b>	<b>\$ 262</b>	<b>\$ 195</b>

